MEMIONTEC
Membrane Ionexchange Technology

SCALING UP
FOR ACCELERATED GROWTH

ANNUAL REPORT 2022

VISION

TRANSFORMING WATER, WORLD AND LIFE

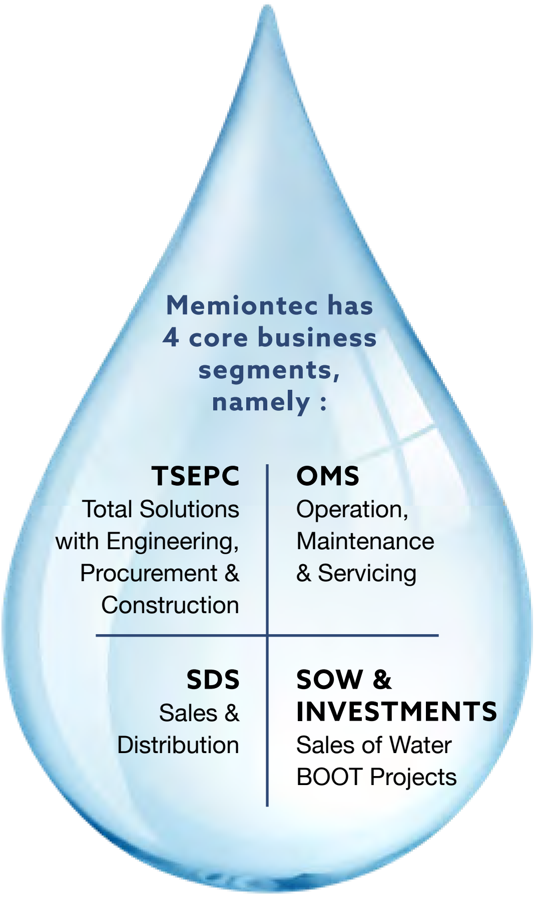
At Memiontec, we are firm believers that water must be carefully managed at every part of the cycle – from freshwater abstraction, use, collection and post-treatment, to the recycling of treated wastewater and its eventual return to the environment.

CONTENTS

ABOUT US

Memiontec Holdings Ltd. ("Memiontec") is a one-stop water technology total solutions provider in water management with a proven track record of over 30 years in the water industry.

Through the use of membrane, ion exchange, physical, chemical and biological processes and leveraging on our inhouse design, engineering, fabrication and assembly capabilities, Memiontec develops reliable, compact, cost-effective, innovative and space-efficient customised water and wastewater treatment solutions for use in both municipalities and a wide variety of industries, in Singapore, Indonesia, the PRC, Vietnam and the region.



Memiontec was listed on the SGX-ST (TWL.SI) since March 2020. For more information on Memiontec, please visit www.memiontec.com.

VISION

TRANSFORMING WATER

TRANSFORMING THE WORLD

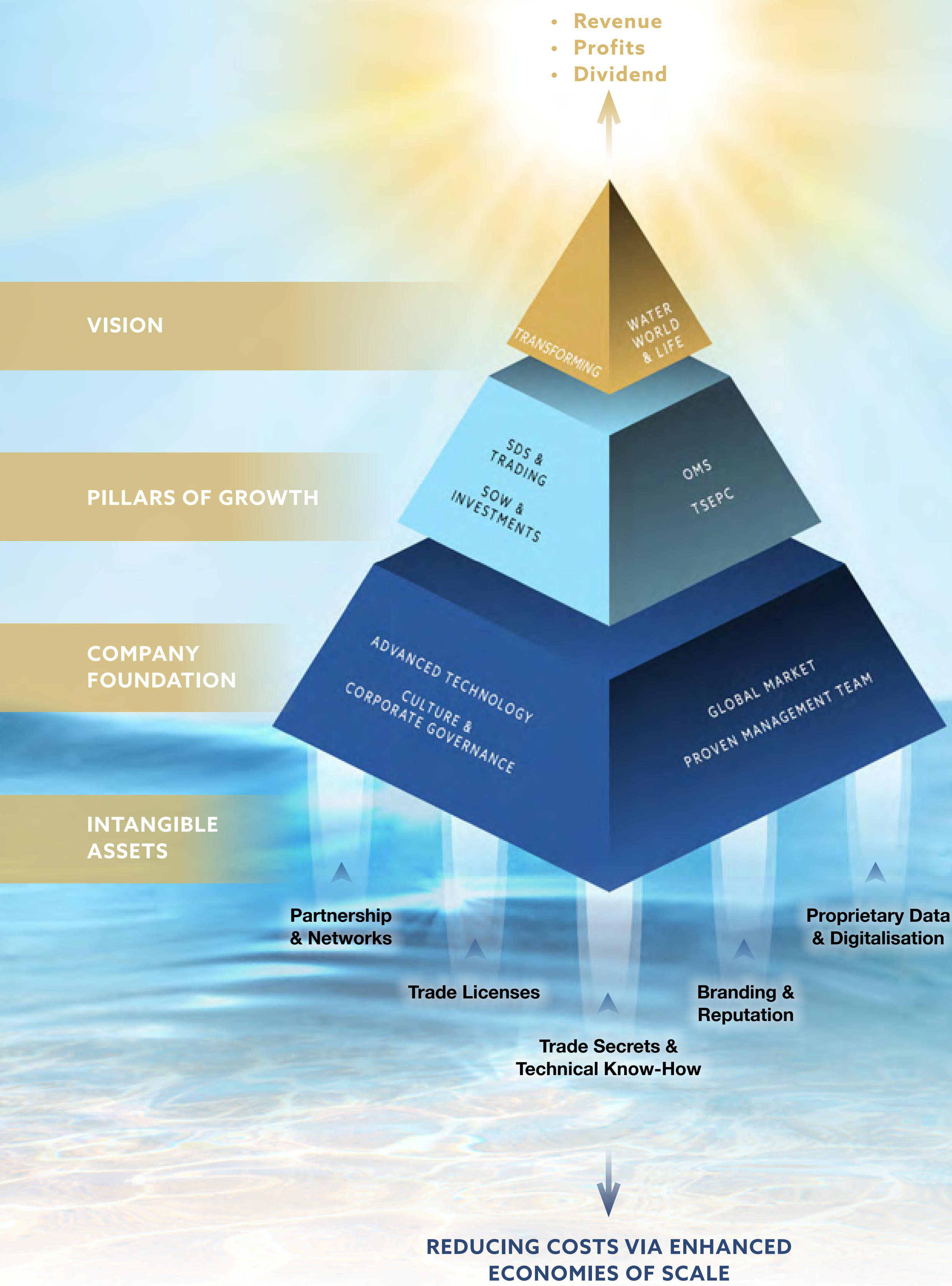
TRANSFORMING LIFE

MISSION

WATER TECHNOLOGY SOLUTIONS FOR GROWTH, RELATIONSHIP AND PARTNERSHIP

CULTURE

MEMIONTEC STRATEGY



SYNERGISTIC BUSINESS MODEL

"Continuous shareholders' value creation with our core competencies and a sustainable business model that includes long-term investment in BOOT & TOOT projects for recurring incomes."

HARNESSING OPPORTUNITIES ACROSS THE ENTIRE WATER VALUE CHAIN

SOW

Selling of water as co-owner of BOOT/ TOOT projects

- Generating recurring income from long term service concessionary projects
- Strong partnerships with established and reputable business partners

TSEPC

Providing TSEPC services for a wide variety of municipal and industrial applications

- Water/waste water treatment solutions
- Water recycling solution
- Seawater treatment and desalination solution

SDS

Undertaking sales and distribution activities of systems and equipment

- Modular water systems
- Water treatment equipment
- Chemicals, components and spare parts
- Customised skid-mounted water treatment facilities
- Containerised desalination plants

OMS

Offering consultation, support and maintenance works in municipal and private sectors

- Duration of OMS contracts generally ranges from 1 to 3 years
- Long concessionary periods of 20 to 25 years of OMS contracts for the Group's BOOT/TOOT projects

Our Strategic Actions

SOW

- The Group is a co-owner in 3 BOOT and TOOT projects in Indonesia
- To grow our recurring income base via more service concession projects in Asia

TSEPC

- Market prospects remain strong in key markets with rising water demand
- Customised solutions with our in-house expertise and technological know-how
- Optimising process and cost efficiency
- Scale up project size

SDS

- Broadening our sales and distribution channels
- Securing new regional distribution rights to expand product portfolio
- Improving cost efficiency via new collaborations

OMS

- Pursuing new OMS contracts and opportunities
- Leveraging on established operating track record in Asia
- Developing more synergies with the Group's presence in Asia

MEMIONTEC'S VALUE CREATION BLUEPRINT
5 CORE GROWTH PILLARS

STRATEGIC ASPIRATION

TRANSFORMING WATER, WORLD AND LIFE

GROWTH PILLARS

1 — Strategic Investment for recurring income with Sales of Water (SOW)

BOOT & TOOT
- Indonesia
- New markets

TOOT & M&A
- Vietnam
- New markets
- Portfolio & Partners

2 — Singapore Scale up Project Size
- Larger-scale TSEPC projects
- Scale up OMS revenue
- Reduce overheads
- New industrial sector customers

3 — Indonesia Scale up Project Size
- Larger-scale TSEPC projects for :
  - Municipal
  - Industrial
- Scale up OMS
- Expand SDS network and revenue

4 — New Markets Vietnam
- Larger-scale TSEPC projects
- M&A
- OMS
- Partnerships

5 — SDS Sales Distribution System & Supply Chain
- Distributors for WTP/WWT Products/ Equipment
- Sales of Standard WTP/ WWTP System
- Identify and work with distributors in the regions

ENABLERS/HEALTH

Enabler 1 – Technology Company: Water & Wastewater | Water & Resource Recovery | Desalination

Enabler 2 – Leadership Effectiveness: Crystal Clear Vision & Strategy | Behavior Shift

Enabler 3 – Change Management: Culture : Growth mindset, Open communication, Working with Heart | Performance/ Output Driven | Synergistic Partnership

Enabler 4 – Capability Building: Digitalization Control (DC) : Artificial Intelligence (AI) | Rewards & Recognition System (R&R) I Learning & Development (L&D) | Corporate Governance (CG)

CORPORATE MILESTONES

2022 — 14

Awarded **S$56.6M** contract by PUB – CWRP II C22C (Membrane Bioreactor)

Commencement of Sales of Water at Pekanbaru

Incorporated a wholly-owned subsidiary, Memiontec Company Limited in Vietnam

2021 — 13

Commenced works for 2nd BOOT at Pekanbaru

Completed Project TSDP

Awarded **S$21.7M** contract by PUB - Odour DTSS 2 Control and Air Jumper Facilities

2020 — 12

Listed on the SGX Catalist on 5th March 2020

Awarded TSEPC & OMS Palembang, Makassar and Jambi

Secured 2nd BOOT project at Pekanbaru and sales of water for 25 years

2019 — 11

Commissioned 1st BOOT project

Awarded **S$33.2M** contract by PUB – Tuas South Desalination Plant (TSDP)

Commencement of Sales of water at 1st BOOT project for 20+5 years

2018 — 10

Awarded project for penguin life support system at Mandai Bird Park

Singapore SME 1000 Ranked Companies

Commencement of Sales of water at 1st TOOT project for 25 years

2017 — 9

Singapore SME 1000 Ranked Companies

2016 — 8

Upgraded to ME11 L6 BCA contractor registration (No Tender Limit)

BCA contractor registrations - ME02, ME05, SY05 & Class 1 General Builder License

Secured 1st TOOT(2) project with PT JUP(3) Waduk Pluit, Indonesia

Secured 1st BOOT(4) project through PT JMA(5) at Hutan Kota, Indonesia

2015 — 7

Built award-winning Semakau floating wastewater treatment plant

Incorporated MIT Water in the PRC

2013 — 6

OHSAS 18001:2007 ISO 9001:2015 BizSAFE Star

2010 — 5

Upgraded to ME11 L5 BCA contractor registration and commenced active involvement in public sector work

2004 — 4

Incorporated subsidiaries in Indonesia - PTMP & PTMI(1)

1999 — 3

Expanded sales overseas

1998 — 2

ME11 L3 BCA contractor registration

1992 — 1

Commenced operations in Singapore

(1) PTMP: PT Memindo Pratama; PTMI: PT Memiontec Indonesia

(2) TOOT: Transfer-Own-Operate-Transfer

(3) PT Jakarta Utilitas Propertindo ("PT JUP") is a wholly-owned subsidiary of PT Jakarta Propertindo, an enterprise which is ultimately owned by the state government, Daerah Khusus Ibukota Jakarta

(4) BOOT: Build-Own-Operate-Transfer

(5) PT Jakpro Memiontec Air ("PT JMA") is a joint venture entity. The remaining 60.0% of PT JMA is owned by PT JUP, an independent third party to the Group

INDUSTRY PROSPECTS

ASIA-PACIFIC

About
300 MILLION PEOPLE
in the region **still have no access** to safely managed or basic services of drinking water, and
1.2 BILLION
lack adequate sanitation[1]

Water quality in Asia has deteriorated significantly, with pollution increasing in

50% OF MAJOR RIVERS
during 1990–2010, salinity increasing by more than **one-third**

80% OF WASTE WATER
being discharged into waterways without adequate treatment[1]

ADB estimates **the investment needs for water and sanitation** to be on average
$53 BILLION PER YEAR UP TO 2030[2]

INDONESIA

Nearly
1 in 2
lack access to safe water [5]

Water safety is a major public health concern In Indonesia
7 OUT OF 10
households consume drinking water **contaminated** with E.coli[6]

Indonesia's water resources accounts for
6% OF THE WORLD 21% OF ASIA-PACIFIC, YET 68% OF RIVERS IN INDONESIA ARE HEAVILY POLLUTED, OF THOSE 70% ARE POLLUTED BY DOMESTIC WASTE[7]

National Medium Term Planning (RPJM) 2020-2024 which **targeted 100% safe access of drinking water supply by 2024** which will need a total investment of
US$17.7 BILLION (IDR 253.8 trillion)[7]

SINGAPORE

2020

2060

Water demand to almost double by 2060 from current
430 MILLION
gallons per day[3]

Around
S$5
BILLION

in **tender packages** are expected to be awarded[4]:

S$2 BILLION
related to
Tuas Water Reclamation Plant

S$3 BILLION
related to **the Integrated Waste Management Facility**

VIETNAM

Pollution is expected to cost Vietnam
3.5%
of its GDP by 2035
according to World Bank [8]

All urban cities in Vietnam will have
CENTRALISED MUNICIPAL WASTEWATER TREATMENT AND COLLECTION SYSTEMS
by 2025

Notes:

(1) https://www.adb.org/sites/default/files/publication/663931/awdo-2020.pdf
(2) https://www.adb.org/news/features/asia-s-water-security-glass-still-half-full
(3) https://www.pub.gov.sg/watersupply/singaporewaterstory
(4) https://www.nea.gov.sg/media/news/news/index/pub-and-nea-to-call-over-s5-billion-in-tenders-for-tuas-nexus
(5) https://www.worldbank.org/en/news/press-release/2018/06/06/six-million-indonesians-will-gain-access-to-water-at-home
(6) https://www.who.int/indonesia/news/detail/15-11-2021-improving-access-to-safe-drinking-water-in-indonesia
(7) https://www.waterindonesiaexpo.com/About-Us/About-WATER-INDONESIA
(8) https://www.vietnam-briefing.com/news/vietnam-approves-long-term-strategy-on-environmental-protection-decision-450.html/#:~:text=Currently%2C%20Vietnam%20ranks%204th,to%20World%20Bank%20(WB)

5-YEAR FINANCIAL HIGHLIGHTS

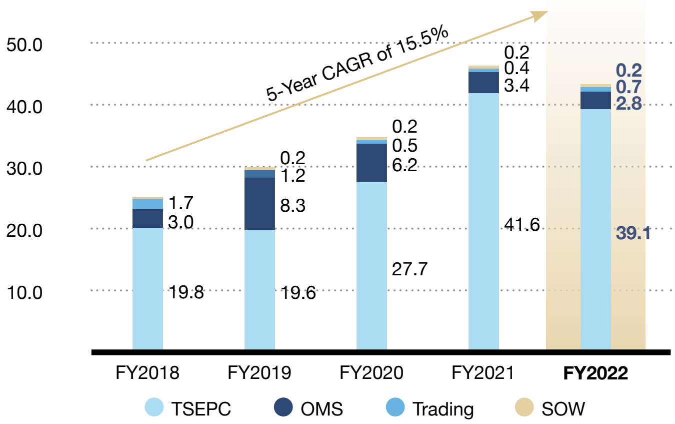
KEY FINANCIAL INFORMATION (S$'000)	FY2022	FY2021	FY2020	FY2019	FY2018
Group Profit or Loss:					
Revenue	**42,787**	45,645	34,606	29,305	24,456
Gross profit	**8,633**	6,327	5,119	4,535	7,192
Profit before income tax	**3,506**	2,086	1,687	567	5,464
Profit attributable to owners of the Company	**2,551**	1,533	1,308	307	4,593
Group Balance Sheet:					
Cash and bank balances, included in current assets	**13,334**	15,451	14,527	4,901	5,594
Total current assets	**33,142**	30,101	33,136	18,102	14,573
Total non-current assets	**5,091**	5,375	4,328	3,964	4,925
Total current liabilities	**15,890**	13,048	15,995	12,381	8,899
Total non-current liabilities	**2,976**	4,204	4,348	650	1,160
Total equity	**19,367**	18,224	17,121	9,035	9,439
Net current assets	**17,252**	17,053	17,141	5,721	5,674
Net cash position (cash and bank balances less total borrowings)	**9,073**	10,225	9,232	4,060	4,093
Per Share Data:#					
Earnings per share (cents)	**0.39**	0.23	0.20	0.06	0.85
Net asset value per share (cents)	**2.92**	2.75	2.58	1.67	1.70
Financial Ratios:					
Return on equity (%)	**13.2%**	8.4%	7.7%	3.4%	50.1%
Gearing ratio (borrowings / total equity)	**0.22**	0.29	0.31	0.09	0.16
Current ratio (current asset / current liabilities)	**2.09**	2.31	2.07	1.46	1.64

The number of ordinary shares in issue has been retrospectively adjusted with 3 for 1 share split that was completed in May 2022 to enable a better comparison of the earnings per share and net asset value per share.

5-YEAR FINANCIAL HIGHLIGHTS

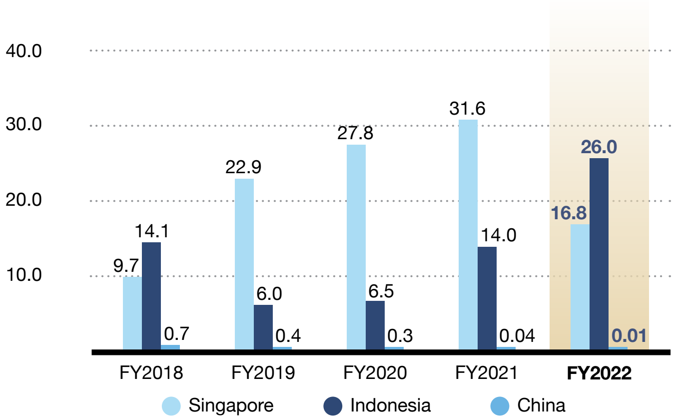
REVENUE BY BUSINESS SEGMENT

(S$'million)



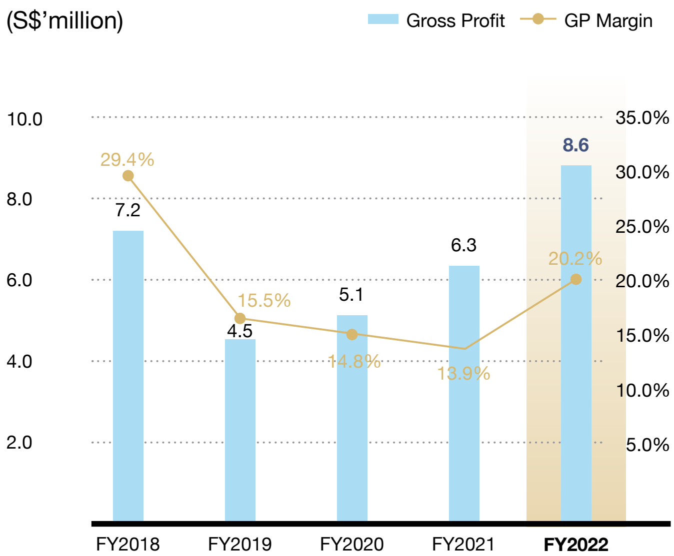
REVENUE BY COUNTRY

(S$'million)



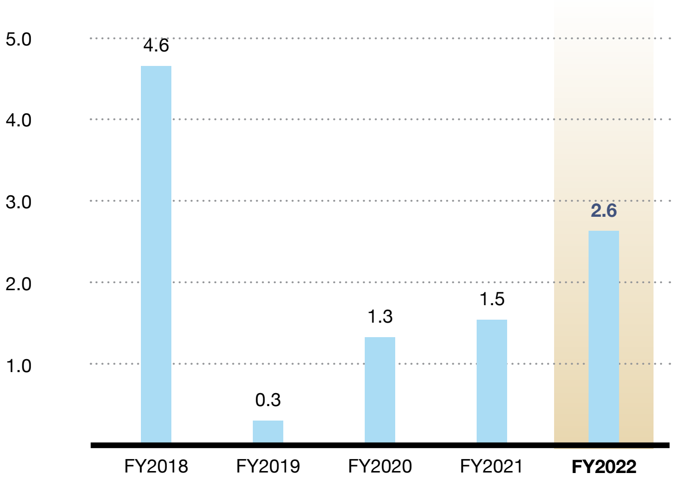
GROSS PROFIT

(S$'million)



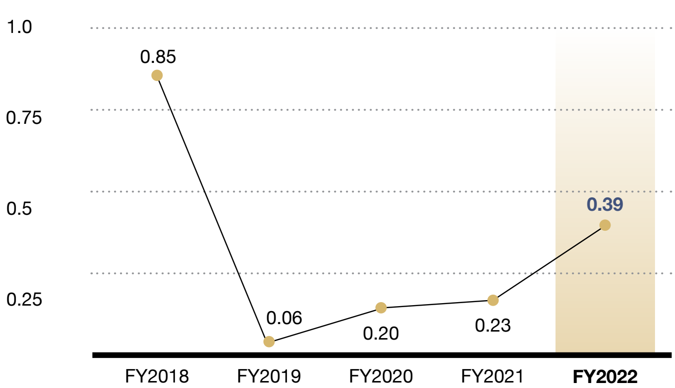
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

(S$'million)



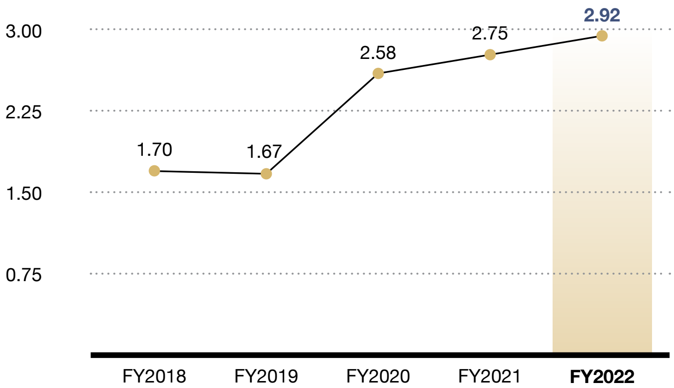
EARNINGS PER SHARE#

(cents)



NET ASSET VALUE PER SHARE#

(cents)



The number of ordinary shares in issue has been retrospectively adjusted with 3 for 1 share split that was completed in May 2022 to enable a better comparison of the earnings per share and net asset value per share.

CHAIRMAN'S MESSAGE

"Water is essential for life and it is a requisite resource for business."

Mr Jackson Chevalier Yap Kit Siong
Independent Non-Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Memiontec Holdings Limited ("Memiontec" or the "Company", and together with its subsidiaries, the "Group"), it gives me great pleasure to present the Annual Report for the financial year ended 31 December 2022 ("FY2022").

In FY2022, our profit attributable to owners of the Company increased by 66.7% to S$2.6 million on the back of a higher gross profit. Gross profit increased to S$8.6 million from S$6.3 million achieved in the previous year despite a challenging inflationary environment and an economy in its early recovery from COVID-19. However, revenue was down 6.1% to S$42.8 million as compared to the financial year ended 31 December 2021 ("FY2021").

As COVID-19 restrictions eased in Indonesia, we were able to deploy more resources and complete more of the projects there. In doing so, the Group registered higher gross profit in FY2022 that was a key driver to our growth in profit attributable to owners of the Company.

Operationally, all of the Group's four business segments continued to deliver positive profit contributions in FY2022. I shall leave it to our Executive Director and Chief Executive Officer, Mr Tay Kiat Seng, to share more operational and financial highlights of FY2022 in the next few pages.

Water is essential for life and it is a requisite resource for business.

At Memiontec, we are firm believers that water must be carefully managed at every part of the cycle – from freshwater abstraction, use, collection and post-treatment, to the recycling of treated wastewater and its eventual return to the environment.

Recognising the immense opportunities ahead in Asia for water solutions, we have developed a value creation blueprint with guidance from McKinsey & Company under Enterprise Singapore's Scale-up SG programme.

With our value creation blueprint, it will sharpen our focus and strategies around our five growth pillars, providing a systematic approach to growth and development towards our vision of becoming a leading player in the global water industry.

Moving forward, we will continue to refine the strategic initiatives underpinning our value creation blueprint to respond to developments in key macro trends that impact our businesses and further strengthen the foundations for our future.

CHAIRMAN'S MESSAGE

"Since our listing in March 2020, we have increased our dividends payout for every year, reflecting our commitment to deliver value and improving returns to our shareholders."

PROPOSED DIVIDENDS FOR FY2022

0.118 Singapore cents

▲ 69.0%

Increased Dividends Proposed for FY2022

The Board has proposed a dividend of 0.118 Singapore cents per share for FY2022, which translates into a dividend increment of 69% (after accounting for the 3-for-1 share split that was completed in May 2022) as compared to the dividend payment of 0.209 Singapore cents per share for FY2021.

Since our listing in March 2020, we have increased our dividends payout for every year, reflecting our commitment to deliver value and improving returns to our shareholders.

Acknowledgements

Memiontec's established track record in Asia's water industry is built on years of hard work, innovation and above all, the contributions and commitment of our people. On this note, on behalf of the Board, I would like to express my heartfelt appreciation to the management team and staff for their efforts and dedication throughout the years.

The Board is ever mindful that there is much more to achieve and thus, we continue to innovate, improve, and to seek opportunities within our core competencies that will create a sustainable growth trajectory.

Recognising the importance of balancing our financial performance with social responsibility, Memiontec is also committed to the goal of developing a sustainable future and creating value for all our stakeholders.

In closing, I would like to express my gratitude to fellow Board members for their invaluable contributions towards the Group with their expertise and experience.

Last but not least, I wish to thank all our shareholders, customers, business partners and other stakeholders for their continued trust and support and for growing the Group with us.

Despite the uncertainties ahead, I am confident that the Group is well-positioned to accomplish its objectives of generating strategic growth and enhancing shareholders' value in the coming years.

Thank You!

Mr Jackson Chevalier Yap Kit Siong
Independent Non-Executive Chairman

CEO'S MESSAGE

Mr Tay Kiat Seng
Executive Director and Chief Executive Officer

REVENUE

S$42.8 Million

GROSS PROFIT

S$8.6 Million

▲ 36.4%

Dear Shareholders,

While our key operating markets have transitioned to the endemic phase, FY2022 was still fraught with challenges brought on by rising interest rates and heightened geopolitical risks.

Despite these challenges, the Group has achieved higher gross profit with profit attributable to owners of the Company surging 66.7% to approximately S$2.6 million in FY2022.

Indonesia was a key profit contributor for FY2022 as the easing of COVID-19 restrictions in Indonesia led to a surge of the Group's work volume under the TSEPC business segment in Indonesia with sales doubling to S$26.0 million in FY2022 (FY2021: S$14.0 million). While in Singapore, there was a lower volume of TSEPC work carried out in FY2022 hence revenue contribution from Singapore market was lower.

Notably, our TSEPC operations in Indonesia commanded higher margins than Singapore's TSEPC operations. As such, the Group's gross profit increased 36.4% to S$8.6 million in FY2022 (FY2021: S$6.3 million) with overall gross profit margin rising by 6.3 percentage points to 20.2% in FY2022.

Overall, the Group registered total revenue of S$42.8 million in FY2022 as compared to revenue of S$45.6 million in FY2021, where our TSEPC business segment continues to be the key contributor with revenue of S$39.1 million in FY2022 (FY2021: S$41.6 million), accounting for 91.3% of total revenue in FY2022 (FY2021: 91.1%).

Operationally, all of the Group's four business segments continued to deliver positive profit contributions in FY2022.

Our strong financial performance in FY2022 has provided us good traction and we look forward to build on this momentum with the rising demand for water solutions in Southeast Asia as urbanisation accelerates in tandem with economic growth in the region.

Instituting Memiontec's value creation blueprint to maximise our growth potential

As highlighted by our Chairman earlier, we have developed a Memiontec's value creation blueprint in 2022 with guidance from McKinsey & Company under Enterprise Singapore's Scale-up SG programme.

When we developed Memiontec's value creation blueprint, we made our intention clear of becoming a leading player in the global water industry and here are the five growth pillars and key initiatives to support our vision:

1. Strategic Investment for recurring income with the following Sales of Water (SOW) initiatives:
   BOO & BOOT
   - Indonesia
   - New markets

   TOOT & M&A
   - Indonesia
   - New markets
   - Portfolio & Partner

CEO'S MESSAGE

2. Singapore market - Scale up the size of projects with the following initiatives:
    - Larger-scale TSEPC projects
    - Scale up OMS revenue
    - Reduce overheads
    - New industrial sector customers

3. Indonesia market - Scale up the size of projects with the following initiatives:
    - Larger-scale TSEPC projects within Municipal and Industrial sectors
    - Scale up OMS
    - Expand SDS network and revenue

4. New markets - Vietnam
    - Larger-scale TSEPC projects
    - M&A
    - OMS
    - Partnerships

5. Sales Distribution System and Supply chain
    - Distributors for WTP/WWT Products/ Equipment
    - Sales of Standard WTP/WWTP System
    - Identify and work with distributors in the regions

Together with the implementation of Memiontec's value creation blueprint, there will be a holistic focus on improving operational efficiency, pursuing strategic growth and realising each of our business segment's full potential.

In March 2022, Memiontec was awarded a S$56.6 million contract by the Public Utilities Board ("PUB"), Singapore's National Water Agency, which marks the largest single contract secured by the Group to date. Under the contract, the Group will install membrane bioreactor equipment which has a treatment capacity of 22 million gallons per day for the Changi Water Reclamation Plant Phase 2, Contract C22C.

Identifying Vietnam as a potential new market for expansion in South East Asia, we have incorporated a wholly-owned subsidiary, Memiontec Company Limited in October 2022 with a view to pursuing opportunities in Vietnam, where we see strong demand for water and wastewater treatment projects in Vietnam as well as BOOT projects in Vietnam that typically allow the supply and the sale of water to consumers for a contractual concession period of 50 years.

In conjunction with our strategy implementation, the Group will continue our disciplined approach to capital allocation and cash flow management, both of which are vital in sustaining our long-term growth.

Nonetheless, we remain mindful of the constant changes to our operating environment as we forge ahead amidst increasing volatility in the global economy.

Acknowledgements

Our strategies and priorities are clear. There are great opportunities ahead in the region as we build a long-term sustainable future with our integrated business model that spans across the entire value of the water industry.

I am proud of what we have achieved so far at Memiontec, but I am also aware of the challenging journey ahead. I believe that together as a team, we will continue to take every step to reach the goals stated in Memiontec's value creation blueprint.

On this note, I wish to express my deepest appreciation to our team at Memiontec who have worked hard and shown tremendous determination and commitment that have led us to achieve our milestones over the past year.

A special thanks to all our customers, suppliers and business partners, who have journeyed along with us over the years and are an important reason for our success as we continuously strive to build trust and deliver excellence.

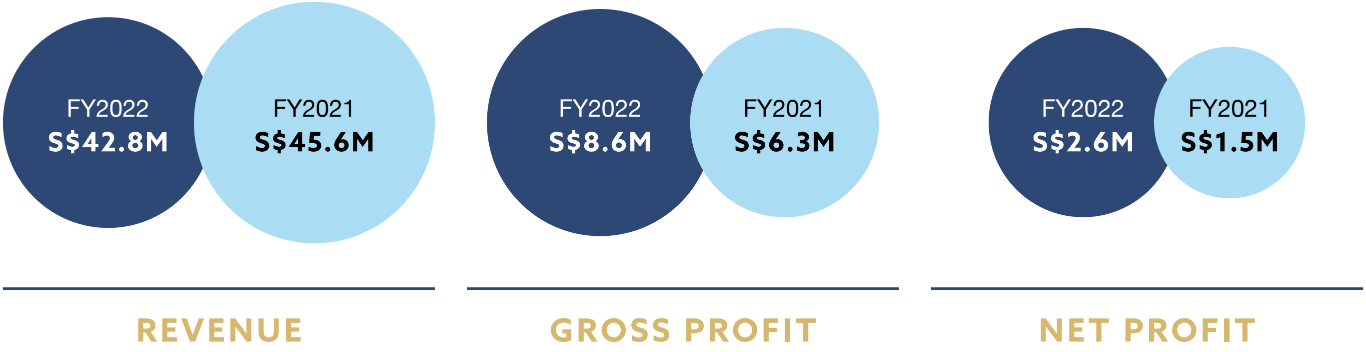
I also wish to give thanks to my fellow directors for their counsel and contributions over the years.

Last but not least, on behalf of the board and management team, I wish to express my gratitude to our shareholders for their untiring support and confidence in Memiontec.

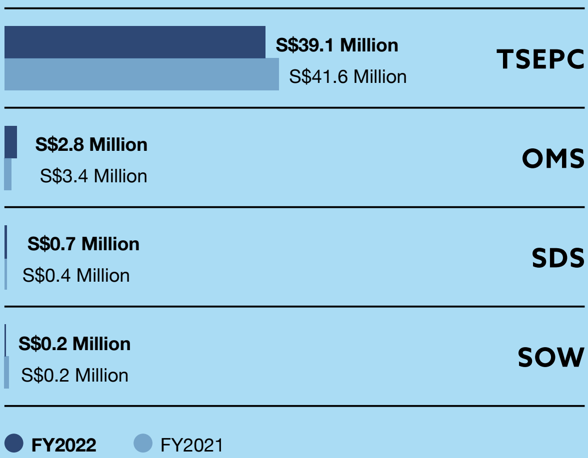
Thank You!

Mr Tay Kiat Seng
Executive Director and Chief Executive Officer

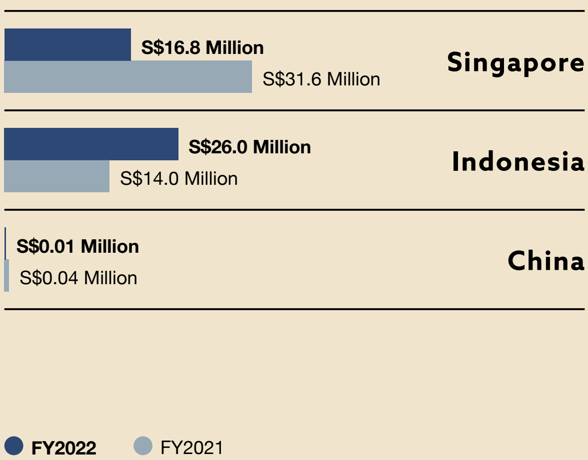
OPERATING & FINANCIAL REVIEW



REVENUE BY SEGMENTS



REVENUE BY COUNTRY



In terms of revenue breakdown by business segments, the Group's TSEPC business segment continues to be the key contributor with revenue of S$39.1 million in FY2022 as compared to S$41.6 million in FY2021. In FY2022, TSEPC, OMS, Trading and Sales of water accounted for 91.3%, 6.5%, 1.7% and 0.5% of total revenue, as compared to 91.1%, 7.4%, 1.0%, 0.5% respectively in FY2021.

Geographically, Indonesia was the main revenue generator in FY2022, accounting for 60.7% of total revenue, as compared to 30.7% of total revenue recorded in FY2021. With the easing of COVID-19 restrictions in Indonesia, the Group's work volume under the TSEPC business segment in Indonesia surged and increased sales was recognised in FY2022.

In Singapore, there was a lower volume of work carried out in FY2022 hence there was lower revenue contribution and as a result, revenue from Singapore accounted for 39.3% of total revenue in FY2022, as compared to 69.3% of total revenue recorded in FY2021.

While the Group's revenue was slightly lower in FY2022 as compared to FY2021, overall gross profit margin increased by 6.3 percentage points to 20.2% in FY2022 as its TSEPC operations in Indonesia, which commanded higher margins, accounted for a larger portion of the Group's total revenue in FY2022 as mentioned above.

Corresponding to higher gross profit margin, the Group's gross profit increased by 36.5% to S$8.6 million in FY2022 as compared to S$6.3 million recorded in FY2021.

The Group's other income declined by 66.7% or S$0.4 million to S$0.2 million in FY2022 mainly due to lower amounts of government grants received in relation to COVID-19 relief, as compared to FY2021 where such grants were progressively reduced from the fourth quarter of 2020 and ended in early 2021.

OPERATING & FINANCIAL REVIEW

The Group incurred higher general and administrative expenses in FY2022, which were mainly due to (i) more consultancy work engaged to explore new markets such as Vietnam in the first half of FY2022, (ii) accruals of performance bonuses due to Executive Directors of the Company where the performance bonus formula is set out in the Company's offer document dated 21 February 2020, (iii) the Group posted net foreign exchange loss of S$0.4 million mainly due to the realised loss from depreciated currencies such as Indonesia Rupiah against Singapore Dollar, (iv) additional loss allowance on trade receivables and contract assets of S$0.2 million and (v) partially offset by decrease in payroll cost.

The Group's finance costs decreased 12.9% to S$0.1 million in FY2022 due to the reduction in borrowings from the net repayment of debts during the period under review.

The Group's share of profit of a joint venture jumped 47.1% to S$0.1 million in FY2022 due to the Group's 40% interest in its joint venture company, PT Jakpro Memiontec Air. The joint venture has a BOOT water treatment plant at Hutan Kota, Jakarta. The higher share of profit for FY2022 was due to higher revenue generated by increased volume of sales of treated water. The Hutan Kota BOOT project has entered into Phase 2 production in the fourth quarter of FY2021, and is currently producing and selling water at around 450 litres per second.

FINANCAL POSITION

	FY2022	FY2021	Changes	
	(S$'M)	(S$'M)	(S$'M)	%
Net current assets	17.3	17.1	0.2	1.2
Total non-current assets	5.1	5.4	(0.3)	(5.5)
Total non-current liabilities	3.0	4.2	(1.2)	(28.6)

Net current assets increased slightly to S$17.3 million as at 31 December 2022.

Non-current assets decreased slightly to S$5.1 million as at 31 December 2022, from S$5.4 million as at 31 December 2021, which was due mainly to the depreciation of property, plant and equipment and the amortization of right-of-use assets in FY2022, as well as the decrease in investment in a joint venture as a result of foreign currency translation losses.

Non-current liabilities declined to S$3.0 million as at 31 December 2022, from S$4.2 million as at 31 December 2021, which was mainly due to the repayment of borrowings in FY2022.

CASH FLOW

	S$'M
1 January 2022	14.1
Operating cash flows	0.3
Investing cash flows	(0.3)
Financing cash flows	(1.6)
Foreign exchange translation	(0.6)
31 December 2022	11.9

The Group's net cash generated from operating activities amounted to S$0.3 million in FY2022 (FY2021: S$3.0 million), mainly due to timing differences between payments to suppliers and collections from customers.

Net cash used in the Group's investing activities amounted to S$0.3 million in FY2022 (FY2021: S$0.9 million), was mainly due to additional equity injection in a joint venture company incorporated for the execution of a BOOT project in Pekanbaru, Indonesia.

Net cash used in financing activities amounted to S$1.6 million in FY2022 (FY2021: S$1.9 million) as the Group repaid debts amounting to S$1.3 million (FY2021: S$1.3 million), drew down a loan of S$0.3 million (FY2021: S$0.9 million) and dividends amounting to S$0.5 million (FY2021: S$0.4 million) were paid during the period under review.

Consequently, the Group's overall cash and cash balances stood at S$13.3 million as at 31 December 2022, of which S$1.4 million are time deposits pledged for banking facilities purpose.

LIQUIDITY

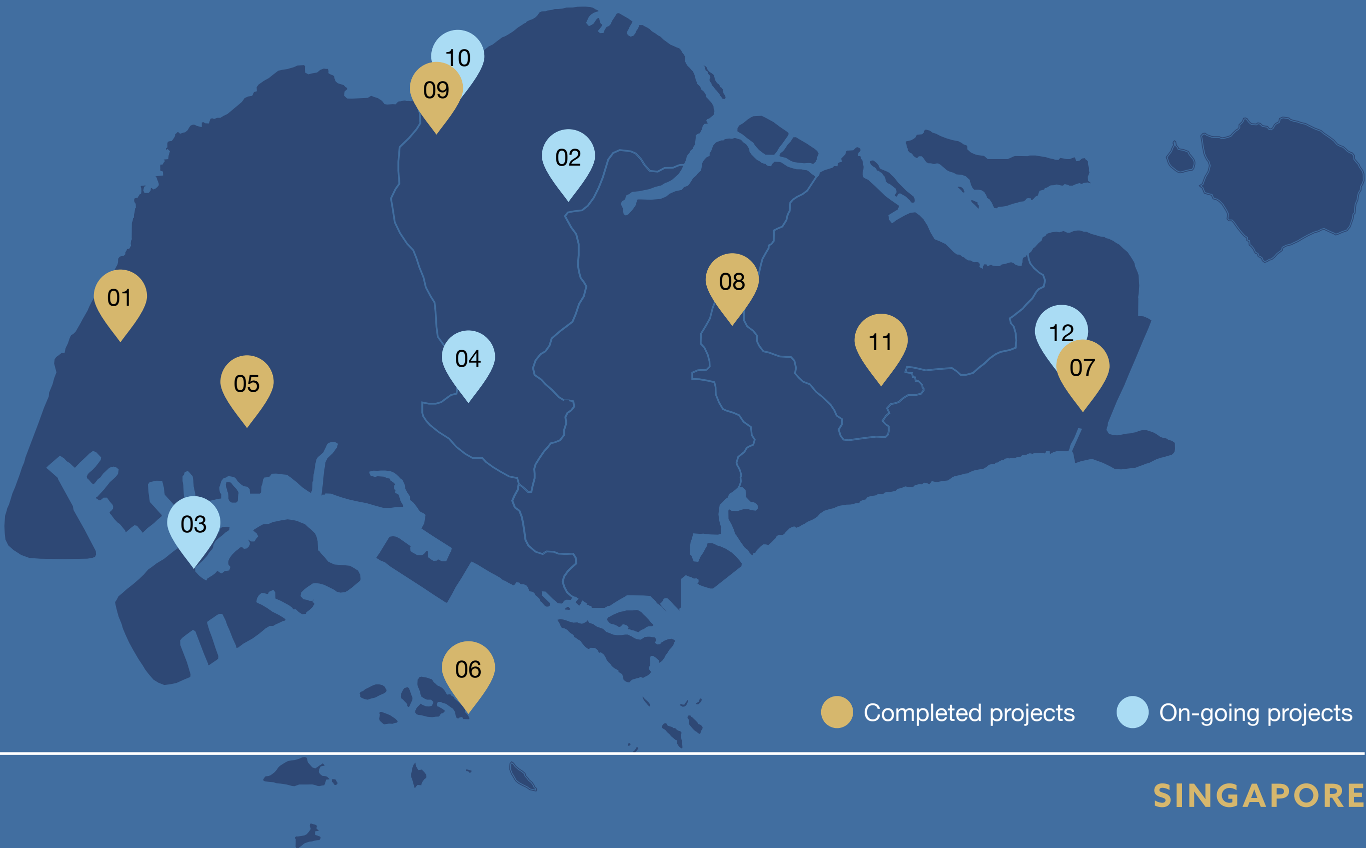
As at 31 December 2022 and 2021, the Group is also in a healthy net cash position.

NET CASH	FY2022 S$'M	FY2021 S$'M
Cash and bank balances	13.3	14.1
Less: Debt (borrowings and lease liabilities)	(4.3)	(5.2)
Net cash	9.0	8.9

OVERALL PERFORMANCE

Overall, the Group has achieved improved profitability with stronger financial position and liquidity in FY2022.

PROJECT PORTFOLIO

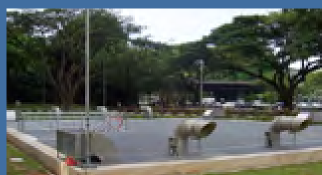


SINGAPORE

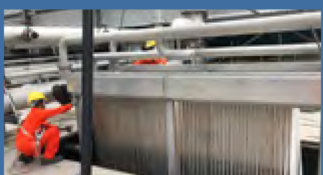
1 Tuas South Desalination Plant
- Ultrafiltration System
(Capacity: 8,800 LPS)

2 Mandai Zoo - Penguin Exhibit
- Animal Life Support System
(Capacity: 388 LPS)

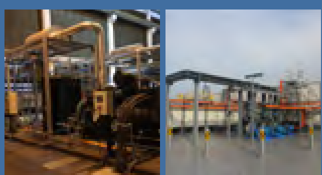
3 Jurong Island Sewage Treatment Plants
- Replacement of M&E Equipment



4 Deep Tunnel Sewerage System Phase 2
- Odour Control & Air Jumpers Facilities



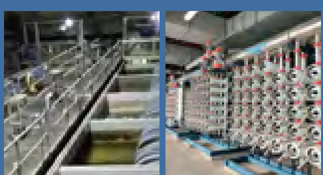
5 Jurong Water Reclamation Plant
- Membrane Bioreactor
(Capacity: 787 LPS)



6 Semakau Landfill
- Wastewater Treatment Plant & Power Generation System.

7 Changi Water Reclamation Plant
- High Rate Clarification System
(Capacity: 2,300 LPS)

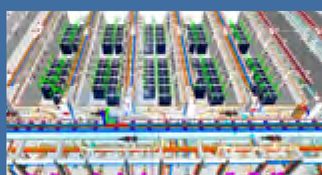
8 Woodleigh Waterworks
- Post-treatment System
(Capacity: 2,300 LPS)



9 Kranji NEWater Factory
- Reverse Osmosis Membranes
(Capacity: 950 LPS)
- Microfiltration Membranes
(Capacity: 1,560 LPS)

10 Kranji NEWater Factory
- Pressurized Microfiltration System

11 Bedok Water Work
- Electrochlorination System
(Capacity 1,600LPS)
- Chlorine Contact Tank
(Capacity: 1,600LPS)



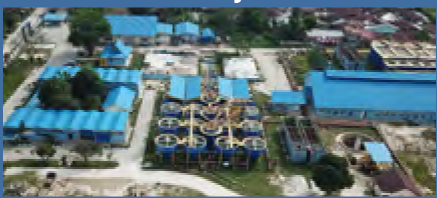
12 Changi Water Reclamation Plant
- Phase 2 C22C MBR Plant
(Capacity: 1700 LPS)

PROJECT PORTFOLIO

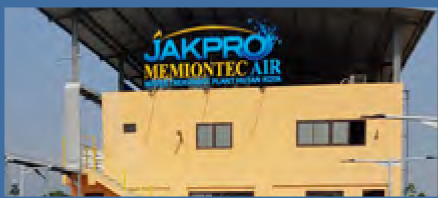
Completed projects   On-going projects   BOOT/TOOT projects

INDONESIA

BOOT/TOOT Projects



1 **Pekanbaru BOOT Project**
(Capacity: 750 LPS)



2 **Hutan Kota BOOT Project**
(Capacity: 500 LPS)

3 **Waduk Pluit TOOT Project**
(Capacity: 32 LPS)

TSEPC Projects

4 **Jambi Wastewater Treatment Plant**
- Aerobic Reactor, UV System & Sand and Carbon Filter (Capacity: 88 LPS)

5 **Palembang City Sewerage Project**
- Anaerobic Baffled Reactor, Biotrickling Filter & Chlorination (Capacity: 230 LPS)

6 **Makassar Wastewater Treatment Plant**
- Aerobic Reactor, UV System & Sand and Carbon Filter (Capacity: 185 LPS)

7 **Rehabilitation of Oloboju Water Treatment Plan (WTP)**

8 **PAM Jaya Water Treatment Plant**
- Moving Bed Blofilm (MBBR) System, Ultrafiltrartion & Reserve Osmosis (Capacity: 10 LPS)

9 **Indolakto Wastewater Treatment Plant**

BOOT & TOOT PORTFOLIO

OUR BOOT PROJECT

JAKARTA INDONESIA (BUILD-OWN-OPERATE-TRANSFER)

Location:
Hutan Kota, Jakarta

Construction completed:
August 2019

Our Interest:
40% (PT JUP: 60%)

Concession period:
20 + 5 years from 2019

Capacity:
500 litres/second (43,200 m³/d)

PEKANBARU INDONESIA (BUILD-OWN-OPERATE-TRANSFER)

Location:
Riau, Pekanbaru

Upgrading completed:
2022

Our Interest:
15% (PT PP:85%)

Concession period:
25 years

Capacity:
up to 750 L/s

OUR TOOT PROJECT

JAKARTA INDONESIA (TRANSFER-OWN-OPERATE-TRANSFER)

Location:
Waduk Pluit, Jakarta

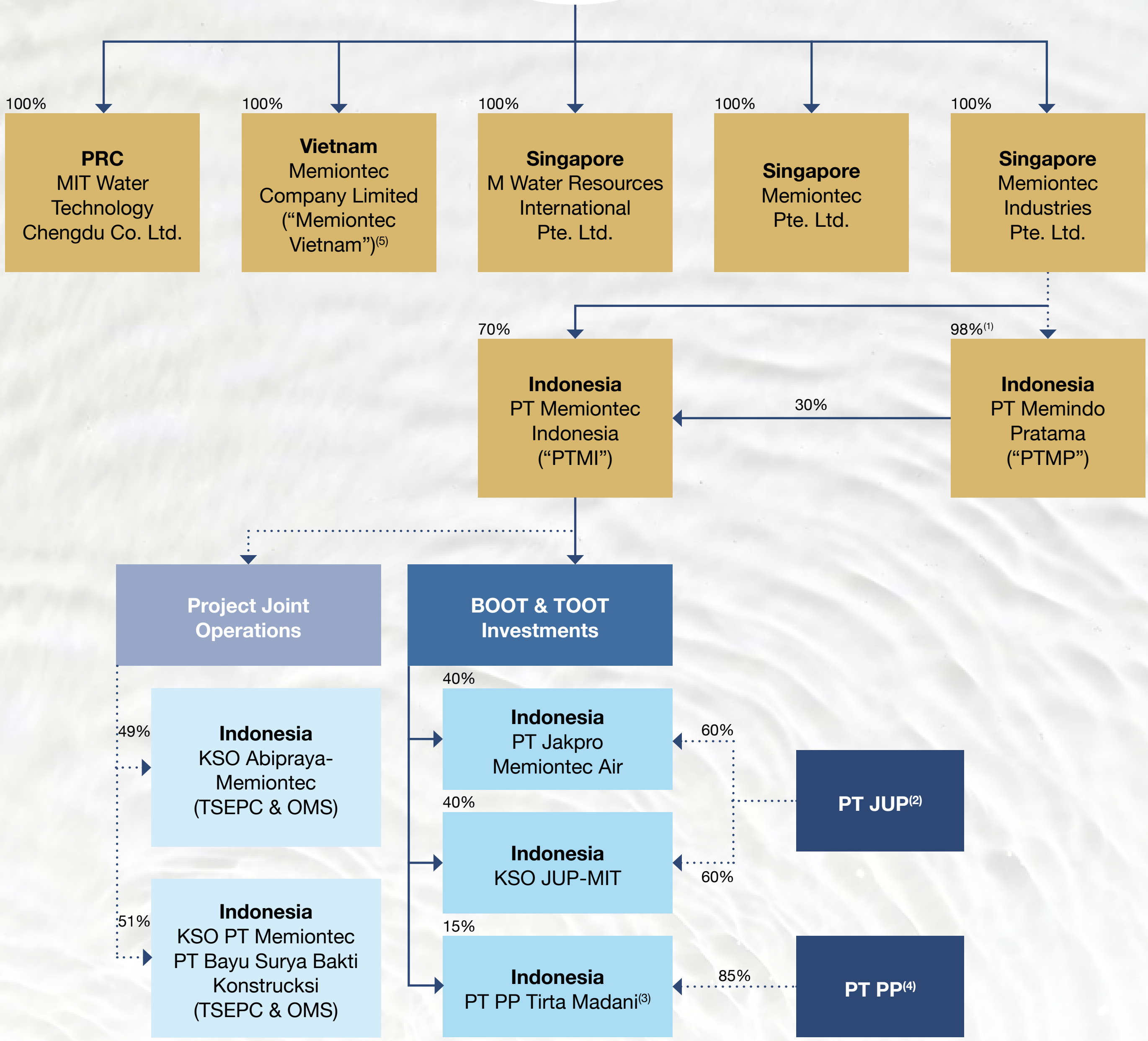
Upgrading completed:
2018

Our Interest:
40% (PT JUP: 60%)

Concession period:
25 yrs from 2018

Capacity:
up to 2,500 m³/day

CORPORATE STRUCTURE



(1) The Company has established effective control over (i) 98.0% of PTMP; and (ii) a further 29.4% of PTMI through PTMP's 30.0% shareholding interest in PTMI, through MIPL, via a set of contractual agreements. Accordingly, PTMI and PTMP are considered a 99.4% subsidiary and 98.0% subsidiary of our Company respectively, from an accounting perspective.

(2) PT JUP is a wholly-owned subsidiary of PT Jakarta Propertindo, an enterprise which is ultimately owned by the state government, Daerah Khusus Ibukota Jakarta.

(3) PT PPTM is a joint venture company which signed a cooperation agreement with the government water agency of Pekanbaru, Indonesia.

(4) PT PP is a reputable state-owned civil and infrastructure contractor and developer in Indonesia.

(5) Memiontec Vietnam was incorporated on 27 October 2022.

BOARD OF DIRECTORS

JACKSON CHEVALIER YAP KIT SIONG

Independent Non-Executive Chairman

First appointed:
30 December 2019

Last re-elected:
13 May 2020

Mr Yap was appointed as our Lead Independent Director on 30 December 2019. He was re-designated to our Independent Non-Executive Chairman with effect from 1 July 2021.

Mr Yap was with United Engineers Limited from 1997 until his retirement in January 2014. He was its Group Managing Director and Chief Executive Officer from 2001 to 2014, and following his retirement, he continued to serve as its Senior Advisor and a Non-Executive, Non-Independent Director until April 2014. Mr Yap first joined United Engineers Limited in 1997 as its Chief Operating Officer. From 1992 to 1997, Mr Yap was with Exxon Chemical Asia Pte Ltd. where he last held the position of Manager (Planning) of Major Ventures Asia Pacific. Prior to that, he worked at several multinational companies in the oil and petrochemical industry after university.

Mr Yap graduated with a Bachelor of Engineering (Chemical and Materials) from Auckland University in 1974 and is a fellow of the Singapore Institute of Directors.

Mr Yap is seeking for re-election as a Director at the Company's forthcoming Annual General Meeting to be held on 28 April 2023.

DIRECTORSHIPS AND OTHER PRINCIPAL COMMITMENTS

PRESENT

Directorships:
Apex Healthcare Berhad
Leafydom Limited
Other principal commitment: Nil

PAST (FOR THE LAST 5 YEARS)

Directorships:
Greatearth Pte. Ltd.
NJCapital Sdn Bhd
Other principal commitment: Nil

TAY KIAT SENG

Executive Director and Chief Executive Officer

First appointed:
6 March 2013

Last re-elected:
29 April 2022

Mr Tay co-founded Memiontec in 1992 with our Managing Director, Ms Soelistyo Dewi Soegiharto. He has over 30 years of experience in the water treatment industry. Prior to co-founding Memiontec, Mr Tay spent two years as a senior manager at a water treatment company, Watermac Engineering Pte Ltd. He started his career with Memtec Ltd, an Australian water treatment company, where he worked as a design engineer, focusing on the MEMCOR membrane product line for two years.

As Executive Director and CEO of the Group, Mr Tay is responsible for overseeing its business performance and direction as well as formulating, developing and overseeing the execution of business strategies for growth and expansion. He also drives the Group's business growth and is directly responsible for growing the Group's foreign subsidiaries in Indonesia and the PRC.

Mr Tay graduated from the University of Strathclyde, United Kingdom, with a Bachelor of Engineering in Mechanical Engineering in 1988 and is a member of the Singapore Institute of Directors.

DIRECTORSHIPS AND OTHER PRINCIPAL COMMITMENTS

PRESENT

Directorships:
Group of Companies
Memiontec Pte Ltd
M Water Resources International Pte. Ltd.
Memiontec Industries Pte. Ltd.
MIT Water Technology (Chengdu) Co. Ltd.
PT Memiontec Indonesia
Memiontec Company Limited (Legal Representative and General Director)
PT Jakpro Memiontec Air (Commissioner)

Other Companies
UI Pte. Ltd.
Unity Strength Pte. Ltd.
PT Universal Energy Investment (fka PT MIT Water Technologies)
Other principal commitment: Nil

Mr Tay Kiat Seng holds several directorships in the Company's subsidiaries and/or associated companies, as set out above.

BOARD OF DIRECTORS

SOELISTYO DEWI SOEGIHARTO

Managing Director

First appointed:
6 March 2013

Last re-elected:
12 April 2021

Ms Dewi co-founded Memiontec in 1992 with Executive Director and CEO, Mr Tay Kiat Seng. She has approximately 30 years of experience in the water treatment business. Prior to co-founding Memiontec, she worked as a sales and project engineer for a year at Scottscenter Pte. Ltd., a water treatment solutions company in Singapore.

As Managing Director, Ms Dewi plays a supporting role in the overall management and business operations of the Group as well as in the implementation of its strategic plans in relation to achieving sales and profits targets and improving the prospects of its Singapore and Indonesia subsidiaries. In addition, she is responsible for the business direction, management and oversight of the operations of Memiontec Pte Ltd, our Singapore-incorporated subsidiary. She was instrumental in developing the market and foundation of the Group's Indonesian subsidiary.

Ms Dewi graduated from the University of New South Wales, Australia, with a Bachelor of Engineering in Chemical Engineering in 1991 and is a member of the Singapore Institute of Directors.

DIRECTORSHIPS AND OTHER PRINCIPAL COMMITMENTS

PRESENT

Directorships:
Group of Companies
Memiontec Pte Ltd
M Water Resources International Pte. Ltd.
Memiontec Industries Pte. Ltd.
PT Memindo Pratama

Other Companies
UI Pte. Ltd.
PT Universal Energy Investment (Commissioner)
(fka PT MIT Water Technologies)
Other principal commitment: Nil

PAST (FOR THE LAST 5 YEARS)

Directorships:
Group of Companies
PT Memiontec Indonesia
PT Jakpro Memiontec Air (Commissioner)
Other principal commitment: Nil

Ms Soelistyo Dewi Soegiharto holds several directorships in the Company's subsidiaries and/or associated companies, as set out above.

HOR SIEW FU

Independent Director

First appointed:
30 December 2019

Last re-elected:
13 May 2020

Mr Hor is our Independent Director and was appointed on 30 December 2019.

Mr Hor was formerly Chief Financial Officer of Albedo Limited from 2014 until his retirement in 2016. Prior to that, he was the Chief Financial Officer of CosmoSteel Holdings Limited from 2007 to 2013. Between 1996 and 2007, he expanded his experience in the finance field at various organisations. From 1984 to 1996, he was with Deutz MWM Asia Pacific Pte Ltd as its Company Secretary and Financial Controller. Mr Hor was with the Keppel group of companies from 1976 to 1984.

He obtained a Bachelor of Accountancy from the University of Singapore in 1976 and a Master of Business Administration from Macquarie University in 1994. Mr Hor is a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants, a Fellow of the Association of Chartered Certified Accountants of United Kingdom and a Professional (Life) Member of the Singapore Human Resources Institute.

Mr Hor is seeking for re-election as a Director at the Company's forthcoming Annual General Meeting to be held on 28 April 2023.

DIRECTORSHIPS AND OTHER PRINCIPAL COMMITMENTS

PRESENT

Directorships:
Cosmosteel Holdings Limited
Edition Ltd.
Other principal commitment: Nil

PAST (FOR THE LAST 5 YEARS)

Directorships:
Sandav Business Solutions Pte. Ltd.
Q Industries & Trade Pte Ltd
Plastoform Holdings Limited
Other principal commitment: Nil

BOARD OF DIRECTORS

LOH EU TSE DEREK

Independent Director

First appointed:
1 July 2021

Last re-elected:
29 April 2022

Mr Loh is our Independent Director and was appointed on 1 July 2021.

He graduated with honours from Cambridge University and practices law in Singapore as an Executive Director of TSMP Law Corporation. He is an Advocate and Solicitor of the Supreme Court. He has been in active practice in the area of construction and engineering law.

He is a member of the Board of Governors of SJI International and also a trustee and a member of the Management Committee of the SJI Philanthropic Fund, a registered charity and IPC in Singapore.

DIRECTORSHIPS AND OTHER PRINCIPAL COMMITMENTS

PRESENT

Directorships:
Adventus Holdings Limited
Kingsmen Creatives Ltd.
Vibrant Group Limited
Camembert Holdings Pte. Ltd.
TSMP Law Corporation

Other principal commitments:
St. Joseph's Institution International Elementary School Ltd.
St. Joseph's Institution International Ltd.
St. Joseph's Institution Philanthropic Fund For The Lasallian Mission Ltd.

PAST (FOR THE LAST 5 YEARS)

Directorships:
Metech International Limited
DISA Limited
K2 F&B Holdings Limited (listed on the Hong Kong Stock Exchange)
Vietnam Enterprise Investments Limited (listed on the London Stock Exchange)
Kitchen Culture Holdings Ltd.
Federal International (2000) Ltd
Other principal commitment: Nil

MANAGEMENT TEAM

LIM WEI KUAN

Director, Memiontec Pte Ltd

Mr Lim has been with the Group since his university graduation in 2006 when he joined as a Project & Application Engineer. He was promoted to General Manager of Memiontec Pte Ltd ("MPL") in 2014 and in December 2019, Mr Lim was appointed to his current role as Director of MPL.

As Director of MPL, Mr Lim is responsible for the overall design, engineering and overseeing project implementation, service and maintenance works in Singapore. He is also accountable to the Managing Director for the delivery of revenue, budget, cost control and overall performance of our subsidiary, MPL, in Singapore.

Mr Lim obtained a Bachelor of Engineering in Chemical Engineering from the University of Malaya in 2006.

IRAWATI TAN

Director, PT Memiontec Indonesia

Ms Irawati first joined the Group in 2009. She assists our Executive Director and CEO in managing the overall business and operations in Indonesia and is responsible for sales and marketing, project execution, procurement, budget and cost control of the Group's Indonesia business units.

Prior to Memiontec, she started her career at the Astel Group after graduation, where she held various roles, including budget and finance controller. Before Ms Irawati left the Astel Group to join the Group in 2009, she last held the position of procurement manager.

Ms Irawati graduated from Bina Nusantara University with a Bachelor of Accounting in 2004.

SUSTAINABILITY REPORT

Memiontec Holdings Ltd. (the "**Company**" or "**Memiontec**", together with its subsidiaries, the "**Group**") presents its second Sustainability Report ("**SR**"), which provides an annual update on the Company's progress in meeting its commitments and targets on sustainability, with a focus on our Environmental, Social, and Governance ("**ESG**") topics. Integrating this SR within our Annual Report, this report offers a comprehensive view of the Company's overall performance during the financial year ended 31 December ("**FY**") 2022, thereby providing our stakeholders with a complete understanding of our sustainability efforts.

1. ABOUT MEMIONTEC

Memiontec's vision is to be recognised globally as the leading one stop water technology total solutions provider for water management. Headquartered in Singapore, Memiontec has provided total solutions in water and wastewater treatment for over 30 years in Singapore, Indonesia and China. Using membrane, ion exchange, physical, chemical and biological processes and leveraging on our in-house design, engineering, fabrication and assembly capabilities, Memiontec develops compact, cost-effective, innovative and space-efficient water and wastewater treatment solutions for both municipalities and a wide variety of industries in Singapore, Indonesia and China.

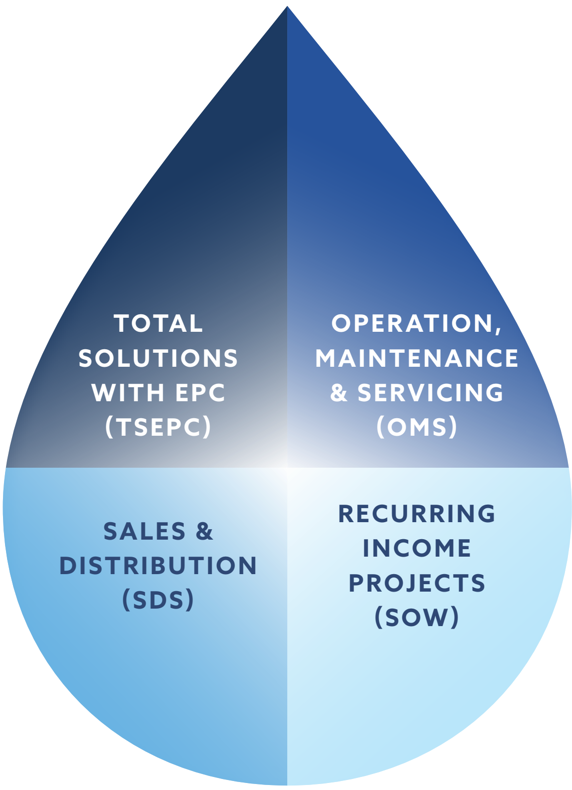
1.1 OUR BUSINESS SEGMENTS

Memiontec has 4 main business segments harnessing opportunities across the entire water value chain, as follows:

- Providing total solutions with engineering, procurement and construction ("**TSEPC**") services for a wide variety of municipal and industrial applications;
- Offering a range of related services such as consultation, support, operations, maintenance and servicing ("**OMS**") works in municipal and private sectors;
- Undertaking sales and distribution activities of systems and equipment ("**SDS**"); and
- Selling of water ("**SOW**") as owner/co-owner of Build-Own-Operate-Transfer ("**BOOT**") and Transfer-Own-Operate-Transfer ("**TOOT**") projects for recurring income.

TSEPC of water treatment plants
- ✓ Water/wastewater treatment solutions
- ✓ Water recycling solution
- ✓ Seawater treatment and desalination solutions

OMS of water treatment plants
- ✓ Ongoing services for water plants owned, built and existing PUB works
- ✓ Provision of technical support and consultation



SDS and Trading
- ✓ Modular water systems
- ✓ Water treatment equipment
- ✓ Chemicals and components

SOW and Investments
- ✓ Owner/co-owner of BOOT/TOOT projects with long tenure water supply agreements
- ✓ Investment income from long-term services for concessionary projects

1.2 OUR BUSINESS MODEL AND SUSTAINABILITY

As a water company, Memiontec has always placed sustainability at the core of its belief system and business operations. By transforming water with a forward-thinking mindset and a vision for a better world and improved quality of life.

Memiontec creates economic and social value for its stakeholders and communities by leveraging its core competencies in water management. The Company supports municipalities in developing water treatment plants to ensure water security in the regions where it operates. Additionally, Memiontec invests in long-term BOOT and TOOT projects to generate sustainable economic performance for its shareholders. Overall, Memiontec aims to create sustainable economic and social value by utilizing its expertise in water management to address the needs of our stakeholders and communities.

In the past, conventional technologies like coagulation, sedimentation, filtration, and disinfection were used for water treatment. However, Memiontec has been at the forefront of innovation by adopting membrane and ion-exchange technologies as its core business offering. These technologies offer numerous advantages, such as higher efficiency, improved water quality, and reduced environmental impact. By promoting these advanced technologies, Memiontec has been able to stay active and competitive in the water treatment industry, providing innovative and cost-effective water and wastewater treatment solutions to its clients.

Moving forward, Memiontec is always at the forefront of these evolving trends as we continue to position ourselves to support national water supply agencies and the industries in various ways to embrace sustainability to achieve United Nation ("**UN**") Sustainable Development Goals ("**SDG**"), particularly Goal 6 on Clean Water and Sanitation:

- Increase the sources of raw water;
- Participate in Public-Private-Partnerships ("**PPPs**") to build more water infrastructure in emerging markets;
- Adopt newer technology to improve plant reliability and efficiencies in resource management and waste recycling; and
- Implement digitalisation of water treatment process from present to the future.

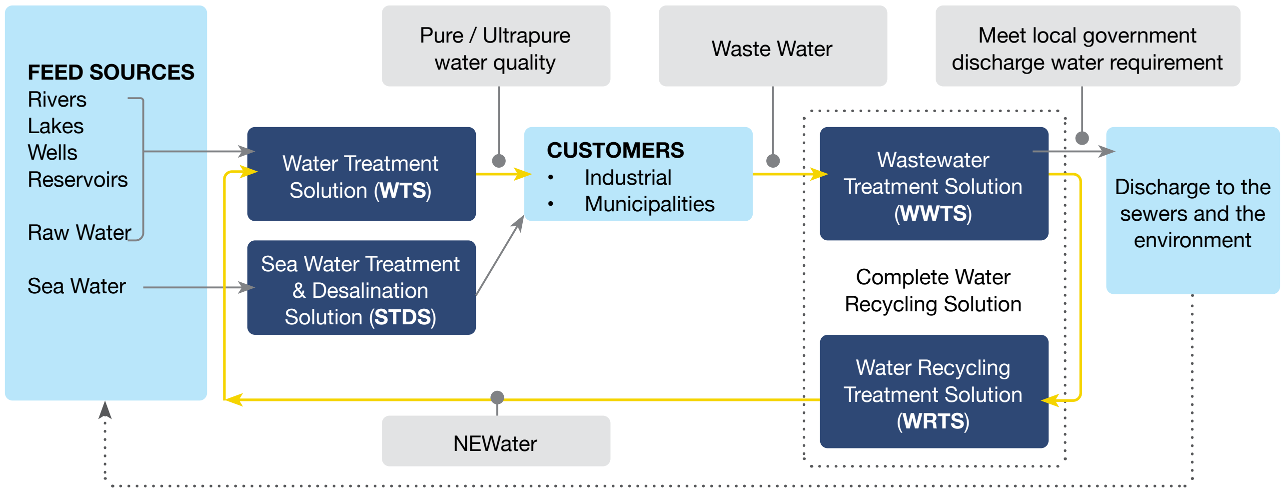
1.3 OUR VALUE CHAIN

Memiontec works extensively with various supply chain partners and downstream business partners.

Design and Engineering	Procurement	Build / Construction	Operations and Maintenance	Sales of Water
Tailored and customized solutions for our customers	*Sourcing of high quality yet cost-effective materials and equipment*	*Effective execution of plant construction with adherence to safety*	*Regular maintenance and repair of plant to ensure smooth operations*	*Provision of safe and clean water for public and private uses*

1.4 NEAR NET ZERO DISCHARGE

As a one-stop water technology total solutions provider, Memiontec offers a Complete Water Treatment Solutions. Water from sources such as rivers and reservoirs are treated with our Water Treatment Solutions ("**WTS**") to supply safe and clean quality water tailored to the customer's needs and requirement. Our Wastewater Treatment Solution ("**WWTS**") treats municipal and industrial wastewater to remove contaminants, producing effluent that complies with local discharge requirements. This effluent can be further treated with our Waste Recycling Treatment System ("**WRTS**"), to be used as a source of raw water for recycling and reuse, The whole process repeats itself, thus achieving near net zero discharge and improving sustainability while reducing environmental impact.



2. SUSTAINABILITY REPORTING FRAMEWORK

We have prepared this report in accordance with the latest Global Reporting Initiative ("**GRI**") Standards. We adopt the GRI Standards for sustainability reporting due to the framework's international recognition and widespread use by organisations globally, as well as the broad range of ESG topics and stakeholders it covers. Using the GRI Standards allows us to articulate Memiontec's material environmental and social impacts clearly. We have also adopted the Sustainability Accounting Standards Board ("**SASB**") Standards, which offer industry-specific sustainability standards covering issues that are reasonably likely to be financially material.

The SASB Standards for Engineering & Construction Services industry index can be found in Appendix D to this report.

This report is also prepared in accordance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("**SGX**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") – Sustainability Reporting. In addition, we have integrated the UN SDGs into our reporting process to map our contributions to sustainable development.

2.1 REPORTING SCOPE

- The report highlights Memiontec's ESG performance for FY2022, covering the material ESG factors across the operations of the following key subsidiaries in the Group:

Key subsidiary	Country of operation
Memiontec Pte Ltd ("**MPL**")	Singapore
PT Memiontec Indonesia ("**PTMI**")	Indonesia
MIT Water Technology Chengdu Co. Ltd ("**MITC**")	China

- On occasions where data is incomplete or unavailable, we have provided disclosure with supporting explanations and rationales where required.

- For comparison, we have included the historical data for FY2020 and FY2021, unless stated otherwise. Our latest audited consolidated financial statements for FY2022 are available in this Annual Report.

- There were no significant changes to the organisation's segments, value chain and other business relationships during the current reporting cycle.

2.2 REPORTING PRINCIPLES

- The material ESG topics are identified through a materiality assessment process using the GRI Standards 2021, detailed in Section 4.5 below. By applying the GRI principles, we determined the material topics on which to report. Disclosures include policies, practices, performance, and targets for each of the identified material ESG factors.

- Report quality has been guided by the GRI principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability. Governance, environmental and social performance data is derived from our operations in Singapore, Indonesia and China, unless stated otherwise.

- All data presented in this report has been sourced from primary official records to ensure accuracy.

- We have used internationally accepted measurement units for all data to facilitate comparability.

- Financial figures are in Singapore dollars unless specified otherwise.

2.3 EXCLUSIONS

The ESG performances of other subsidiaries, joint ventures and operations of the Group have not been included in this report as they were considered not material due to insignificance of scale and operations. Performances of our suppliers and customers in our broad value chain are also excluded from this report as we do not have any operational control or access to their ESG data.

2.4 RESTATEMENTS

There was no restatement of information in the reporting period.

2.5 EXTERNAL ASSURANCE

We reviewed overall data collection process internally to ensure data quality and accuracy. We have not obtained external assurance for the sustainability information in this report.

2.6 AVAILABILITY

This report is contained within our Annual Report 2022, which is available for download as a PDF document on our corporate website at the URL www.memiontec.com as well as the SGX's website at the URL www.sgx.com/securities/company-announcements.

2.7 FEEDBACK

We value all feedback on the Report as we continuously strive to improve our reporting.

Please submit all feedback, questions and views of this report to: irmr@memiontec.com.

SUSTAINABILITY REPORT

3. BOARD STATEMENT

As a total solutions provider of water and wastewater treatment services, Memiontec's work revolves around one of life's essentials and it is a responsibility we do not take lightly.

As the Group embark on its journey to becoming a more sustainable business, the board of directors of Memiontec (the "**Board**") will continue to work hard to deliver the desired outcomes in ESG for our customers, financial institutions, stakeholders and the communities, while upholding the highest standards of accountability and transparency.

The Board, supported by the Senior Advisor to the Board and Chief Executive Officer of the Company, Audit Committee ("**AC**") and Sustainability Working Committee ("**SWC**"), considers sustainability issues as an integral part of its corporate strategy and determines the material ESG factors and oversees the management of these factors.

Sustainability of business and profitability are gaining traction as important considerations for Memiontec's business and operation strategies, as we seek to strike a balance between profit optimisation, stakeholders' relationships, impact on the environment and communities, and future investment in the business.

This sustainability report provides the information on how Memiontec identifies and manages its material ESG impacts that align to its vision and values, ultimately to create long-term sustainable fundamentals for the Group and its stakeholders. The Board has reviewed and endorsed this sustainability report.

Sustainability is at the heart of our business and we firmly believe in transforming water for a better world and life. Our people and the Company are committed to transforming water vis-a-vis protecting the environment, generating alternative sources of raw water and enabling communities' greater access to safe and clean water through innovation and new technologies.

We are grateful for the opportunities to make positive contributions towards a sustainable economy and environment for future generations in Singapore and the regional markets that we operate in.

Working collaboratively with its customers, employees, partners, suppliers, finance institutions, regulators and others, it provides the Group with opportunities to become more sustainable in all aspects of our business and operation models.

As COVID-19 becomes endemic, ESG issues have taken on new forms and shapes, gaining significant attention with businesses' ESG performance becoming increasingly important considerations along with the concerted efforts towards Net Carbon Zero goal for financial institutions, investors, consumers and government agencies.

Sustainability is a continuous journey and we will continue to devote more of our time and resources to strengthen the integration of sustainability components into our business and operations by aligning our sustainability factors with organisational and value creation objectives.

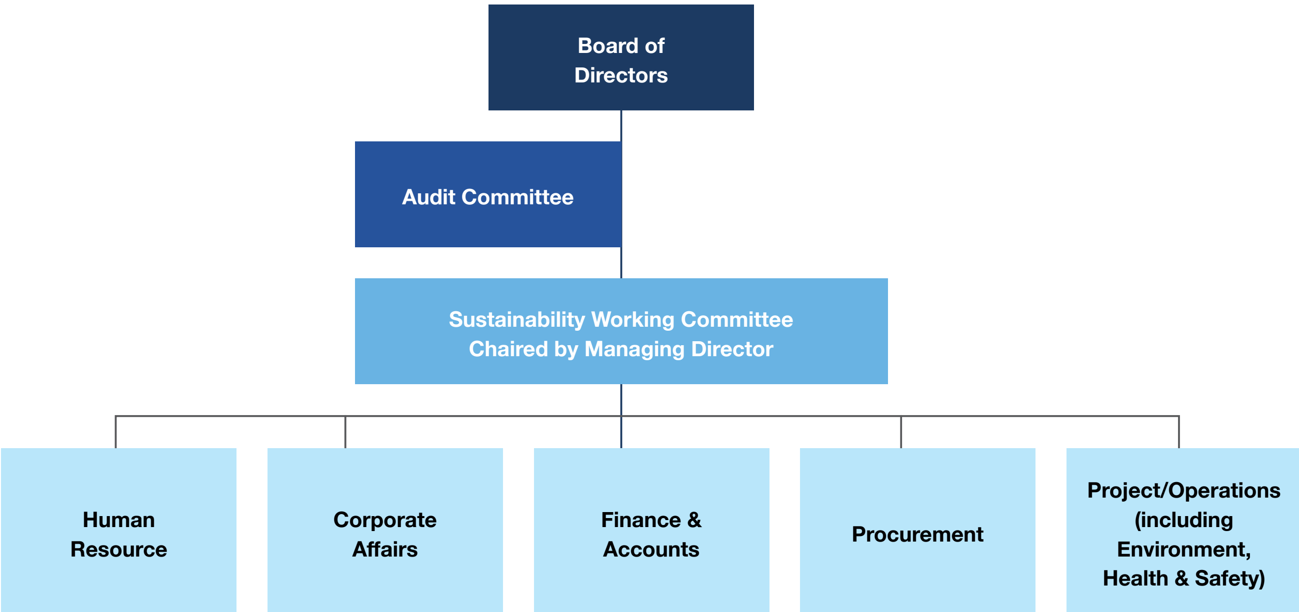
The Board would like to express our appreciation to our treasured stakeholders for being part of our sustainability efforts towards shaping a sustainable future and being a responsible corporate citizen that befits a good and reputable name "Memiontec" as a long-term solution partner for water.

4. OUR APPROACH

4.1 SUSTAINABILITY STRATEGY

Our sustainability strategy is in line with our core focus of our operations. It is to deliver safe and cost-effective solutions to our customers, whilst protecting the environment. We strive to keep up with various relevant developments and innovations in the water industry whilst creating value across our material ESG Topics. We do so by understanding our stakeholders' expectations and being committed to upholding good corporate governance, reducing our negative environmental impacts and enhancing our positive impacts on the economy and our stakeholders.

4.2 SUSTAINABILITY GOVERNANCE



Our Board, together with the Senior Advisor to the Board, provides strategic oversight and direction for identifying, managing, and implementing material ESG factors, and considers ESG factors in the formulation of business strategy. The Board is responsible to review and approve the annual sustainability report of the Company. To keep abreast of the latest sustainable development trends and updates, all Board members have attended courses and training on ESG as at the time this report is published.

The SWC, chaired by the Managing Director of the Group and supported by the head of various departments as listed above, is responsible for ensuring that ESG factors and impacts are monitored and properly managed on an ongoing basis. SWC develops, manages, implements and monitors ESG strategy under the Board's supervision to address material sustainability risks and opportunities to create value for all stakeholders.

Comprising representatives from various functions and departments across the Company, SWC provides regular updates to the Board about the performance against established indicators and targets under material topics. SWC oversees the preparation of sustainability reports.

The AC assesses the Group's internal controls to ensure the accuracy and reliability of the sustainability information disclosed and evaluates the approaches towards metrics setting and ESG disclosure for sustainability reporting.

4.3 SUSTAINABILITY RISKS AND OPPORTUNITIES

We have put in place enterprise risk management and internal control systems, including financial, operational, compliance and information technology controls, which are detailed in formal instructions, standard operating procedures and financial authority limits policies. To manage our exposure to risks that are associated with the conduct of the business, we have put in place an Enterprise Risk Management framework. Our Board and senior management regularly review the risks, industry trends and regulatory updates. Together with our materiality assessment following the GRI Standards, our listed key risks and challenges help us identify our key material topics on an ongoing basis.

Topics	Risks and Challenges	Opportunities
Innovations and technologies	To continuously keep up with new developments and innovations in the water industry, and to meet ESG best practices	• To build propriety know-hows such as remote monitoring, automation and smart metering to drive both cost and operational efficiencies, which ultimately helps us to reduce our environmental impact • To adopt newer technology that consumes lesser energy, leading to reduced carbon footprint
Compliance with applicable laws and regulations pertaining to occupational health and safety, and the environment	To keep abreast and to ensure full compliance of the new laws and regulations applicable to the Company and the Group	• To comply with applicable Quality, Environment, Health and Safety ("**QEHS**") standards, legal and other requirements • To continuously improve QEHS performance through monitoring and review of set objectives and targets
Climate change	To understand and respond to policy, legal, and market changes in response to climate change	• To start disclosing our sustainability strategies, targets and performances with our stakeholders • Changing customers' expectations and demands for more sustainable services and solutions • To develop policies and procedures to reduce greenhouse gas emission and carbon footprint • To provide a greater access to safe and clean water in line with the SDG 6 "*Clean water and sanitation for all*"
Talent management, including diversity consideration	To attract and retain experienced talent under the tight supply of engineers	• To attract, retain and grow professionals who are passionate and share the same values and enthusiasm in growing the business • To make more efforts to groom and train more young people into the business at the start of their careers through fair employment practices • To create an inclusive culture in workplace that considers gender diversity and women representation to encourage positive outcomes

4.4 STAKEHOLDER ENGAGEMENT

Our stakeholders comprise individuals or groups who are affected by Memiontec's activities or those who have the potential to impact or influence our performance. Understanding their expectations and engaging them on an ongoing basis allow us to determine our strategic priorities, evaluate our approach towards the stakeholders and make informed decisions on ESG material topics.

With these purposes in mind, we conducted stakeholder mapping exercise to identify our key stakeholders across the company's value chain. This process was based on GRI's key concepts and the approach to stakeholder engagement. The internal stakeholders, including the senior management, provided their insights based on their experience of engaging respective stakeholders and their understanding of stakeholder expectations in arriving at the list. We seek to ensure meaningful engagement with stakeholders through a wide range of ongoing communication channels.

Stakeholders	Method of Engagement	Stakeholder's Expectations	Our Responses
Employees	• Annual performance appraisals • Staff orientation • Festive celebrations • Ad-hoc gathering • Training & Coaching • Safety moments	• Benefits and rewards • Work-life balance • No gender biasness • Personal growth, learning and development • Occupational health and safety ("**OHS**")	• Improved employee welfare and benefits • Robust OHS systems • Fair employment and equal opportunities • Strengthening capabilities through training and development • Growing digital readiness
Customers	• Regular meetings • On-going communication via various channels (telephone calls / emails) • Project progress periodic meetings • Customer satisfaction survey • Tenders • Corporate website	• Meeting contractual specifications (quality, time and performance) • Delivering quality plants to help customers fulfil their ESG targets • Meeting strict safety standards at work	• Minimum 'satisfactory' feedback for completed projects from customers on Building and Construction Authority ("**BCA**") portal • Project completion within budget and time • Striving to receive zero negative feedback • Targeting zero liquidated damages
Government Agencies / Regulators	• Government websites • Regulation updates via training and seminars • Correspondences	• Good corporate governance • Compliance with applicable laws and regulations • Ethics and integrity • Anti-corruption	• Full compliance with Catalist Rules for transparent reporting • Independent whistle-blowing platform for reportable incidents • Targeting zero corruption incident

Stakeholders	Method of Engagement	Stakeholder's Expectations	Our Responses
Shareholders and Investors	• Corporate roadshow • General meetings • Annual reports • SGXNet portal • Press release • Corporate website • Designated Investor Relations Emails	• Transparent reporting of financial information • Good financial performance • Financial returns such as return on investments and dividends	• Corporate updates through corporate presentation and roadshows • Full compliance with Catalist Rules for transparent reporting • Dividend payout
Suppliers	• Regular meetings • Project progress periodic meetings with key subcontractors • Site visits • Supplier evaluation • Tenders • Corporate website	• Smooth communication, dealing and delivery throughout • Fair competition • Anti-corruption • Adherence to agreement terms • Meeting timely payment obligations	• Performance monitoring and improve efficiency throughout supply chain • Compliance with code of conduct, fair competition and anti-corruption • Performing periodic supplier evaluation & update Approved Vendor List
Communities / Public	• Corporate website • Internship opportunities • Local employment	• No negative environmental and social impacts • Job opportunities	• Fair employment • Compliance with health and safety, environment regulations • Internship offers to students
Banks / Financiers	• Corporate roadshow • Regular meetings • Annual reports • SGXNet portal	• Transparent and truthful financial information • Compliance with bank covenants • Repayment obligations	• Compliance with bank covenants • Meet repayment obligations
Business partners	• Strategic business planning meetings with joint venture partners	• Plant operation management • Financial management • Marketing Strategy and Plan	• Improve business and investment performance • Forge long-term bond

4.5 MATERIALITY ASSESSMENT

Our materiality assessment has been conducted based on GRI's guidance on the process to determine material topics, including understanding the organisation's context, identifying actual and potential, negative and positive impacts on the economy, environment, and people, and assessing significance of these impacts. The internal stakeholders, including the senior management, provided their views and insights which informed the identification and assessment of the impacts. Subsequently, most significant impacts have been prioritised. All identified material topics have been reviewed and validated by our consultants.

Step 1	Step 2	Step 3	Step 4
Understand the organization's context	Identify actual and potential impacts	Assess the significance of the impacts	Prioritize the most significant impacts for reporting

The assessment also took into consideration the GRI Reporting Principles, GRI topic-specific standards, and UN SDGs. The table below provides the list of material topics determined.

MATERIAL TOPICS		
Material Topics	**Management Approach**	**Our Targets**
ECONOMIC		
Economic Performance	• To create economic value to our stakeholders sustainably	• To achieve budgeted net profits
Indirect Economic Impacts	• To maximise our positive impact in the community through our projects, by help providing access to safe and clean water and treating wastewater	• To execute or complete at least 3 TSEPC projects at municipal and industrial sectors
Procurement Practices	• To contribute positively to the local economy • Supplier Code of Conduct	• To achieve at least 50% of spending on local suppliers
ENVIRONMENT		
Greenhouse Gas Emissions	• To reduce our carbon intensity through internationally recognised environmental management standards • Environmental and Climate Change Policy • QEHS Management System and Policy	• To keep greenhouse gas emissions intensity within 0.55kg CO_2 per labour hour
Energy	• To conserve energy through various energy saving initiatives • Environmental and Climate Change Policy • QEHS Management System and Policy	• To keep energy consumption intensity within 7.0 MJ per labour hour
Water and Effluents	• To promote water conservation through continued communication and engagement with our stakeholders • Environmental and Climate Change Policy • QEHS Management System and Policy	• To keep water withdrawal within 2.50ML

MATERIAL TOPICS		
Material Topics	**Management Approach**	**Our Targets**
SOCIAL		
Employment	• To attract and retain employees through merit-based and fair employment practices • Group Diversity and Inclusion Policy	• To achieve less than 35% turnover rate
Occupational Health and Safety	• To provide a safe working environment • To eliminate hazards and reduce occupational health and safety risks • To prevent ill health and injury at workplace • QEHS Management System and Policy	• To maintain zero fatalities
Training and Education	• To provide training programmes based on the needs of the individual employees • Training Course Procedures	• Average training hours of 8 hours per employee
Non-discrimination	• To recruit, promote, reward, and provide career advancement and development opportunities without discrimination • Human Rights Policy	• To maintain no incidents of discrimination
Customer Health and Safety	• To fully comply with product health and safety regulations and codes • QEHS Management System and Policy • Supplier Code of Conduct	• To maintain zero incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services
GOVERNANCE		
Anti-corruption	• To uphold the highest standards of professional conduct and accountability • Group Anti-bribery and Corruption Policy • Code of Business Conduct • Whistleblowing Policy and Procedure	• To maintain zero incidents and public cases concerning corruption.
Diversity	• To embrace diversity at workplace in line with Singapore's Tripartite Guidelines • To achieve board diversity in line with regulatory requirement • Board Diversity Policy • Group Diversity and Inclusion Policy	• To maintain the percentage of female employees between 20% - 35% to achieve a more balanced workforce in the office-based job categories
ECONOMIC		
Regulatory compliance	• To comply with all applicable laws and regulations • QEHS Management System and Policy • Environmental and Climate Change Policy	• To maintain zero incidents of non-compliance • To have in place policy to identify and mitigate climate-related issues in compliance with Catalist Rules by the next reporting cycle

4.6 UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Endorsed by all 193 United Nations Member States in 2015, the 2030 Agenda and its Sustainable Development Goals focus global efforts and attention on 17 pressing issues. The private sector can play a critical role in providing practical solutions that can contribute to solving these challenges while also generating new business opportunities. Memiontec is committed to this meaningful pursuit of sustainable development. We have integrated the SDGs into our sustainability strategy and reporting process to reflect our contribution to sustainable development.

Material ESG Topics	SDGs Supported
Indirect Economic Impacts	5, 9, 11
Procurement Practices	8
GHG Emissions	3, 12, 13, 14, 15
Energy	7, 8, 12, 13
Water and Effluents	6
Waste	3, 6, 12, 14, 15
Employment	5, 8, 10
Occupational Health and Safety	3, 8, 16
Training and Education	4, 5, 8, 10
Non-discrimination	5, 8
Local Communities	1, 3, 4
Customer Health and Safety	16
Anti-corruption	16
Diversity	5, 8

5. GOVERNANCE

At Memiontec, we believe that good corporate governance and transparency form a foundation of the company's long-term sustainability. Memiontec upholds the highest standards of professional conduct and accountability, and we align our standard of corporate conduct with the guidance of the Singapore Code of Corporate Governance 2018. We are guided by key policies and processes that are applicable and communicated to all employees. Please refer to our Corporate Governance Report set out in our Annual Report 2022 for more details.

5.1 ANTI-CORRUPTION

We are committed to conducting our business with integrity and honesty. In line with our commitment to anti-corruption, we have established a number of relevant policies, which apply to our Board, Management, employees, suppliers and stakeholders across our operations

Code of Business Conduct and Ethics	The Code of Business Conduct and Ethics details employees' responsibilities on proper practices concerning bribery and corruption issues and provides a guidance on a wide range of issues relating to legal compliance, fair dealing, equal opportunities, human rights, workplace health and safety, conflicts of interest and ethical behaviours.
Group Anti-bribery and Corruption Policy	The Group Anti-bribery and Corruption Policy sets out anti-bribery compliance framework, management systems and standards. It requires strict compliance with all applicable national and international laws, including all anti-bribery laws, company regulations and ISO 37001 Anti-Bribery Standards.
Supplier Code of Conduct	Under the Supplier Code of Conduct, suppliers must ensure they do not engage in any form of corruption, bribery, facilitation payments or fraud. Memiontec also prohibits anyone from engaging in bribery and corruption on our behalf.
Whistle Blowing Policy	The Whistle Blowing Policy provides a framework to promote responsible and secured whistleblowing without fear of adverse consequences. The policy sets out procedures for a whistle blower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers in confidence and in good faith, without fear of reprisal, discrimination or adverse consequences. All our employees including full-time, part-time and contract employees, and third parties such as suppliers, customers, contractors and other stakeholders, may use the procedures set out in the policy to report any concern or complaint regarding reportable incidents for whistle blowing.

We are pleased to report the following for FY2022:

(i) there were no confirmed incidents and public legal cases related to corruption;
(ii) no employees at Memiontec have been dismissed or disciplined for corruption;
(iii) no contracts with business partners were terminated or not renewed due to violations related to corruption; and
(iv) no whistle blowing reports were received.

Our target is to maintain zero track record for the abovementioned four points.

5.2 REGULATORY COMPLIANCE

Memiontec strives to operate in full compliance with all applicable economic, social and environmental laws in all our operations. During FY2022, there were no significant incidents of significant fines or non-monetary sanctions for non-compliance with laws or regulations. Our target is to maintain zero significant incidents of significant fines or non-monetary sanctions for non-compliance with laws or regulations. More information on our commitment to environmental compliance and customer health and safety compliance can be found in section 7.4 and section 8.7 of this report respectively.

6. ECONOMIC

Material Topics and SDG Goals

- Indirect Economic Impacts
- Procurement Practices

Material Topic	FY2022 Target	FY2022 Performance	FY2023 Target
Economic performance	To achieve higher than 2021 budgeted net profits	Target not met	To achieve budgeted FY2023 net profits
Indirect Economic Impacts	To execute or complete at least 3 TSEPC projects at municipal and industrial sectors	Target met – Completed 3 TSEPC projects at municipal and industrial sectors	To execute or complete at least 3 TSEPC projects at municipal and industrial sectors
Procurement Practices	To achieve at least 50% of spending on local suppliers	Target met – 68% spending on local suppliers	To achieve at least 50% of spending on local suppliers

6.1 ECONOMIC PERFORMANCE

Good economic performance and continued value creation for our stakeholders are essential to our business. They are also primary concerns for our investors and shareholders. We are pleased to announce that Memiontec was among the TOP 100 Fastest Growing Companies in Singapore based on the revenue growth between 2018 and 2021, as published in THE STRAITS TIMES - January 2023. Detailed disclosure of our financial performance is provided in the financial section of this Annual Report.

The following is a summary of the direct economic value, in relation to the key subsidiaries and other subsidiaries, joint ventures and other ventures of the Group, generated and distributed in FY2022 in comparison with previous years.

	Financial Year (S$'m)				
	Economic performance indicators	**Payment to**	**FY2020**	**FY2021**	**FY2022**
1	Revenue (Economic value generated)	N/A	34.6	45.6	42.8
2	Cost of goods sold[1]	Suppliers	26.2	35.2	29.7
3	Profit before income tax	N/A	1.7	2.1	3.5
4	Total operating expenses[2]	Other suppliers	2.0	1.9	2.9
5	Employee wages and benefits	Employees	5.5	6.6	6.6
6	Tax expenses	Government	0.4	0.5	0.9
7	Finance costs	Bankers	0.1	0.1	0.1
8	Dividends declared to shareholders	Shareholders	0.4	0.5	0.8
9	Total economic value distributed	Items 2 and 4 - 8	34.6	44.8	40.9

1 Excluding employee wages and benefits recorded under cost of goods sold.
2 Excluding depreciation expense and employee wages and benefits recorded under general and administrative expenses.

6.2 INDIRECT ECONOMIC IMPACTS

With rising water-related issues across Asia, we remain committed to our direct involvement in developing of water treatment infrastructure investments and services for municipals around the region. Beyond creating job opportunities for each project we deliver, we aim to maximise our positive impact through our main businesses, which ultimately help to provide safe and clean water to the community.

Our key municipal water projects that are carried out in Singapore and Indonesia in FY2022 are listed below:

	Singapore Water Projects	**Indonesia Water Projects**
Completed TSEPC	Nil	• Indolakto Wastewater Treatment Plant • PT ABC Kogen Diary Waste Water Treatment Plant • PT Bumi MAS Agro Palm Oil Mill
Ongoing TSEPC	• Mandai Zoo - Penguin Exhibit (animal life support system) • Jurong Island Sewage Treatment Plants (replacement of mechanical equipment) • Deep Tunnel Sewerage System Phase 2 (odour control and air jumper facilities) • Changi Water Reclamation Phase 2 Contract C22C (Mechanical and Electrical Works for Train 5B)	• Palembang City Sewerage Project • Pekanbaru Water Supply System • Makassar Wastewater Treatment Plant • Jambi Wastewater Treatment Plant • Rehabilitation of Oloboju Water Treatment Plant.
On-going BOOT / TOOT	Not applicable	• Hutan Kota Water Supply Plant (Jakarta) • Pekanbaru Water Supply Plant (Pekanbaru) • Waduk Pluit Water Supply Plant (Jakarta)
Positive ESG impacts enjoyed by our TSEPC clients	(a) Support customers in achieving UN General Assembly's SDG Goal 6 *Clean Water and Sanitation*. (b) Reduce customers' carbon footprint through the use of new water treatment technology to lower greenhouse emission. For example: - Using water treatment equipment with lower energy or lesser chemical consumption to improve operational efficiency. - Explore water treatment process to reduce the volume of sludge generated as a by-product of the treatment process, or consider ways to recycle wastes.	

6.3 PROCUREMENT PRACTICES

Our economic impact occurs across our value chain as we work with a number of suppliers and contractors. Suppliers are selected based on a set of evaluation criteria including price, quality, delivery and financial stability of the company.

In FY2022, 68% of procurement were from suppliers local to that operation. Our target is to achieve at least 50% of spending on local suppliers.

	FY2020	FY2021	FY2022
% from local suppliers	73	62	68

We engage our suppliers through various channels including project progress meetings, site visits, supplier evaluation and corporate website. Memiontec is committed to being a fair client and strives to address the suppliers' expectations through adherence to agreement terms and timely payment. At the same time, we outline our expectations on quality delivery of the suppliers' products and monitor their performance to improve efficiency in work processes throughout our supply chain. All of our suppliers and contractors must adhere to our requirements regarding quality, environment and health and safety standards, as well as the principles of our Code of Business Conduct. Under our Supplier Code of Conduct, we expect our suppliers to abide by the principles we uphold including anti-bribery and corruption, fair competition, conflict of interest, and private and intellectual property. Our expectations also include respect for all human rights, including labour rights, throughout their business activities, prevention and management of health and safety risks associated with the activities, products and services, and minimising their impact on the environment. In line with our commitment to embed sustainability along our value chain, we aim to formalise inclusion of a comprehensive set of social and environmental related criteria in vendor screening and evaluation process for key vendors from FY2023.

6.4 PRODUCT AND SERVICE QUALITY

Operating in Asia's water industry for more than 30 years, ensuring excellent product and service quality is amongst our top priorities. We obtained ISO9001 for our operations in Singapore and Indonesia to ensure our commitment to quality is embedded across our operations. We strive to meet contractual specifications on quality, time, and performance and help our customers fulfil their own environmental targets through high quality products and strict safety standards at each project site.

To meet these objectives, we have ongoing communication with our customers via regular meetings, emails and telephone calls. We also obtain customer satisfaction feedback to evaluate our performances.

Our targets are to achieve minimum 'satisfactory' feedback from the customers for completed projects and to maintain zero liquidated damages. In FY2022, 100% of our customers for key projects completed expressed 'satisfactory' or above "satisfactory" through customer survey. There was also no substantial liquidated damage claim made by our customers in our construction projects.

7. ENVIRONMENTAL

Material Topics and SDG Goals

- Climate Change - Energy
- Climate Change - GHG Emissions
- Climate Change - Water and Effluents

SUSTAINABILITY REPORT

Climate change has profound implications for both society and business. Environmental sustainability has always been a core to our business of providing both safe and clean water and served as a guiding principle for our products and services. We have not yet included climate-related disclosures that are aligned with the recommendations of Task Force on Climate-related Financial Disclosures ("**TCFD**") in this report, as we are still in the midst of conducting a thorough assessment of the climate-related risks that are relevant to our operations across the countries in which we operate. We are committed to managing these risks and capitalizing on opportunities that are aligned with our sustainability goals and will provide further details on our plans to address climate-related risks in the next reporting year.

We proactively implement and review our processes to promote the sustainable use and management of resources such as energy, water and waste. Both our TSEPC and OMS operating companies, MPL and PTMI, are ISO14001 certified. This means that we have put in place various environmental operation control procedures, which set out clear directions to ensure proper control measures across these companies. These procedures cover a wide range of environmental topics such as air pollution, chemical handling, waste management, vector control, noise pollution, chemical spillage, and ozone depletion.

At Memiontec, we recognize the importance of conveying our values to stakeholders as a means of making a difference. As part of our efforts to promote sustainability, we actively encourage recycling at our corporate offices by consistently promoting the 3R principle - Reduce, Reuse, and Recycle amongst our employees.

A general overview of our planned environmental targets are:

Material Topics		FY2022 Target	FY2022 Performance	FY2023 Target
Energy Consumption	Intensity (MJ per labour hour)	Below 7.0	6.9	Below 7.0
Greenhouse Gas Emissions	CO2 Intensity (kg per labour hour)	Below 0.55	0.55	Below 0.55
Water Withdrawal	Withdrawal (ML)	Below 2.50	1.56	Below 2.50
Environmental Compliance	Number of incidents	To maintain no incidents of environmental non-compliance	Target met – No incidents of non-compliance	To maintain no incidents of environmental non-compliance

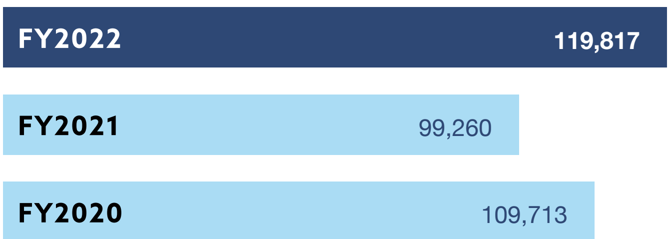
SUSTAINABILITY REPORT

7.1 CLIMATE CHANGE - ENERGY

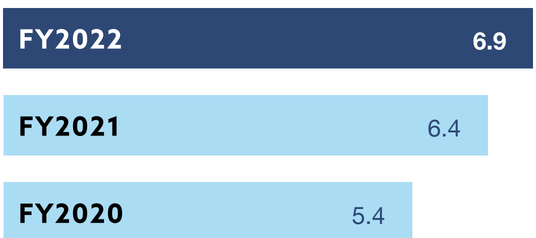
In FY2022, our total electricity consumption was 119,817 kWh as compared with 99,260 kWh in the previous year. The increase in electricity consumption as compared to the previous year was due to the resumption of work from office and face to face activities. The total amount of diesel consumed was 44,506 litres, which represents the consumption from our company vehicles and generator set, while the total amount of petrol consumed was 31,842 litres from the company vehicles. As such, total energy consumption in our Singapore and Indonesia during FY2022 was 3,261.6 gigajoules (GJ).The increase in energy consumption and fuel consumption were due to bigger size of on going project sites with site offices, laydown areas, working machineries, equipments and tools used at site. Energy intensity was 6.9 megajoules (MJ) per labour hour in FY2022 compared with 6.40 MJ per labour hour in FY2021. The increase in energy intensity was due to the unavailable data of sub-contractor employees who are not on Memiontec's payroll, but used the facilities for construction works at sites. We explore various ways to improve our energy efficiency. For example, we explore turning to clean, renewable energy in 2022 by installing solar panels in some of our jointly-owned water treatment plants in Indonesia.

Solar panels installed at the roof top of Waduk Pluit TOOT Plant in Jakarta

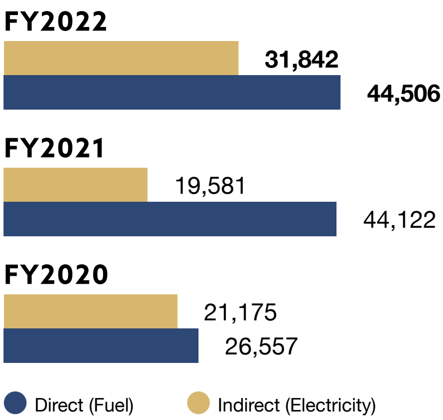
ELECTRICITY CONSUMPTION (KWH)



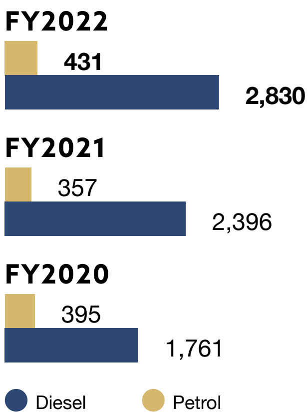
ENERGY INTENSITY (MJ/LABOUR HOUR)



FUEL CONSUMPTION WITHIN THE ORGANIZATION (LITRES)



ENERGY CONSUMPTION (GJ)



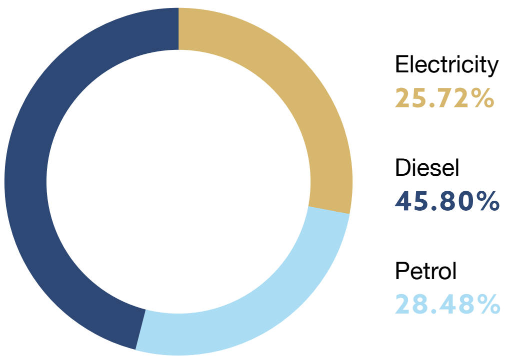
7.2 CLIMATE CHANGE - EMISSIONS

Carbon emissions at Memiontec mainly come from our consumption of electricity and fuel consumption from motor vehicles and equipment. The increase in carbon emisssion intensity was due to the unavailable data of sub-contractor employees who are not on Memiontec's payroll, but used the facilities for construction works at sites. We use the globally recognised GHG Protocol guidelines to measure and disclose our carbon emissions, currently reporting Scope 1 and Scope 2 emissions that refer to fuel consumption and purchased electricity, respectively.

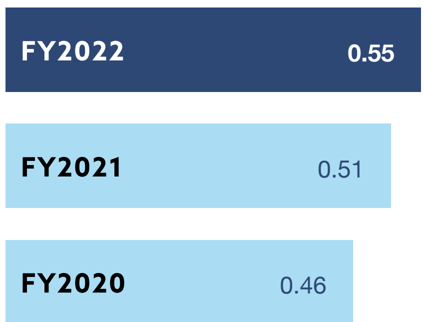
Carbon Emissions Summary[1] (tCO_2)			
	FY2020	**FY2021**	**FY2022**
Direct (Scope 1) GHG emissions			
Mobile Combustion	89.6	101.2	130.6
Stationary Combustion	30.5	62.2	62.2
Total Scope 1 GHG emissions	**120.1**	**163.4**	**192.8**
Energy indirect (Scope 2[2]) GHG emissions			
Purchased Electricity	64.0	54.8	66.8
Total Carbon Emissions	**184.5**	**218.2**	**259.6**

1 The data covers MPL and PTMI
2 The GHG emission factors are from Energy Market Authority - Singapore Energy Statistics and Climate Transparency (2021 report - Indonesia).

CO_2 EMISSIONS BY ENERGY SOURCE FY2022



CARBON EMISSION INTENSITY $KGCO_2$/LABOUR HOUR



SUSTAINABILITY REPORT

7.3 CLIMATE CHANGE – WATER MANAGEMENT

Our main usage of water is due to office and project site consumption, and the water is sourced from the local public utility. We continuously engage our stakeholders to advocate water conservation. Our water data are recorded from our subsidiaries in Singapore and Indonesia. During FY2022, our water withdrawal was 1.56 megalitre (ML).

	FY2020	FY2021	FY2022
Total Water Withdrawal (ML)	0.96	2.43	1.56

7.4 ENVIRONMENTAL COMPLIANCE

Environmental compliance in water treatment development projects is crucial for promoting sustainable development of a country. We are committed to complying with all applicable environmental laws and regulations. In FY2022, there were no cases of non-compliance with the relevant environmental laws and regulations.

8. OUR PEOPLE

Material Topics and SDG Goals

- Employment
- Occupational Health & Safety
- Training and education
- Non-discrimination

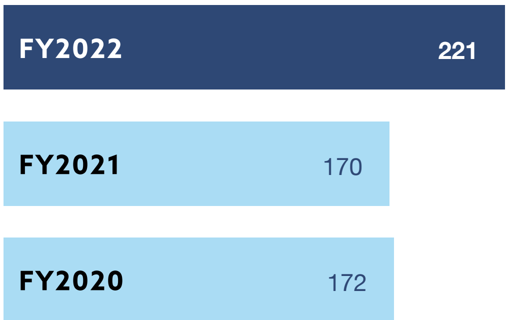
Memiontec has been growing steadily and rapidly over the last 5 years with an average CAGR of 15.5% from 2018 to 2022. The rapid growth has resulted in an increase of headcount of 30% of the Group to a total of 221 employees as at 31 December 2022.

There were 168 male employees and 53 female employees. There were 103 employees in Singapore, 108 employees in Indonesia and 10 employees in China respectively.

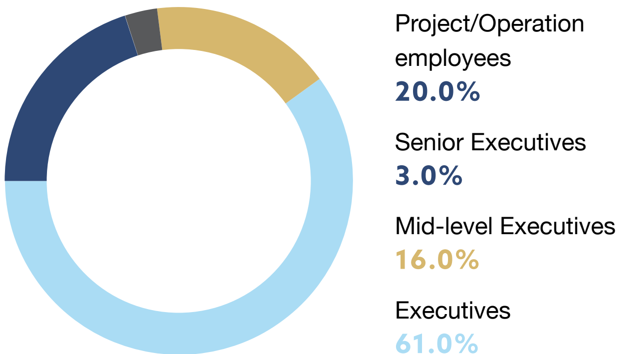
We respect our employees' right to freedom of association and collective bargaining. During FY2022, we had no employees covered by collective bargaining agreements.

During the reporting period, there were outsourced workers who were not our employees and whose scope of work was controlled by Memiontec. They primarily perform labour engaged for installation, testing and commissioning works at our operations.

NUMBER OF FULL-TIME EMPLOYEES

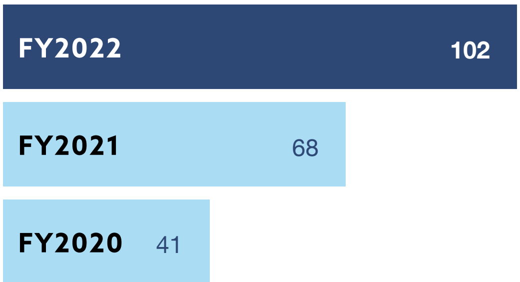


EMPLOYEES BY CATEGORY FY2022

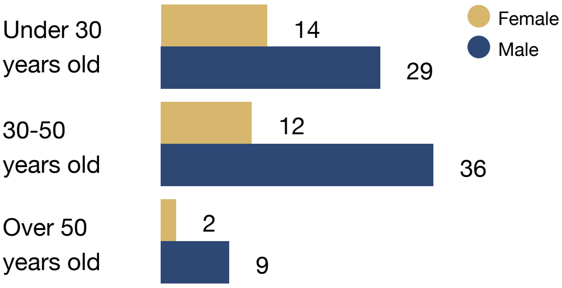


SUSTAINABILITY REPORT

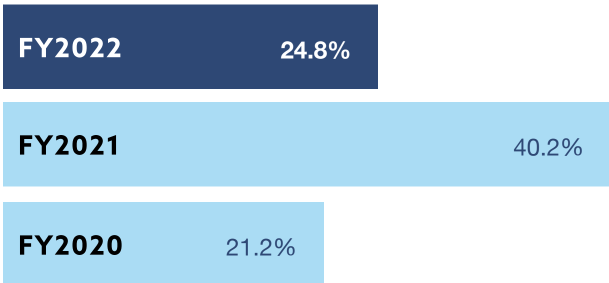
NEW HIRES



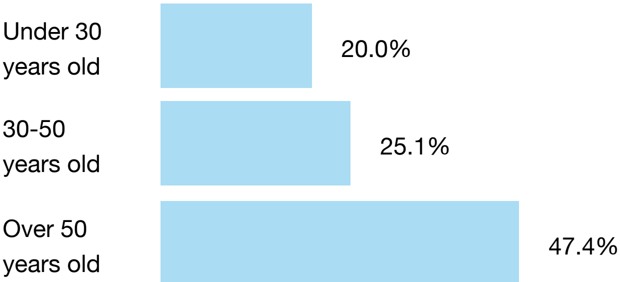
NEW HIRES BY AGE AND GENDER FY2022



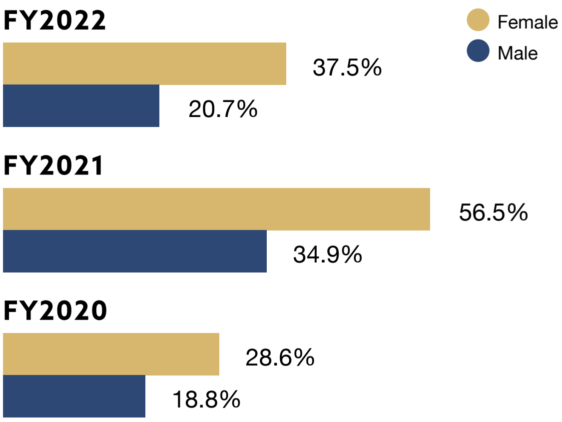
EMPLOYEE TURNOVER RATE



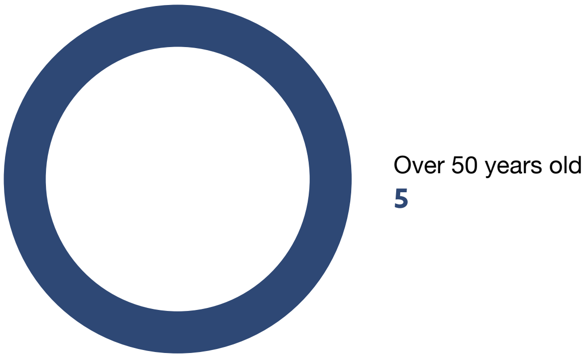
TURNOVER BY AGE GROUP FY2022



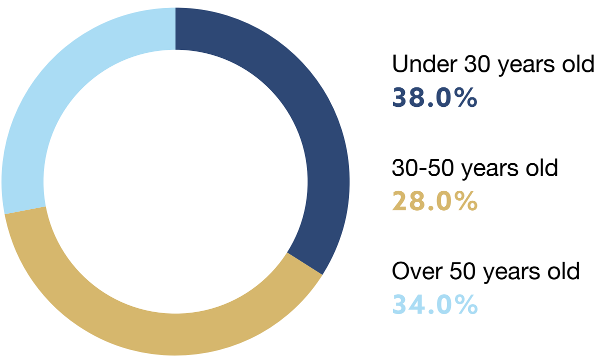
EMPLOYEE TURNOVER RATE BY GENDER



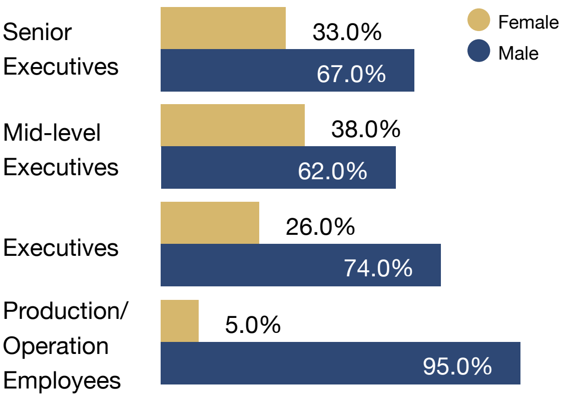
DIVERSITY BY AGE FY2022 (Governance Body)



DIVERSITY BY AGE FY2022 (All Employees)



GENDER DIVERSITY BY EMPLOYMENT CATEGORY FY2022



SUSTAINABILITY REPORT

Our people are a core and critical part of our business. We endeavour to attract, retain, and inspire talent to grow with us and our business together. In addition to our search for professional managers, engineers, technicians and executives who are experienced, we are also focused on seeking and training talented young professionals who are starting their career journey.

Our policy on human resource embraces diversity and emphasises on attracting and retaining employees through fair employment practices. It also promotes a safe and healthy working environment. The policy is translated into a wide range of initiatives, training programmes and benefits aimed at our employee's well-being.

Material Topic	FY2022 Target	FY2022 Performance	FY2023 Target
Employment	35% turnover rate	Target met – 25% turnover rate	35% turnover rate
Non-discrimination	To maintain no incidents of discrimination	Target met – No incidents of discrimination	To maintain no incidents of discrimination
Women Empowerment and Gender Diversity	To maintain the percentage of female employees between 20% - 35% to achieve a more balanced workforce in the office-based job categories	Target met – Percentage of female employees: - Total global workforce – 24% - Senior management – 33% - Board – 20%	To maintain the percentage of female employees between 20% - 35% to achieve a more balanced workforce in the office-based job categories
Training and Education	8 hours of training per employee	Target met – 8 hours of training per employee	8 hours of training per employee
Occupational Health and Safety	No fatalities	Target met – No fatalities	No fatalities
Customer Health and Safety	To maintain no incidents of non-compliance	Target met – No incidents of non-compliance	To maintain no incidents of non-compliance

8.1 EMPLOYMENT

The following tables provide an overview of our employment.

Our Employees in FY2022								
	Singapore		Indonesia		China		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
(a) Full time / part time employment:								
- Full-time employees	78	25	87	21	4	6	169	52
- Part-time employees	2	1	0	0	0	0	2	1
Total	80	26	87	21	4	6	171	53
(b) Permanent / Temporary / Fixed Term:								
- Permanent employees	80	25	30	9	4	6	114	40
- Temporary employees	0	0	0	0	0	0	0	0
- Fixed-term contract employees	0	1	57	12	0	0	57	13
Total	80	26	87	21	4	6	171	53

During FY2022, Memiontec hired 102 new employees across all our operations whilst 49 employees left employment. Our overall turnover rate decreased from 40.2% in FY2021 to 24.8% in FY2022. Turnover rate in our operations in Singapore, Indonesia and China was 31.2%, 19.3% and 18.2% respectively. Our target for FY2023 is to achieve less than 35% turnover rate.

	Number		
New Hiring	Male	Female	Total
Under 30 years	29	14	43
30-50 years	36	12	48
Over 50 years	9	2	11
Total	74	28	102

New Hiring	Singapore	Indonesia	China	Total
FY2022	55	47	0	102
FY2021	44	19	12	75
FY2020	25	13	3	41

8.2 NON-DISCRIMINATION

Our Human Rights Policy defines our responsibility to ensure the highest respect for human rights and the Company's expectations of our employees. We understand the importance of and impact of human rights on our businesses, the communities in which we operate, and society at large. Memiontec respects the spirit of the United Nations Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and United Nations Guiding Principles on Business and Human Rights. Forced labour, child labour, harassment and discrimination are strictly prohibited at all our operations. We have established formal grievance mechanisms. In case of any violation of human rights, we undertake remediation, in line with our grievance handling processes.

We recruit, promote, reward, and provide career advancement and development opportunities without discrimination on the basis of age, race, gender, sexual orientation, religion, family or marital status. No incidents of discrimination have been reported during FY2022 and we aim to maintain zero incidents of discrimination for FY2023.

8.3 DIVERSITY AND EQUAL OPPORTUNITIES

We endorse Singapore's Tripartite Guidelines and embrace diversity at workplace and believe that our different backgrounds, skills and knowledge collectively bring value to the table. We recognise our responsibility to make sure all employees are treated with respect regardless of their age, gender, ethnicity, religion, disability, economic status and other backgrounds. Our Group Diversity and Inclusion Policy is reflected in our Employee Code of Conduct. Our employee orientation programme ensures that our policies and principles are communicated to all employees. Our Board Diversity Policy defines the Nominating Committee ("**NC**")'s considerations of several key factors, such as professional experiences, business perspectives, industry discipline, gender, age, educational background, geographical background, skills, knowledge and other distinguishing qualities of the individual, that are important and needed to support robust and good decision-making at the Board level.

8.4 WOMEN EMPOWERMENT AND GENDER DIVERSITY

We do not discriminate between genders. It is important to promote gender diversity and ensure fair representation of women in the workforce, as it can lead to numerous positive outcomes for the organization. This includes bringing in diverse perspectives, improving collaboration, experiences and skills to drive innovation and enhance our overall performance. We believe that creating an inclusive workplace environment that values and supports gender diversity is essential for the long-term success of our business.

As at 31 December 2022, female employees account for 24% of the total global workforce and 33% of the senior management consists of female employees. Our Board has one (1) female member.

The Group acknowledges that the ratio of female employees in the Group and the industry as a whole is relatively low, largely due to the nature of our business. We are committed to improving gender diversity and inclusivity in the workplace. In line with this commitment, we aim to maintain a percentage of female employees between 20% - 35% in office-based job categories, excluding the project/operations category. For FY2022, women employees accounted for 28% of the total staff employed in office-based jobs.

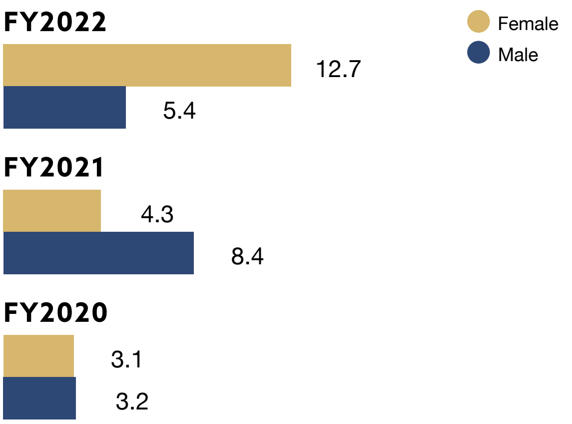
We are committed to improve gender balance throughout the organization, including at the leadership level.

8.5 TRAINING AND EDUCATION

We also provide training programmes on specific skill sets and needs of our employees to enhance their skills and meet their professional needs. In FY2022, we provided a total of 1,587 hours of training to our employees, a significant increase from the previous year's 1,187 hours. On average, female employees received 12.7 hours of training, compared to 5.4 hours for male employees. The average training hours for senior executives, mid-level executives, executives, and project/operation employees were 36.3, 10.0, 6.6, and 5.8 hours, respectively.

In FY2022, training sessions were conducted on a diverse range of programs aimed at enhancing employee skills and knowledge. These sessions were focused on various areas, including health and safety, water treatment systems and processes. On average, we provided 8 hours of training per employee, and we aim to maintain the average training hours of 8 hours per employee for FY2023.

AVERAGE TRAINING HOURS PER EMPLOYEE



	Senior Executives	Mid-level Executives	Executives	Project/ Operation Employees
FY 2022	36.3	10.0	6.6	5.8
FY 2021	26.9	4.0	6.6	7.7
FY 2020	0.0	2.9	0.1	9.4

8.6 OCCUPATIONAL HEALTH AND SAFETY

With ISO45001 Occupational Health & Safety Management System in place, Memiontec has established a framework for accountability and responsiveness on occupational health and safety. Our Singapore operations also obtained bizSAFE STAR, which recognises that our OHS system identifies, manages and controls workplace risks or hazards in compliance with the Workplace Safety and Health Act and international standards such as ISO 45001.

In accordance with our QEHS Policy, we are committed to conduct our operations with consideration for employee health and safety, and the environment, as well as providing quality products and services to our customers. We ensure that documenting, implementing and maintaining the Occupational Health and Safety Management System meet the requirements of ISO 45001. At the same time, we strive to improvement our QEHS performance based on monitoring and review of set objectives and targets.

Our commitment to health and safety is communicated to our stakeholders, including all the persons working for or on behalf of Memiontec. We provide training on QEHS awareness for all new employees and provide necessary occupational health and safety information, instructions and training to enable all colleagues in multiple languages to carry out their jobs competently and safely.

During FY2022, we provided a range of health and safety training programmes to our employees and outsourced workers, including but not limited to:

- Manage Workplace Safety and Health in Construction Industry (Manager and Supervisor)
- Assess, Supervise and Perform Work in Confined Space Operation
- Managing Work-At-Height (Manager and Worker)
- Supervise Safe Lifting Operations (Supervisor, Rigger and Signalman)
- Operators in the workplace (Scissor Lift, Boom Lift, Forklift)
- Metal Scaffold Erection Course
- Apply Workplace Safety and Health in Process Plant

In addition to our commitment to health and safety for our employees, we extend such efforts to our customers and suppliers. We carefully select competent contractors and regularly monitor their performance to ensure they meet the necessary standards of occupational health and safety. We also communicate our dedication to health and safety to the people employed by these contractors, making them aware of their individual obligations. Our suppliers are also required to implement effective health and safety prevention and remediation policies and procedures in accordance with industry, national, and international standards as well as Memiontec's own health and safety requirements. This includes taking reasonable steps to protect workers from unsafe processes, substances, and work methods.

Our health and safety performance indicators are provided below.

	FY2020	FY2021	FY2022
No. of hours worked	401,136	431,824	472,329
Fatalities due to work-related injuries	0	0	0
Rate of fatalities due to work-related injuries	0	0	0
High-consequence (non-fatal) work-related injuries	0	0	0
Rate of high-consequence (non-fatal) work-related injuries	0	0	0
Recordable work-related injuries	0	1	0
Rate of recordable work-related injuries	0	0.46	0

Notes:

(a) Data covers our key operations in Singapore and Indonesia based on 200,000 hours worked.

(b) High-consequence work-related injury refers to those injury that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

(c) Recordable work-related injury refers to death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness, or significant injury diagnosed by a licensed healthcare professional. The formula used to calculate rate of recordable work-related injuries is the number of recordable work-related injuries / number of hours worked x 200,000 hours.

8.7 CUSTOMER HEALTH AND SAFETY

Health and safety of our customers are our top priorities. To ensure that our products and services meet the highest health and safety standard, we work closely with our suppliers and contractors. Under our Supplier Code of Conduct, suppliers are required to provide their products and services in line with recognised and contractually agreed safety requirements and comply with the local laws. In the event that the standards we adopt differ from applicable laws or regulations, the supplier shall abide by the stricter requirements.

During FY2022, there were no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services across all our operations and we aim to maintain zero incidents for FY2023.

8.8 COVID-19 UPDATE

In order to safeguard the health and safety of our employees, we implemented strict COVID-19 protocols in accordance with local regulations across all of our operations. These measures included regular body temperature monitoring, virtual meetings, mandatory mask-wearing, social distancing, and remote working options. To ensure effective implementation, we communicated these measures and instructions to our employees in multiple languages on a regular basis.

Even though the threat from the COVID-19 pandemic subsided in the latter half of 2022, the health and safety of our employees remained a top priority. Therefore, we continued to maintain robust measures that are aligned with government-mandated precautions to ensure the well-being of our employees.

9. OUR COMMUNITY

Material Topic	FY2022 Target	FY2022 Performance	FY2023 Target
Local communities	To participate in at least 1 local community engagement event	Target met – Participated in 1 local community engagement event	To participate at least 1 local community engagement event

Material Topics and SDG Goals

- Local communities

Memiontec believes in creating positive impact in the communities where it operates. In FY2022, the company organized three social functions to foster team building and staff cohesion. The important driving force for united teams to be formed and perform well to achieve the KPIs are trust, respect, sense of ownership, growth mindset and most importantly the uninhibited bonding between the staff, both existing for continuity and new blood for fresh impetus that can better serve our stakeholders and to give back to the community.

a. Team Hiking Event at Bukit Timah Hill in Singapore and Donation to Local Charity

Memiontec organized a Team Hiking Event in Singapore on 29 October 2022 to bring all new and existing staff together and prepare for the journey ahead together. The hike started from Bukit Timah Visitor Centre and ended with a team brunch. This event was successfully conducted and improved the wellness and camaraderie of all the staff. Memiontec also made a donation to a charitable cause, further reinforcing our commitment to community impact.

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b. Company Annual Dinner 2022 in Singapore

Memiontec held an annual dinner for the staff in Singapore, provided an opportunity for the whole team to come together and enjoy a blissful night. For many of the technicians and operation employees they were able to mingle with top management and colleagues from various work sites in Singapore since the resumption of gathering were allowed. The games and activities during the dinner connected everyone together.

c. Company Retreat to Bali, Indonesia

Memiontec Indonesia organized a company retreat to Bali, Indonesia, as a token of appreciation to celebrate the fastest growing year, where staff had the opportunity to relax, unwind, reflect, rejuvenate and bond with one another. The retreat theme was "Scale Up Together", the programmed included team-building activities to strengthen team dynamics, promote company culture, team work and growth mindset.

Memiontec is committed to continue creating positive impacts in the communities where it operates through such initiatives and anticipate to have more in the future.

APPENDIX A - ESG PERFORMANCE HIGHLIGHTS

ESG PERFORMANCE (FY ended on 31 December)			
ESG FACTORS	**FY2020**	**FY2021**	**FY2022**
ENVIRONMENTAL			
CO_2 emissions (t)[1]	184.5	218.2	259.6
Carbon emission intensity per labour hour ($kgCO_2$)[1]	0.46	0.51	0.55
Energy intensity per labour hour (MJ)[1]	5.4	6.4	6.9
Electricity used (kWh)[1]	109,713	99,260	119,817
Water withdrawal (ML)[1]	0.96	2.43	1.56
SOCIAL			
Employees			
Number of full-time employees	172	170	221
New hires	41	68	102
Average training hours per employee[1]	3.2	7.5	8.0
Employee turnover rate	21.2%	40.2%	24.8%
Fatalities	0	0	0
Suppliers			
Share of local suppliers as % of total purchase value	73	62	68
FINANCIALS (S$'m)			
Revenue	34.6	45.6	42.8
Cost of goods sold*	26.2	35.2	29.7
Profit before income tax	1.7	2.1	3.5
Total operating expenses	2.0	1.9	2.9
Employee wages and benefits	5.5	6.6	6.6
Tax expenses	0.4	0.5	0.9
Finance costs	0.1	0.1	0.1
Dividends declared to shareholders	0.4	0.5	0.8
Total economic value distributed	34.6	44.8	40.9

1 Data covers MPL and PTMI.
* Excluding employee wages and benefits recorded under cost of goods sold.

APPENDIX B - ASSOCIATION, MEMBERSHIPS & CERTIFICATIONS

Associations and Memberships:

We participate in industry organisations focusing on issues that are material to the business and to our stakeholders. Our participation allows us to keep abreast with industry developments and network with our industry peers. Our key memberships include:

- Singapore Water Association (**SWA**)
- Singapore Business Federation (**SBF**)

Internationally Recognised Certifications:

	ISO 9001	ISO 14001	ISO 18001	ISO37001	ISO45001
Memiontec Pte Ltd	√	√			√
PT Memiontec Indonesia	√	√	√	√	


CERTIFICATE
MEMIONTEC PTE LTD
ISO 9001 : 2015


CERTIFICATE
MEMIONTEC PTE LTD
ISO 14001 : 2015


CERTIFICATE
MEMIONTEC PTE LTD
ISO 45001:2018


Date of issue: 01/07/2022
bizSAFE STAR
CERTIFICATE
The Workplace Safety and Health Council is pleased to certify that
MEMIONTEC PTE LTD
has fulfilled the requirements to attain bizSAFE Level Star
This certificate is valid till 16/7/2025
Christopher Koh
General Manager
Workplace Safety and Health Council


Certificate of Registration
PT. MEMIONTEC INDONESIA
has been assessed and Certified by Otabu Global Services Pvt. Ltd. as meeting the requirements of:
ISO 9001:2015
Quality Management System
For the following scope of activities:
PROVISION OF WATER TREATMENT AND WASTE WATER TREATMENT PLANT
Certificate No:- 1226Q471122
Otabu Global Services Private Limited


Certificate of Registration
PT. MEMIONTEC INDONESIA
has been assessed and Certified by Otabu Global Services Pvt. Ltd. as meeting the requirements of:
ISO 14001:2015
Environmental Management System
For the following scope of activities:
PROVISION OF WATER TREATMENT AND WASTE WATER TREATMENT PLANT
Certificate No:- 1226E471222
Otabu Global Services Private Limited


Certificate of Registration
PT. MEMIONTEC INDONESIA
has been assessed and Certified by Otabu Global Services Pvt. Ltd. as meeting the requirements of:
ISO 45001:2018
Occupational Health & Safety Management System
For the following scope of activities:
PROVISION OF WATER TREATMENT AND WASTE WATER TREATMENT PLANT
Certificate No:- 1226O471322
Otabu Global Services Private Limited


Certificate of Registration
PT. MEMIONTEC INDONESIA
has been assessed and Certified by Otabu Global Services Pvt. Ltd. as meeting the requirements of:
ISO 37001:2016
Anti- Bribery Management System
For the following scope of activities:
PROVISION OF WATER TREATMENT AND WASTE WATER TREATMENT PLANT
Certificate No:- 1226AB471422
Otabu Global Services Private Limited

APPENDIX C - GRI CONTENT INDEX

Statement of Use	Memiontec Holdings Ltd. has reported in accordance with the GRI Standards for the period 1st January 2022 to 31st December 2022.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable as a GRI sector standard is not available for our industry

GRI Standard	Disclosure	Location
GRI 2: GENERAL DISCLOSURES 2021		
Organisational Details and Reporting Practices		
GRI 2-1	Organizational details	Section 1 – About Memiontec
GRI 2-2	Entities included in the organization's sustainability reporting	Section 2 – Sustainability Reporting Framework
GRI 2-3	Reporting period, frequency and contact point	Section 2 – Sustainability Reporting Framework
GRI 2-4	Restatements of information	Section 2 – Sustainability Reporting Framework
GRI 2-5	External assurance	Section 2 – Sustainability Reporting Framework
Activities and Workers		
GRI 2-6	Activities, value chain and other business relationships	Section 1 – About Memiontec
GRI 2-7	Employees	Section 8 – Our People
GRI 2-8	Workers who are not employees	Section 8 – Our People
Governance		
GRI 2-9	Governance structure and composition	Pg 20-22, 62-69 Section 4.2 – Sustainability Governance
GRI 2-10	Nomination and selection of the highest governance body	Pg 66, 70-72
GRI 2-11	Chair of the highest governance body	Pg 20, 68
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Pg 20-22, 26, 78-83
GRI 2-13	Delegation of responsibility for managing impacts	Pg 20-22, 64
GRI 2-14	Role of the highest governance body in sustainability reporting	Section 4.2 – Sustainability Governance
GRI 2-15	Conflicts of interest	Pg 62 Section 5 – Governance
GRI 2-16	Communication of critical concerns	Section 5.1 – Anti-corruption
GRI 2-17	Collective knowledge of the highest governance body	Section 4.2 – Sustainability Governance
GRI 2-18	Evaluation of the performance of the highest governance body	Pg 72
GRI 2-19	Remuneration policies	Pg 74
GRI 2-20	Process to determine remuneration	Pg 74
GRI 2-21	Annual total compensation ratio	Not disclosed due to confidentiality

GRI Standard	Disclosure	Location
GRI 2: GENERAL DISCLOSURES 2021		
Strategies, Policies and Practices		
GRI 2-22	Statement on sustainable development strategy	Section 3 – Board Statement
GRI 2-23	Policy commitments	Section 4.6 United Nations Sustainable Development Goals Section 5 – Governance
GRI 2-24	Embedding policy commitments	Section 4.6 United Nations Sustainable Development Goals Section 5 – Governance Section 8 – Our People
GRI 2-25	Processes to remediate negative impacts	Section 8.2 – Non-discrimination
GRI 2-26	Mechanisms for seeking advice and raising concerns	Section 5.1 – Anti-corruption
GRI 2-27	Compliance with laws and regulations	Section 4.3 – Sustainability Risks and Opportunities Section 5 – Governance Section 7.4 – Environmental Compliance Section 8.6 – Occupational Health and Safety Section 8.7 – Customer Health and Safety
GRI 2-28	Membership associations	Appendix B
Stakeholder Engagement		
GRI 2-29	Approach to stakeholder engagement	Section 4.4 – Stakeholder Engagement
GRI 2-30	Collective bargaining agreements	Section 8 - Our People
Material Topics		
GRI 3-1	Process to determine material topics	Section 4.5 – Materiality Assessment
GRI 3-2	List of material topics	Section 4.5 – Materiality Assessment
ECONOMIC TOPICS		
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 6.1 – Economic Performance
GRI 201: Economic Performance	Direct economic value generated and distributed	Section 6.1 – Economic Performance
Indirect Economic Impacts		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 6.2 – Indirect Economic Impacts
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Section 6.2 – Indirect Economic Impacts

GRI Standard	Disclosure	Location
ECONOMIC TOPICS		
Procurement Practices		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 6.3 – Procurement Practises
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Section 6.3 – Procurement Practises Appendix A
Anti-Corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 5.1 – Anti-corruption
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Section 5.1 – Anti-corruption
	205-3 Confirmed incidents of corruption and actions taken	Section 5.1 – Anti-corruption
ENVIRONMENTAL TOPICS		
Climate Change (Energy)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 7 – Environment
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Section 7.1 – Energy
	302-3 Energy intensity	Section 7.1 – Energy Appendix A
Climate Change (Water Management)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 7.3 – Water
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Section 7.3 – Water Appendix A
Climate Change (Emissions)		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 7.2 – Emissions
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Section 7.2 – Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Section 7.2 – Emissions Appendix A
	305-4 GHG emission intensity	Section 7.2 – Emissions Appendix A
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 8 – Our People
GRI 401: Employment 2016	401-1 New Employee hires and employee turnover	Section 8.1 Employment Appendix A

GRI Standard	Disclosure	Location
SOCIAL TOPICS		
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 8.6 – Occupational Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Section 8.6 – Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Section 8.6 – Occupational Health and Safety
	403-9 Work-related injuries	Section 8.6 – Occupational Health and Safety Appendix A
Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 8.5 – Training and Education
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Section 8.5 – Training and Education
Diversity and Equal Opportunities		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 8.3 – Diversity and Equal Opportunities Section 8.4 – Women Empowerment and Gender Diversity
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Section 8 – Our People
Non-Discrimination		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 8.2 – Non-discrimination
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Section 8.2 – Non-discrimination
Local Communities		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 4.5 – Materiality Assessment Section 9 – Local community
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Section 9 – Local community
Customer Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Section 9 – Local community Section 8.7 – Customer Health and Safety
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Section 8.7 – Customer Health and Safety

APPENDIX D - SASB ENGINEERING & CONSTRUCTION DISCLOSURE

Topic	Accounting Metric	Unit of Measure	Code	2020	2021	2022
Environmental Impacts of Project Development	Number of incidents of non-compliance with environmental permits, standards, and regulations	Number	IF-EN-160a.1	0	0	0
	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	n/a	IF-EN-160a.2	Both our construction service operating companies, MPL and PTMI, are ISO14001 certified. This means that we have put in place various environmental operation control procedures, which set out clear directions to ensure proper control measures across the company. Please see Section 7 – Environment and Appendix A for more details		
Structural Integrity & Safety	Amount of defect- and safety-related rework costs	Reporting currency	IF-EN-250a.1	Nil	Nil	Nil
	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	Reporting currency	IF-EN-250a.2	Nil	Nil	Nil
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate for direct employees	Rate	IF-EN-320a.1	(1) 0 (2) 0	(1) 0.46 (2) 0	(1) 0 (2) 0
	(1) Total recordable incident rate (TRIR) and (2) fatality rate for contract employees	Rate	IF-EN-320a.1	Data is not available as we have not tracked the number of the contract employees who are not on Memiontec's payroll, but who are supervised by us on a day-to-day basis. We plan to measure and disclose the related data from our FY2023 report.		
Lifecycle Impacts of Buildings & Infrastructure	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification	Number	IF-EN-410a.1	Not applicable	Not applicable	Not applicable
	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	n/a	IF-EN-410a.2	Memiontec strives to reduce customers' carbon footprint through the use of water treatment equipment with lower energy, higher water recovery, lesser chemical consumption to improve operational efficiency and water treatment process and to reduce the volume of sludge generated as by-product of the treatment process. We also considers ways to recycle wastes.		

Topic	Accounting Metric	Unit of Measure	Code	2020	2021	2022
Climate Impacts of Business Mix	Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects	Reporting currency	IF-EN-410b.1	Not applicable	Not applicable	Not applicable
	Amount of backlog cancellations associated with hydrocarbon-related projects	Reporting currency	IF-EN-410b.2	Not applicable	Not applicable	Not applicable
	Amount of backlog for non-energy projects associated with climate change mitigation	Reporting currency	IF-EN-410b.3	Not applicable	Not applicable	Not applicable
Business ethics	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Number, reporting currency	IF-EN-510a.1	0	0	0
	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anticompetitive practices	Reporting currency	IF-EN-510a.2	0	0	0
	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behaviour in the project bidding processes	n/a	IF-EN-510a.3	We are committed to conducting our business with integrity and honesty. In line with our commitment to anti-corruption, we have established a number of relevant policies, which apply to our Board, suppliers and all employees across our operations. Please see Section 5 - Governance for more details on our policies, practices and performance.		

ACTIVITY METRICS

Activity Metric	Category	Unit of measure	Code	2020	2021	2022
Number of active projects	Quantitative	Number	IF-EN-000.A	22	19	16
Number of commissioned projects	Quantitative	Number	IF-EN-000.B	7	9	3
Total backlog	Quantitative	Reporting currency	IF-EN-000.C	S$81.4m	S$77.8m	S$104.5m

CORPORATE INFORMATION

BOARD OF DIRECTORS

Jackson Chevalier Yap Kit Siong
(Independent Non-Executive Chairman)

Tay Kiat Seng
(Executive Director and Chief Executive Officer)

Soelistyo Dewi Soegiharto
(Managing Director)

Low Kian Beng
(Executive Director – retired with effect from 29th April 2022)

Hor Siew Fu
(Independent Non-Executive Director)

Loh Eu Tse Derek
(Independent Non-Executive Director)

AUDIT COMMITTEE

Hor Siew Fu (Chairman)
Jackson Chevalier Yap Kit Siong
Loh Eu Tse Derek

NOMINATING COMMITTEE

Loh Eu Tse Derek (Chairman)
Hor Siew Fu
Tay Kiat Seng
Jackson Chevalier Yap Kit Siong

REMUNERATION COMMITTEE

Jackson Chevalier Yap Kit Siong (Chairman)
Hor Siew Fu
Loh Eu Tse Derek

COMPANY SECRETARY

Ang Siew Koon, ACS

CO. REG. NUMBER

201305845W

REGISTERED OFFICE

20 Woodlands Link
#04-30/31 Singapore 738733
Tel: (65) 6756 6989
Fax: (65) 6756 8274
Email: memiontec@memiontec.com
Corporate website: www.memiontec.com

SPONSOR

ZICO Capital Pte. Ltd.
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

AUDITORS

CLA Global TS Public Accounting Corporation
(formerly Nexia TS Public Accounting Corporation)
80 Robinson Road
#25-00
Singapore 068898
Partner-in-charge: Lim Hui Ki
(Appointed since financial year ended 31 December 2022)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

PRINCIPAL BANKERS

United Overseas Bank Limited
Overseas - Chinese Banking Corporation Limited
RHB Bank Berhad
Standard Chartered Bank

INVESTOR RELATIONS

Email: IRMR@memiontec.com

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**" or the "**Directors**") and the management ("**Management**") of Memiontec Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") are committed to maintaining a high standard of corporate governance. The Board and Management recognise the importance of practicing good corporate governance as a fundamental part of our responsibilities to protect and enhance shareholders' value, the financial performance and the long-term sustainability of the Group and its businesses.

Compliance with the Code of Corporate Governance 2018

This report describes the Group's governance practices that were in place during the financial year ended 31 December 2022 ("**FY2022**"), with specific reference to the principles and the provisions of the Code of Corporate Governance 2018 (the "**Code**") and accompanying Practice Guidance (issued on 6 August 2018 and last amended on 11 January 2023) which form part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). In addition, compliance with relevant Catalist Rules is also disclosed wherever applicable in this report.

The Board is pleased to report that, for FY2022, the Company has complied in all material aspects with the principles and provisions set out in the Code. Where there are deviations from the provisions of the Code, appropriate explanations have been provided and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code. The Company will continue to assess its needs and implement appropriate measures accordingly.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1 - Board's Role

The Board provides leadership to the Group by setting the corporate policies and strategic directions. The Board recognises that Directors are fiduciaries who should act objectively in the best interests of the Group and hold Management accountable for performance. The Board oversees the Group's affairs and is accountable to shareholders of the Company ("**Shareholders**") for the management and performance of the Group's businesses. The Board has put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group. Directors facing conflicts of interest recuse themselves from discussions and making decisions involving the issues of conflict.

The principal responsibilities of the Board include the following:

(a) to provide entrepreneurial leadership, set strategic directions and establish long term objectives of the Group, which shall include focus on value creation, innovation and sustainability;

(b) to review and approve corporate plans, annual budgets, investment and divestment proposals, major funding initiatives, merger and acquisition activities and financial plans of the Group;

(c) to ensure that the necessary resources, such as financial and human, are in place effectively for the Group to meet its objectives;

(d) to review and evaluate the adequacy and integrity of Group's framework of prudent and effective internal controls, risk management and financial reporting system to enable key risks to be assessed and managed, including safeguarding of Shareholders' interests and the Group's assets;

(e) to monitor and review Management's performance towards achieving the set organisational objectives and goals;

(f) to instil an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the culture;

(g) to ensure accurate and timely release of information to Shareholders, in compliance with the requirements of the Catalist Rules;

(h) to ensure the Group's compliance with laws, regulations, policies and guidelines; and

(i) to review and approve interested persons transactions and material transactions, and announcements thereof, in compliance with the requirements of the Catalist Rules.

Provision 1.2 - Directors' Duties and Responsibilities

All Directors, who are expected to exercise due diligence and independent judgment, are obliged to act in good faith and in the best interests of the Company. The Board has an obligation to Shareholders and other stakeholders of the Company to safeguard their interests and the Company's assets by establishing a framework of prudent and effective controls which enables risks to be assessed and managed, setting the Company's values and standards (including ethical standards), and ensuring that obligations to Shareholders and other stakeholders are understood and being met, as well as identifying the key stakeholder groups and recognizing that their perceptions affect the Company's reputation.

Orientation, Continuous Training and Development of Directors

The Company does not have a formal training program for Directors but all new Directors will undergo an orientation in order to be provided with background information about the Group's history, strategic directions and industry-specific knowledge. The Directors will also have the opportunity to visit the Group's operational facilities and meet with Management to gain a better understanding of the Group's business operations. The Company will also arrange for first-time Directors to attend relevant training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST under Rule 406(3)(a) of the Catalist Rules and, if necessary, in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company. Upon appointment, the newly appointed Directors will be provided a formal letter setting out their duties and obligations. No new Director was appointed by the Company to the Board in FY2022.

The Directors are continually and regularly updated on the Group's businesses and governances' practices, including changes in laws and regulations, financial reporting standards and code of corporate governance, so as to enable Directors to effectively discharge their duties. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority which are relevant to the Group and/or Directors are circulated to the Board. All Directors are also encouraged to be members of the Singapore Institute of Directors ("**SID**") for them to receive journal updates and training from SID.

During FY2022, the Directors were briefed and updated on (i) developments in financial reporting and governance standards, where relevant, by the external auditors of the Company; and (ii) regulatory announcements, guidance and/or amendments to the Catalist Rules and the Code, where relevant, by the continuing sponsor of the Company. In addition, all Directors have attended the prescribed sustainability training courses organised by the relevant training providers as required under the enhanced sustainability reporting rules announced by the SGX-ST in December 2021.

Provision 1.3 - Internal Guidelines on Matters Requiring Board Approval

Matters that require the approval of the Board include, but are not limited to, the following:

(a) matters that involve a conflict of interest of a controlling shareholder or a Director or persons connected to such Shareholder or Director;

(b) approval of announcements to be released via SGXNet, including half year and full year financial results announcements;

(c) approval of operating budgets, annual and interim reports, financial statements, Directors' statement and annual report;

(d) share issuance, interim dividends and other returns to Shareholders;

(e) authorisation of banking facilities and corporate guarantees;

(f) approval of change in corporate business strategy and direction;

(g) appointment/cessation, and remuneration packages of the Directors and key management executives;

(h) any matters relating to the Company's Annual General Meeting ("**AGM**"), Board and Board Committees (as defined herein);

(i) approval of material investment and divestment proposals, acquisitions and disposals, and funding requirements; and

(j) approval of any changes to the terms and conditions of the Combination Agreements (details of which are set out in the section entitled "General Information on our Group - Combination Agreements" of the Company's offer document dated 21 February 2020 ("**Offer Document**") in connection with the listing of the Company's shares on the Catalist board of the SGX-ST ("**Listing**")) and its associated undertakings to safeguard the Group's interests while ensuring the compliance of Combination Agreements with the prevailing applicable laws and regulations of Indonesia.

Provision 1.4 - Delegation of Authority to Board Committees

The Board has, without abdicating its responsibilities, delegated certain matters to three (3) Board committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"), which operate under their respective terms of reference. The Board Committees play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the respective Board Committees, details of which are set out in the respective sections of this report, are reviewed on a regular basis to ensure their continued relevance. The Board Committees actively engage and play an important role in ensuring good corporate governance in the Company and within the Group. The respective Chairman of the Board Committees reports the outcome of the Board Committees meetings to the Board. Minutes of the Board Committees are regularly provided to the Board and are available to all Board members. Please refer to the respective principles in this report for further information on the composition, description and activities of each Board Committee.

Provision 1.5 - Meetings of Board and Board Committees and Attendance Records of the Board Members

The schedule of all the Board and Board Committee meetings as well as the AGM for the next calendar year is planned well in advance. The Board will meet at least twice yearly and whenever warranted by particular circumstances. Ad-hoc, non-scheduled Board meetings may be convened to deliberate on urgent substantial matters. In addition to these meetings, corporate events and actions requiring the Board's approval may be discussed over the telephone and/or via other electronic means, followed by Directors' resolutions in writing being passed. Regulation 102(4) of the Company's Constitution allows a Board meeting to be conducted by way of tele-conference and video conference.

The table below sets out the number of Board and Board Committee meetings which were convened during FY2022:

	Board	AC	NC	RC
Total number of meetings held	4	2	1	1
Name of Director	**Number of meetings attended**			
Executive Directors:				
Tay Kiat Seng	4	2*	1	1*
Soelistyo Dewi Soegiharto	4	2*	1*	1*
Low Kian Beng^	1	1*	1*	1*
Independent Directors:				
Jackson Chevalier Yap Kit Siong	4	2	1	1
Hor Siew Fu	4	2	1	1
Loh Eu Tse Derek	4	2	1	1

* Attended by invitation.
^ Mr. Low Kian Beng retired as an Executive Director with effect from 29 April 2022.

The key information of the Directors, including their position, academic and professional qualifications, shareholding interests in the Group, Board Committees served on, first appointment dates, last re-appointment dates, present directorships or chairmanships in other listed companies, and their principal commitments, are set out in the sections entitled "Board of Directors", "Corporate Information" and "Directors' Statement" of this Annual Report. None of the Directors are related to one another, with the exception of Mr. Tay Kiat Seng and Ms. Soelistyo Dewi Soegiharto, who are spouses.

Provision 1.6 - Board's Access to information

To enable the Board to make informed decisions and to fulfil its responsibilities, the Management provides complete, accurate and adequate information in a timely manner. A system of communication between the Management and the Board and Board Committees has been established and shall be continuously improved over time. The Board has separate and independent access to the Company's Management in respect of obtaining information, as reliance purely on what is volunteered by the Management may not be adequate in certain circumstances and further enquiries may be required for the Board to fulfil its duties properly.

All scheduled Board and Board committees' meetings are planned ahead. Management provides Directors with information whenever necessary and board papers are sent to Directors prior to each Board and Board Committee meeting. Such board papers usually include budgets, forecasts and periodic management accounts. In respect of budgets, any material variances between the projections and actual results are disclosed and explained to the Board. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

Provision 1.7 - Board's Access to Management, Company Secretary and External Advisers

At all times, the Board and Board Committees and every Director have separate and independent access to the Management and the Company Secretary. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or his/her representative(s) have attended the Board and Board Committees meetings convened during FY2022. The appointment and removal of the Company Secretary is decided by the Board as a whole.

The Company Secretary function is outsourced to Tricor Evatthouse Corporate Services.

Should the Directors, whether as a group or individually, need independent professional advice, the Company will appoint such professional adviser to render the appropriate professional advice. The cost of such engagement will be borne by the Company.

Board Composition and Guidance

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

Provision 2.1 - Strong and Independent Element of the Board

As at the date of this report, the Board comprises five (5) members, of whom three (3) are Independent Directors. The present Board members and Board Committees members are as follows:

Name of Director	Designation	Board Committee Membership		
		AC	NC	RC
Jackson Chevalier Yap Kit Siong	Independent Non-Executive Chairman	Member	Member	Chairman
Tay Kiat Seng	Executive Director and Chief Executive Officer	–	Member	–
Soelistyo Dewi Soegiharto	Managing Director	–	–	–
Hor Siew Fu	Independent Non-Executive Director	Chairman	Member	Member
Loh Eu Tse Derek	Independent Non-Executive Director	Member	Chairman	Member

The independence of each Independent Director is assessed and will be reviewed at least annually by the NC. In its review and deliberation as to the independence of a Director, the NC takes into account the definition of an "independent" director provided in the Code, the guidelines and examples of relationships as set out in the accompanying Practice Guidance 2 to the Code as well as the circumstances in which a director should be deemed to be non-independent as specified under Rule 406(3)(d) of the Catalist Rules. The Code has defined an "independent" director as one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interests of the company. Under Rule 406(3)(d) of the Catalist Rules, a director will not be independent under any of the following circumstances: (i) if he is employed by the company or any of its related corporations for the current or any of the past three (3) financial years; or (ii) if he has an immediate family member who is employed or has been employed by the company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the remuneration committee of the company; or (iii) if he has been a director of the company for an aggregate period of more than nine (9) years (whether before or after listing), and such director may continue to be considered independent until the conclusion of the next annual general meeting of the company.

There is no policy to prohibit or require the Non-Executive and Independent Directors to hold shares in the Company. The NC and the Board are of the view that the holding of shares by Non-Executive and Independent Directors of less than 5% of the total issued shares in the Company encourages the alignment of their interests with the interests of Shareholders without compromising their independence. As at the date of this report, none of the Non-Executive and Independent Directors holds any shares in the Company.

Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the provisions as set out in the Code and the accompanying Practice Guidance as well as Rule 406(3)(d) of the Catalist Rules. The Independent Directors must also confirm whether they consider themselves independent despite having any relationship identified in the Code and the accompanying Practice Guidance. As at the date of this report, each of the Independent Directors has confirmed his independence based on the provisions as set out in the Code and the accompanying Practice Guidance as well as Rule 406(3)(d) of the Catalist Rules, and the NC has reviewed, determined and confirmed the independence of each Independent Director.

There are no Independent Directors who have served on the Board beyond nine (9) years from the date of their respective first appointments.

Provisions 2.2 and 2.3 - Composition of Independent Directors and Non-Executive Directors on the Board

As at the date of this report, the Chairman of the Board is Mr. Jackson Chevalier Yap Kit Siong, an Independent Non-Executive Director, who is not part of the Management team and is independent. In this regard, Provision 2.2 of the Code, which requires Independent Directors to make up a majority of the Board where the Chairman is not independent, is not applicable to the Company.

As at the date of this report, the Board comprises a majority of three (3) Directors (out of a five (5) member Board) who are Independent Non-Executive Directors. Accordingly, the Company is in compliance with Provision 2.3 of the Code, which requires Non-Executive Directors to make up a majority of the Board.

Provision 2.4 - Composition and Size of the Board

The size and composition of the Board and Board Committees is reviewed annually by the NC to ensure that their size and composition is appropriate so as to facilitate effective decision making. The review aims to ensure that there is an appropriate mix of expertise and experience, which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. At the recommendation of the NC, the Board adopted a formal Board Diversity Policy in 2022, setting out its policy and framework for promoting diversity on the Board. The Board Diversity Policy is available on the Company's corporate website. The Board recognises that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, professional experiences, business perspectives, industry discipline, gender, age, ethnicity and culture, geographical background and other distinguishing qualities of each Director.

As required under the Board Diversity Policy, members of the Board should possess the relevant core competencies in areas such as accounting and finance, legal, strategic planning, business and management experience. The Board members collectively possess the necessary core competencies such as accounting, finance, legal, investment, business and management experience, corporate governance, industry knowledge and strategic planning experience for the effective functioning of the Board and an informed decision-making process. In particular, the Executive Directors possess good industry knowledge while the Non-Executive Directors who are professionals and experts in their fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgement during Board deliberations. Accordingly, the Board, with the concurrence of the NC, is of the opinion that its current Board size of five (5) members, and the size of each Board Committee, as well as their respective compositions, are appropriate, taking into account the nature and scope of the Group's operations, the requirements of the business and the industry that the Company is operating in.

The Board comprises of Directors, who provide an appropriate balance and mix of skills, knowledge and experience and other aspects of diversity, so as to avoid groupthink and foster constructive debate, and thus the current Board's composition reflects the Company's commitment to Board diversity in accordance with the Board Diversity Policy. The Board considers gender as an important aspect of diversity as it believes that diversity in the Board's composition contributes to the quality of its decision making. The incumbent Board currently comprises four (4) male Directors and one (1) female Director (constituting 20% female representation on the Board), which is in line with the Board's target for gender diversity to have at least one (1) female Director on the Board. In addition, the Board consists of Directors with ages ranging from mid 50s to mid 70s, who have served on the Board for different tenures.

The Nominating Committee will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval.

Provision 2.5 - Roles of Non-Executive Directors

The Non-Executive Directors (including Independent Directors) have the necessary experience and expertise to assist the Board in decision-making and provide greater balance to the Board as they do not participate in the day-to-day running of the Group. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management.

The responsibilities of the Non-Executive Directors include:

(a) assisting the Board to develop proposals on strategy, constructively challenging it when necessary; and

(b) reviewing and monitoring the performance of the Management in meeting the goals and objectives committed.

Besides the above, the Non-Executive Directors' responsibilities include other duties as required in their respective capacity as members of the AC, NC and RC.

The Independent Non-Executive Directors (led by the Independent Non-Executive Chairman or other Independent Non-Executive Directors as appropriate) would meet regularly, at least at each Board meeting, without the presence of Management (including the Executive Directors), and this has been carried out in FY2022. Any issues raised at such independent meetings would be brought up for discussion with the Executive Directors and the Management at the Board meeting, where 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 powers of decision-making.

Provisions 3.1 and 3.2 - Chairman and Chief Executive Officer ("CEO")

The roles of the Chairman and the CEO are held by separate persons. Mr. Jackson Chevalier Yap Kit Siong is the Independent Non-Executive Chairman of the Company while Mr. Tay Kiat Seng is the CEO of the Company. The Chairman and the CEO are not related to each other.

There is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and the Management responsible for managing the Company's business. This ensures an appropriate balance of power and authority between the Chairman and the CEO, and thereby allows for increased accountability and greater capacity of the Board for independent decision-making.

As Chairman of the Company, Mr. Jackson Chevalier Yap Kit Siong is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and the Management. In addition, as Chairman of the Company, he encourages constructive relations among the Directors and the Board's interaction with the Management, as well as facilitates effective contribution of Non-Executive Directors.

The Chairman's responsibilities in respect of the Board proceedings include:

(a) leading the Board to ensure its effectiveness;

(b) managing the Board's matters, including supervising the work of the Board Committees;

(c) setting the agenda (with the assistance of the Management and Company Secretary) and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(d) ensuring that all agenda items are adequately and openly debated for effective decision making during Board meetings;

(e) ensuring that all Directors receive complete, adequate and timely information;

(f) ensuring effective communication with Shareholders; and

(g) assisting in ensuring that the Group complies with the Code and maintains high standards of corporate governance.

As CEO of the Company, Mr. Tay Kiat Seng manages and develops the businesses of the Group and implements the Board's decision. He undertakes the executive responsibilities of the Group's performance.

Provision 3.3 - Lead Independent Director

The requirement to have a lead independent director under Provision 3.3 of the Code is not applicable as the Chairman and the CEO are separate persons and the Chairman is independent.

The Board believes that there is a strong and independent element on the Board and adequate safeguards are in place against an uneven concentration of power and authority vested in any single individual. As such, the Board has not appointed any Independent Director to assume the role of a lead independent director. However, the Board will review from time to time, the necessity of nominating a lead independent director.

Notwithstanding the above, the Independent Non-Executive Chairman functions as a lead independent director in that he is available to Shareholders where they have concerns and for which contact through the normal channels of communication with the CEO or Management are inappropriate or inadequate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2 - Nominating Committee and its activities

As at the date of this report, the NC comprises the following four (4) Directors, three (3) of whom, including the NC Chairman, are independent:

Loh Eu Tse Derek	Chairman	Independent Non-Executive Director
Tay Kiat Seng	Member	Executive Director and CEO
Jackson Chevalier Yap Kit Siong	Member	Independent Non-Executive Chairman
Hor Siew Fu	Member	Independent Non-Executive Director

The NC met once in FY2022. During the year, the NC conducted activities in line with its terms of reference as set out below.

The terms of reference of the NC sets out its duties and responsibilities. Amongst others, the NC is responsible for the following:

(a) review and recommend the appointment of new Directors and Executive Officers and re-nomination of Directors having regard to each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Group, and each Director's respective commitments outside the Group including his principal occupation and board representations on other companies, if any. The NC will conduct such review at least once a year, or more frequently as it deems fit;

(b) determine annually, and as and when circumstances require, whether or not a Director is independent;

(c) decide whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(d) develop a process and criteria for evaluating the performance and effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution of each Director and the Chairman to the effectiveness of the Board;

(e) review the size and composition of the Board and Board Committees, the Directors' mix of skills, experience, core competencies and knowledge of the Group that the Board requires to function competently and efficiently;

(f) review succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(g) review the training and professional development programs for the Board;

(h) where a Director has multiple board representations, decide whether the Director is able and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments;

(i) review and approve the employment of persons related to the Directors, CEO or substantial Shareholders and the proposed terms of their employment; and

(j) undertake generally such other functions and duties as may be required by law, the Catalist Rules and/or the Code, and by such amendments made thereto from time to time.

Succession Planning

The NC will review board succession plans for Directors and will seek to refresh the Board membership in an orderly and timely manner where it deems applicable. The NC will also ensure that the Company has succession planning for its CEO, Chairman, Executive Directors and key management personnel, including appointing, training and mentoring successors. The NC has reviewed contingency arrangements for any unexpected incapacity of the CEO or any of the key management personnel and is satisfied with procedures in place to ensure a transition to a full operational management team.

Provision 4.3 - Process for the Selection, Appointment and Re-appointment of Directors

Periodic reviews of the Board composition, including the selection of candidates for new appointments to the Board, will be made by the NC in consultation with the Chairman of the Board as part of the Board's renewal process. Candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates is evaluated taking into account various factors including the current and mid-term needs and objectives of the Group, as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations. Short-listed candidates would be required to furnish their curriculum vitae stating in detail their qualification, working experience, employment history, in addition to completing certain prescribed forms to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines. The NC will also consider tapping on the resources or services provided by the Council for Board Diversity, SID and relevant professional associations to facilitate their search process.

All Directors shall submit themselves for re-nomination and re-appointment at least once every three (3) years. At least one-third of the Directors shall retire by rotation at every AGM and a retiring Director shall be eligible for re-election in accordance with the Constitution of the Company. In addition, the Company's Constitution provides that new Directors appointed during the year, either to fill a vacancy or as an addition to the Board, are required to submit themselves for re-election at the next AGM of the Company. Each member of the NC shall abstain from voting on any resolutions in respect to his/her re-nomination as a Director.

For the re-nomination of Directors for the ensuing term of office, the NC takes into consideration factors such as attendance, preparedness, and participation at meetings of the Board and Board Committees.

At the forthcoming AGM, Mr. Jackson Chevalier Yap Kit Siong (Independent and Non-Executive Chairman) and Mr. Hor Siew Fu (Independent Non-Executive Director), both of whom were last re-elected at the AGM held in 2020, will be retiring by rotation pursuant to Regulation 96 of the Company's Constitution.

Mr. Jackson Chevalier Yap Kit Siong and Mr. Hor Siew Fu, being eligible for re-election, have offered themselves for re-election to the Board at the forthcoming AGM. The NC has recommended and the Board has agreed that at the forthcoming AGM, Mr. Jackson Chevalier Yap Kit Siong and Mr. Hor Siew Fu will be retiring and are nominated for re-election. In making the recommendation, the NC has considered, amongst others, each of Mr. Jackson Chevalier Yap Kit Siong's and Mr. Hor Siew Fu's competencies, commitment, overall contribution and performance to the Board (such as attendance, participation, preparedness and candour), as well as their respective roles and responsibilities in the Company and/or the Group. Each of Mr. Jackson Chevalier Yap Kit Siong and Mr. Hor Siew Fu had recused himself in the deliberation of his own re-election.

Mr. Jackson Chevalier Yap Kit Siong will, upon re-election as a Director at the forthcoming AGM, remain as the Independent Non-Executive Chairman of the Board and continue as Chairman of the RC, as well as a member of the AC and the NC.

Mr. Hor Siew Fu will, upon re-election as a Director at the forthcoming AGM, remain as an Independent Non-Executive Director of the Company and continue as Chairman of the AC, as well as a member of the NC and the RC.

Please refer to the section entitled "Disclosure of Information on Directors Seeking Re-election" of this report for the information on Mr. Jackson Chevalier Yap Kit Siong and Mr. Hor Siew Fu as required pursuant to Rule 720(5) of the Catalist Rules.

Provision 4.4 - Determining Directors' Independence

The NC determines the independence of Directors annually, having regard to the circumstances set forth in Provision 2.1 of the Code. The NC is of the opinion that the Board is able to exercise objective judgment on corporate affairs independently and that the Board's decision-making process is not dominated by any individual or small group of individuals. Please refer to Provision 2.1 of this report for information on the assessment of Directors' independence.

Provision 4.5 - Multiple Board Representations

The NC considers that the multiple board representations held presently by the Directors and/or their other principal commitments do not impede their performance in carrying out their duties to the Company and it is not necessary at this juncture to put a maximum limit on the number of listed company board representations. The Board has considered and is satisfied that each of the Director is able to and has adequately carried out his duties and responsibilities as a Director of the Company. Information on the listed company directorships and principal commitments (if any) of the Directors are disclosed in the section entitled "Board of Directors" of this Annual Report.

There is no alternate Director on the Board.

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 - Conduct of Board performance

The NC has implemented a self-assessment process that requires each Director to assess the performance and effectiveness of the Board as a whole and the Board Committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board, for each financial year. The self-assessment process takes into consideration, amongst others, board structure, corporate strategy and planning, risk management and internal control, performance measurement and compensation, succession planning, financial reporting, conduct of meetings and communication with Shareholders.

Although the Board's performance evaluation does not include a benchmark index of its industry peers, the Board assesses its effectiveness holistically through the completion of a questionnaire by each individual Director which includes questions covering the above-mentioned areas of assessment and takes into consideration the guidelines provided under the Code. The questionnaire has to be completed individually by each Director for each financial year. Thereafter, the Company Secretary collates the Directors' responses in the questionnaires received from each individual Director and prepares a consolidated report to facilitate the review to be conducted by the NC. The NC reviews the responses and results of the questionnaire and discuss collectively with other Board members to address or recommend any areas for improvement and follow-up actions.

For FY2022, the assessment of the performance and effectiveness of the Board as a whole and each of the Board Committees, as well as the contribution by the Chairman and each individual Director to the effectiveness of the Board was undertaken collectively by the Board without the engagement of an external facilitator. Where relevant, the NC will consider such engagement.

The Board, in concurrence with the NC, is satisfied that, for FY2022, the Chairman and each individual Director have allocated sufficient time and attention to the affairs of the Company, and is of the view that the performance and effectiveness of the Board as a whole and each of the Board Committees, as well as the contribution by the Chairman and each individual Director to the effectiveness of the Board have been satisfactory.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2 – Remuneration Committee and its activities

As at the date of this report, the RC comprises the following three (3) Directors, all of whom, including the RC Chairman, are independent:

Jackson Chevalier Yap Kit Siong	Chairman	Independent Non-Executive Chairman
Hor Siew Fu	Member	Independent Non-Executive Director
Loh Eu Tse Derek	Member	Independent Non-Executive Director

The RC met once in FY2022. During the year, the RC conducted activities in line with its terms of reference as set out below.

The terms of reference of the RC sets out its duties and responsibilities. Amongst others, the RC is responsible for the following:

(a) review and recommend to the Board, in consultation with the Chairman, for endorsements, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and key management personnel;

(b) review and recommend to the Board, for endorsement, the specific remuneration packages for each of the Directors and key management personnel;

(c) ensure that a significant and appropriate proportion of Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance;

(d) ensure that performance related remuneration is aligned with the interest of Shareholders and other stakeholders and promotes long-term success of the Company;

(e) review and recommend Directors' fees for Non-Executive Directors for approval at the AGM;

(f) ensure that the remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as time spent and responsibilities;

(g) review and approve the design of, and the administration of, all performance share plans and/or other equity-based plans;

(h) ensure that remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company in the long term;

(i) review the remuneration of employees related to Directors and/or substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities, and no preferential treatment is given to him/her; and

(j) undertake generally such other functions and duties as may be required by law, the Catalist Rules and/or the Code, and by such amendments made thereto from time to time.

Provision 6.3 - Review of remuneration

The RC reviews and recommends to the Board the remuneration packages or policies for the Executive Directors and the key management personnel based on the performance of the Group, as well as the relevant personnel under review. No Director individually decides or is involved in the determination of his/her own remuneration. Each RC member will abstain from voting on any resolution in respect of his/her remuneration package. The RC's recommendations are submitted for endorsement by the Board.

The RC will also review the Company's obligations under the service agreements entered into with the Executive Directors and key management personnel that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

An annual review of the compensation will be carried out by the RC to ensure that the remuneration of the 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. The performance of the Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

In respect of FY2022, the RC met once to discuss, amongst others, the framework of remuneration for the Executive Directors and key management personnel, as well as the Directors' fees for Non-Executive Directors.

Provision 6.4 - Engagement of remuneration consultants

The RC has access to advice from the internal human resource department and, if necessary, may seek external expert advice of which the expenses will be borne by the Company. No external remuneration consultant was engaged in FY2022.

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 - Remuneration of Executive Directors and Key Management Personnel

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and to attract, retain and motivate Executive Directors and key management personnel. The remuneration packages take into account the performance of the Group, as well as the individual personnel.

The remuneration structure for the Executive Directors and key management personnel comprises both fixed and variable components. The fixed component includes a basic salary, whilst the variable component includes variable bonus and performance-linked incentives. In this way, the Company aims to link rewards to corporate and individual performance and performance-related remuneration is aligned with the interests of Shareholders and other stakeholders and promotes the long-term success of the Group.

Performance Share Plan

The Company has adopted a performance share plan known as the "Memiontec Performance Share Plan" ("**PSP**") on 30 December 2019 in conjunction with the Company's Listing. The PSP provides eligible participants ("**Participants**") with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The PSP forms an integral and important component of the Company's compensation plan and is designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and/or the Group.

The PSP is administered by the RC. Executive and Non-Executive Directors and key management personnel are eligible to participate in the PSP in accordance with the rules of the PSP.

The awards of shares ("**Awards**") given to a particular Participant under the PSP and the number of shares which are the subject of the Awards will be determined at the absolute discretion of the RC, who will take into account criteria such as his/her rank, job performance, years of service, and potential for future development, his/her contribution to the success and development of the Group and the extent of effort and resourcefulness with which the performance condition in relation to that Award ("**Performance Condition**") may be achieved within the performance period. The Performance Condition shall be determined at the absolute discretion of the RC, which may comprise factors such as (but not limited to) the market capitalisation or earnings of the Company at specified times. For further information on the PSP, please refer to the section entitled "Memiontec Performance Share Plan" of the Offer Document.

Shareholders' approvals had been obtained for the participation in the PSP by Mr. Tay Kiat Seng (Executive Director and CEO) and Ms. Soelistyo Dewi Soegiharto (Managing Director), who are the Company's controlling Shareholders, as well as Ms. Rachel Kwok Xiu Jian, who is an associate of a controlling Shareholder of the Company, at the AGM held on 12 April 2021 and 29 April 2022 respectively. In addition, Shareholders' approvals had been obtained for the specific grant of awards to each of Mr. Tay Kiat Seng, Ms. Soelistyo Dewi Soegiharto and Ms. Rachel Kwok Xiu Jian at the AGM held on 29 April 2022.

On 6 May 2022, the Company granted Awards of 1,000,000 ordinary shares in the capital of the Company ("**PSP Shares**") under the PSP to selected Directors, as well as executive officers and other employees of the Group. On 24 May 2022, in accordance with the rules of the PSP, following the completion of the share split of every one (1) existing ordinary share in the capital of the Company into three (3) ordinary shares ("**Share Split**"), the number of PSP Shares which were the subject of the then outstanding Awards was adjusted from 1,000,000 to 3,000,000. As at 31 December 2022, none of the outstanding 3,000,000 Awards has been vested. For further information (in respect of Rule 851 of the Catalist Rules) on the grant of Awards, please refer to the section entitled "Directors' Statement" of this Annual Report.

Provision 7.2 - Remuneration of Non-Executive Directors

All the Non-Executive Directors (including Independent Directors) are compensated based on a fixed annual Directors' fee taking into consideration their respective contributions. Directors' fees for the Non-Executive Directors are proposed by the Executive Directors and reviewed and recommended by the RC, based on the effort, time spent and the responsibilities of each individual Non-Executive Director. No Director is involved in deciding his/her own remuneration. Non-Executive Directors, who are also Independent Directors, have not been over-compensated to the extent that their independence is compromised. The total remuneration of the Non-Executive Directors is recommended for Shareholders' approval at each AGM. Save for the PSP, there are no other share-based compensation schemes in place for Non-Executive Directors.

Directors' fees for the Non-Executive Directors (who are also Independent Directors) of an aggregate of up to S$150,000 for the financial year ending 31 December 2023 (with payments to be made half yearly in arrears) have been recommended by the Board and will be tabled for approval by Shareholders at the forthcoming AGM (FY2022: up to S$150,000).

Disclosure on Remuneration

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

Provision 8.1 - Remuneration Report

Remuneration of Executive Directors and the CEO

On 30 December 2019, the Company entered into a service agreement with each of Mr. Tay Kiat Seng (Executive Director and CEO) and Ms. Soelistyo Dewi Soegiharto (Managing Director) for an initial term of three (3) years, with effect from the Listing of the Company on 5 March 2020 and upon expiry of such period, will continue for the time being pending review and decision by the RC and the Board. For further information on the service agreements (including remuneration) of the aforementioned Directors, please refer to the section entitled "Directors, Executive Officers and Staff - Service Agreements" of the Offer Document.

Remuneration of Individual Directors

A breakdown, showing the level and mix of each individual Director's (including the CEO's) remuneration (received from the Company and any of its subsidiaries) for FY2022, is as follows:

	FY2022 Remuneration			Breakdown of Directors' Remuneration				
	Up to S$250,000	S$250,001 to S$500,000	S$500,001 to S$750,000	Salary (%)	Bonus (%)	Director's fee (%)	Allowances and other benefits(1) (%)	Total (%)
Tay Kiat Seng	–	–	X	66	25	–	9	100
Soelistyo Dewi Soegiharto	–	X	–	69	20	–	11	100
Low Kian Beng(2)	X	–	–	68	12	–	20	100
Jackson Chevalier Yap Kit Siong	X	–	–	–	–	100	–	100
Hor Siew Fu	X	–	–	–	–	100	–	100
Loh Eu Tse Derek	X	–	–	–	–	100	–	100

Notes:

(1) Other benefits refer to benefits-in-kind such as fixed allowances and payments in respect of the Company's statutory contributions to the Singapore Central Provident Fund.

(2) Mr. Low Kian Beng retired as an Executive Director with effect from 29 April 2022. The remuneration for Mr. Low Kian Beng was pro-rated in accordance to his retirement during the financial year.

Remuneration of Key Management Personnel

A breakdown, showing the level and mix of each of the top three (3) key management personnel's (who are not Directors or the CEO) remuneration (received from the Company and any of its subsidiaries) for FY2022, is as follows:

	FY2022 Remuneration		**Breakdown of Executives' Remuneration**			
Name of Executive[1]	**Up to S$250,000**	**$250,001 to S$500,000**	**Salary (%)**	**Bonus (%)**	**Allowances and other benefits[2] (%)**	**Total (%)**
Lim Wei Kuan	–	X	76	6	18	100
Lee Quang Loong	X	–	74	18	8	100
Irawati Tan	X	–	45	53	2	100

Notes:

(1) There are only three (3) employees identified as key management personnel of the Group in FY2022.

(2) Other benefits refer to benefits-in-kind such as fixed allowances and payments in respect of the Company's statutory contributions to the Singapore Central Provident Fund.

(3) The aggregate total remuneration (including accrued bonus) for the top three (3) key management personnel (who are not Directors or the CEO) for FY2022 is S$652,330.

There were no termination, retirement and post-employment benefits paid to any Directors and the top three (3) key management personnel (who are not Directors or the CEO) in FY2022.

Save as disclosed above, the Code recommends that the Company should fully disclose the amount and breakdown of remuneration of each individual Director and the CEO on a named basis. The Board has decided not to disclose the aforementioned details as recommended by the Code due to the highly competitive market. The individual remuneration amount of the abovenamed top three (3) key management personnel is also not disclosed for the same reason.

After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

Provision 8.2 - Remuneration of employees who are substantial Shareholder or are immediate family members of a Director or the CEO or a substantial Shareholder

Ms. Rachel Kwok Xiu Jian, who is the sister of Ms. Soelistyo Dewi Soegiharto (Managing Director and a substantial Shareholder) and the sister-in-law of Mr. Tay Kiat Seng (Executive Director and CEO, and a substantial Shareholder), has been employed as the Information Technology Manager of Memiontec Pte Ltd (a wholly-owned subsidiary of the Company) since March 2017. She received total remuneration, comprising salary and bonus, in the range between S$100,000 and S$200,000 for FY2022.

Save for the above, and that Mr. Tay Kiat Seng and Ms. Soelistyo Dewi Soegiharto are spouses and whose remuneration are disclosed in the above remuneration table for individual Directors and CEO, there is no other employee who is a substantial Shareholder or is an immediate family member of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeded S$100,000 for FY2022.

Provision 8.3 - Employee Share Scheme

The Company has adopted the PSP on 30 December 2019, and Executive and Non-Executive Directors as well as key management personnel are eligible to participate in the PSP in accordance with the rules of the PSP. The PSP is administered by the RC. For further information on the PSP, please refer to the section entitled “Memiontec Performance Share Plan” of the Offer Document and Principle 7 of the Code above under “Performance Share Plan”.

On 6 May 2022, the Company granted Awards of 1,000,000 PSP Shares under the PSP to selected Directors, as well as executive officers and other employees of the Group. On 24 May 2022, in accordance with the rules of the PSP, following the completion of the Share Split, the number of PSP Shares which were the subject of the then outstanding Awards was adjusted from 1,000,000 to 3,000,000. As at 31 December 2022, none of the outstanding 3,000,000 Awards has been vested. For further information (in respect of Rule 851 of the Catalist Rules) on the grant of Awards, please refer to the section entitled “Directors’ Statement” of this Annual Report.

3. ACCOUNTABILITY AND AUDIT

Accountability and Audit

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 - Risk Management and Internal Control Systems

In presenting the audited financial statements and half-year and full-year financial statements announcements to Shareholders, it is the aim of the Board to provide Shareholders with a balanced assessment of the Group’s performance, position and prospects. Financial reports and other price-sensitive information are disseminated to Shareholders through announcements via SGXNet and releases via the press. The Management currently provides the Executive Directors and CEO with detailed management accounts of the Group’s performance, position and prospects on a monthly basis. Independent Non-Executive Directors are also briefed on significant matters when required and receive management reports at least on a half-yearly basis.

The Board reviews legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements.

In line with the Catalist Rules, the Board will provide a negative assurance statement in its half year financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. All the Directors and key management personnel of the Group have also signed a letter of undertaking pursuant to Rule 720(1) of the Catalist Rules.

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company’s overall internal control framework. The Board also recognises that an effective internal control system will not preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

As the Group does not have a risk management committee, the AC assumes the responsibility of the risk management function. The AC has reviewed, with the assistance of the internal auditors and the external auditors, the adequacy and effectiveness of the Group’s internal controls (including financial, operational, compliance (including any sanctions-related risk) and information technology controls) and risk management systems.

The Company has put in place risk management and internal control systems, including financial, operational, compliance (including any sanctions-related risk) and information technology controls, which are detailed in formal instructions, standard operating procedures and financial authority limits policies. The Board has determined the Group's levels of risk tolerance and risk policies, and oversees the Management in the design, implementation and monitoring of the risk management and internal control systems. The Board also monitors the Group's risks through the AC, internal auditors and external auditors.

The Group has an Enterprise Risk Management Framework in place to manage its exposure to risks that are associated with the conduct of its business. The Board will continue its risk assessment, which is an on-going process, with a view to improve the Group's internal controls and risk management systems.

Provision 9.2 - Assurances to the Board

For FY2022, the Board has received assurance from the CEO and the Chief Financial Officer ("**CFO**"):

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) regarding the adequacy and the effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance (including any sanctions-related risk) and information technology controls).

Based on the work performed by the external auditors and the internal auditors, the review undertaken by the Management, the existing management internal controls in place and the assurances from the CEO and the CFO, the Board, with the concurrence of the AC, is satisfied that the Group's internal controls (including financial, operational, compliance (including any sanctions-related risk) and information technology controls) and risk management systems were adequate and effective as at 31 December 2022.

The Board notes that the system 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 it strives to achieve its business objectives. 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 judgement in decision making, human error, losses, fraud or other irregularities.

The Group does not have business operations or business activities in a jurisdiction which is subject to sanctions-related law or regulation, or, due to changes in sanctions law, becomes a sanctioned nation.

The Board and the AC will be (i) responsible for monitoring the Company's risk of becoming subject to, or violating any sanctions-related law; and (ii) ensuring timely and accurate disclosures to the SGX-ST and other relevant authorities.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1 and 10.2 - AC Committee and its activities

As at the date of this report, the AC comprises the following three (3) Directors, all of whom, including the AC Chairman, are independent:

Hor Siew Fu	Chairman	Independent Non-Executive Director
Jackson Chevalier Yap Kit Siong	Member	Independent Non-Executive Chairman
Loh Eu Tse Derek	Member	Independent Non-Executive Director

The AC met two (2) times in FY2022. During the year, the AC conducted activities in line with its terms of reference and its statutory duties prescribed under Section 201B(5) of the Companies Act 1967 of Singapore as set out hereunder.

Expertise of AC Members

The Board is of the opinion that all members of the AC (including the AC Chairman) possess the necessary accounting or related financial management qualifications, expertise and experience in discharging their duties. The AC was also briefed on the new accounting standards and other regulations that might impact the Group's consolidated financial statements by the external auditors at the AC meetings.

Roles, Responsibilities and Authorities of AC

The AC is established to assist the Board with discharging its responsibility of safeguarding the Group's assets, maintaining adequate accounting records, and developing and maintaining effective systems of risk management and internal controls.

The terms of reference of the AC sets out its duties and responsibilities. The principal responsibilities of the AC include, amongst others, the following:

(a) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the Group's system of internal controls, audit reports, their management letters and the Management's response, and the results of audits compiled by the internal and external auditors, and review at regular intervals with the Management the implementation by the Group of the internal control recommendations made by the internal and external auditors;

(b) review the periodic consolidated financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Catalist Rules and any other statutory and regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board for approval;

(c) assist the Board in risk governance and determine the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation;

(d) review and report to the Board, at least annually, the adequacy and effectiveness of the Group's internal control procedures (including financial, operational, compliance including sanctions-related risks and information technology controls) and risk management systems and have oversight of the internal control processes of the Group to mitigate and manage risk at acceptable levels determined by the Board;

(e) review and discuss with the internal auditors and the external auditors, any issues and concerns arising from the internal audits and the external audits, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's financial performance or financial position and the Management's response;

(f) review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNet;

(g) review and approve all hedging policies implemented by the Group (if any) and conduct periodic review of foreign exchange transactions and hedging policies and procedures;

(h) review the co-operation given by the Management to the internal and external auditors, where applicable;

(i) review the independence and objectivity of the internal and external auditors as well as consider the appointment or re-appointment of the internal and external auditors, including approving the remuneration and terms of engagement of the internal and external auditors;

(j) review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules and any related party transactions and review procedures thereof;

(k) review potential conflicts of interests (if any) and set out a framework to resolve or mitigate any potential conflicts of interests;

(l) review the procedures by which employees of the Group may, in confidence, report to the Independent Non-Executive Chairman, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;

(m) review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;

(n) review and approve transfer pricing policies implemented by the Group and conduct periodic review of such transfer pricing policies;

(o) oversee the execution and compliance with the terms and conditions of the Combination Agreements and its associated undertakings (including those from Mr. Tay Kiat Seng and Ms. Soelistyo Dewi Soegiharto);

(p) review the measures and internal control procedures to safeguard the Group's interests pursuant to the Combination Agreements to ensure their relevance and adequacy;

(q) monitor any changes in the relevant Indonesian laws and regulations in relation to the foreign ownership restrictions and the resultant implication(s) to the Group;

(r) review the assurance from the CEO and CFO on the Group's financial records and financial statements;

(s) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the financial performance;

(t) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;

(u) review the whistle-blowing policy and procedures;

(v) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(w) monitor the use of proceeds from share placements, if any;

(x) monitor the adequacy of the current system of monitoring debtors' aging profile and ensure that such aspect will be included as part of the review scope for subsequent internal audits;

(y) monitor the Company's risk of becoming subject to, or violating any sanction law and assess whether there is a need to obtain independent legal advice or appointment of a compliance advisor in relation to sanctions-related risks applicable to the Group;

(z) ensure timely disclosures to the SGX-ST and other relevant authorities and continuous monitoring of the validity of information provided to Shareholders and the SGX-ST;

(aa) assess the Group's internal controls to ensure the accuracy and reliability of the sustainability information disclosed and evaluate the metrics setting and environmental, social and governance disclosure for sustainability reporting; and

(bb) undertake generally such other functions and duties as may be required by law, the Catalist Rules and/or the Code, and by such amendments made thereto from time to time.

The AC has the power to conduct or authorise investigations into any matter within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. The AC has full access to and co-operation from Management, has full discretion to invite any Director or key management personnel to attend its meetings and has been given reasonable resources to enable it to discharge its functions. No member of the AC or any Director is involved in the deliberations and voting on any resolutions in respect of matters he/she is interested in.

The role of the AC in relation to financial reporting is to monitor the integrity of the half year and full year financial statements and that of any formal announcements relating to the Group's financial performance. The AC has considered whether accounting standards are consistently applied across the Group and whether disclosures to the financial statements are clear and sufficient.

In the review of the financial statements for FY2022, the AC has reviewed the audit plans and the findings of the external auditors, which included reviews on the accounting and internal control system of the key operating subsidiaries. In addition, the AC has discussed with the Management and the external auditors on significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the Shareholders under "Key Audit Matters", which include revenue recognition and consolidation of PT Memindo Pratama. Following the review, the AC is satisfied that those matters have been properly dealt with and recommended the Board to approve the financial statements.

Independence of External Auditors

The AC reviews the independence and objectivity of the external auditors, CLA Global TS Public Accounting Corporation (formerly known as Nexia TS Public Accounting Corporation) ("**CLA**"), through discussions with the external auditors, as well as an annual review of the volume and nature of non-audit services provided by the external auditors. The fees paid/payable to the Group's external auditors are as disclosed in the table below:

	2022 **S$'000**	**2021** **S$'000**
Audit fees paid to:		
- Auditors of the Company	89	78
- Other auditors	36	31
Non-audit fees	–	–
	125	109

There were no non-audit fees paid to the Group's external auditors in FY2022 and FY2021.

For FY2022, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the Group's appointment of auditing firms.

CLA has served as the external auditors of the Company since the financial year ended 31 December 2021 and was re-appointed as the external auditors of the Company at the last AGM held on 29 April 2022 until the conclusion of the forthcoming AGM. For the financial year ending 31 December 2023, CLA will not be seeking for re-appointment and the AC has recommended to the Board, and the Board has accepted the appointment of PKF-CAP LLP in place of CLA as the Group's external auditors, subject to Shareholders' approval at the forthcoming AGM. Further information on the proposed change of external auditors of the Company is set out in the Appendix to the Notice of AGM dated 13 April 2023.

Whistleblowing Policy

The Company has in place a whistleblowing policy (the "**Policy**") which provides a framework to promote responsible and secured whistleblowing without fear of adverse consequences. The Policy sets out procedures for a whistleblower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers in confidence and in good faith, without fear of reprisal, discrimination or adverse consequences. Employees (full-time, part-time and contract employees) and third parties such as suppliers, customers, contractors and other stakeholders, may use the procedures set out in the Policy to report any concern or complaint regarding reportable incidents for whistleblowing.

The AC is responsible for oversight and monitoring of whistleblowing. All matters, which are raised in good faith, are independently investigated and appropriate actions taken. The Chairman of the Board and AC ensure that independent investigations and any appropriate follow-up actions are carried out.

The Group will take all reasonable steps to protect the identity of the whistleblower so as to ensure that the identity of the whistleblower is kept confidential, subject to legal or regulatory requirements. All information disclosed during the course of investigation will remain confidential, except as necessary or appropriate to conduct the investigation and to take any remedial action, in accordance with any applicable laws and regulations. The Group prohibits discrimination, retaliation or harassment of any kind against a whistleblower who submits a complaint or report in good faith.

Details of this Policy have been disseminated and made available to all employees of the Company, as well as uploaded onto the Company's corporate website.

There were no whistle blowing reports received in FY2022.

Provision 10.3 - Partners or Directors of the Company's Auditing Firm

The AC members were not former partners or directors of the Company's external auditors nor do they hold any financial interest in the external auditors.

Provision 10.4 - Internal Audit Function

The Company does not have an in-house internal audit function. For FY2022, the Company outsourced its internal audit function to a professional firm, RSM Risk Advisory Pte Ltd ("**RSM**"). The AC reviews and approves the appointment, termination, evaluation and remuneration of the internal audit function.

The internal auditors report primarily to the AC and administratively to the CEO and CFO on internal audit matters and the AC is empowered to review any of the accounting, auditing and financial practices of the Company and the Group. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the AC.

The internal auditors have submitted their annual audit planning for approval by the AC and report their findings to the AC. The AC approves the annual internal audit plans, and reviews the scope and the results of the internal audit performed by the internal auditors. The AC had reviewed RSM's evaluation of the system of internal controls of the Group, and had evaluated the audit findings and the Management's responses to those findings, the effectiveness of material internal controls (including financial, operational, compliance (including any sanctions-related risk) and information technology controls) and overall risk management of the Group for FY2022.

On an annual basis, the AC reviews the independence, adequacy and effectiveness of the internal audit function. For FY2022, the AC is satisfied that the internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group. The AC is also of the view that the internal audit function is adequately staffed with persons with the relevant qualifications and experience and adheres to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Provision 10.5 - Meeting with external and internal auditors without presence of the Management

To create an environment for open discussion on audit matters, the AC will meet with the external auditors and internal auditors, without the presence of Management, at least once a year. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC. During its meetings related to FY2022, no matters of concern over Management's interaction or responsiveness were reported. The AC last met with the external auditors and internal auditors without the presence of Management, in February 2023.

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The Company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives Shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 - Providing opportunity for Shareholders to participate and vote at general meetings

The AGM is a forum for the Board to invite Shareholders to ask questions on the resolutions tabled at the AGM and to express their views. All the Directors will endeavour to attend the AGM and extraordinary general meetings ("**EGM**"), if any. During these meetings, Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. Simultaneously, the Company is also able to gather views or input and address Shareholders' concerns at general meetings.

Shareholders are encouraged to attend the AGMs/EGMs to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. They are provided with opportunities to ask questions in AGM and the meeting minutes recorded the details of Shareholders' questions and answers. Notice of the AGM/EGM will be advertised in newspapers and/ or announced on SGXNet.

Due to the COVID-19 pandemic, the Company's last AGM in respect of FY2021 held on 29 April 2022 ("**2022 AGM**") was held by way of electronic means, through "live" audio-visual webcast and "live" audio-only stream of the 2022 AGM. The notice of 2022 AGM was not published on the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of general meetings approved by the relevant authorities. The Company had also published a notice to Shareholders, together with the notice of 2022 AGM, detailing the alternative arrangements for the 2022 AGM. Shareholders participated in the 2022 AGM via electronic means, voting by appointing the Chairman of the 2022 AGM as proxy and sending their questions (if any) in relation to any resolution set out in the notice of 2022 AGM to the Company in advance of the 2022 AGM. The Company would then provide its responses to the questions (if any) via an announcement on SGXNet and the Company's corporate website. The Company did not receive any questions from Shareholders as of the stipulated cut-off date and time. Subsequent to the stipulated deadline, the Company had received questions from a Shareholder on 20 April 2022 and such questions had been addressed by the Company on 22 April 2022 by way of an announcement released via SGXNet and the Company's corporate website. No further questions related to the resolution set out in the notice of 2022 AGM were received after 20 April 2022.

The forthcoming AGM in respect of FY2022 will continue to be convened and held by electronic means with real-time electronic voting and real-time electronic communication, in accordance with the alternative arrangements for holding of general meetings approved by the relevant authorities. Please refer to the notice of AGM as set out in this Annual Report for more information on the alternative arrangements put in place for the forthcoming AGM in respect of FY2022.

Provision 11.2 - Separate resolutions at general meetings

Matters which require Shareholders' approval were presented and proposed as a separate resolution. The Company practices having separate resolutions at general meetings for each distinct issue. Each item of special business in the notice of general meeting is accompanied by an explanatory note, where appropriate. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting. No such resolutions were tabled in FY2022. Proxy form is also sent with the notice of general meeting to all Shareholders.

Provision 11.3 - Attendance of Directors and auditors at general meetings

The Directors, including the Chairman of each of the Board Committee, are available at general meetings of the Company to address Shareholders' queries. The external auditors shall also be present at the AGM to assist the Directors in addressing any relevant queries by the Shareholders. The attendance of the Directors' attendance will be recorded.

All Directors were present at the 2022 AGM. Save for the 2022 AGM, there were no other general meetings of the Company held during FY2022.

Provision 11.4 - Absentia voting

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

Provision 11.4 of the Code provides that an issuer's Constitution should allow for absentia voting at general meetings of shareholders. The Company's Constitution currently does not, however, permit Shareholders to vote at general meetings in absentia (such as via mail, email or fax). The Company has not amended its Constitution to provide for absentia voting, as it could be costly to implement, bearing in mind that the Company would need to implement preventive measures to guard against errors, fraud and other irregularities. The Company is of the opinion that despite its deviation from Provision 11.4 of the Code, Shareholders nevertheless have opportunities to communicate their views on matters affecting the Company even when they are not in attendance at general meetings. For example, Shareholders may appoint proxies to attend, speak and vote, on their behalf, at the respective general meetings. The Company's Constitution allows appointment of proxies for a Shareholder who is absent from a general meeting to exercise his vote in absence through his proxy or proxies. According, the Board is of the view that the Company complies with Principle 11 of the Code.

Provision 11.5 - Minutes of general meetings

The proceeding of each of the general meetings will be properly recorded by the Company Secretary, including substantial or relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management. These minutes will be subsequently reviewed and approved by the Board and made available to the Shareholders on the Company's corporate website at appropriate time.

Minutes of the 2022 AGM had been published by the Company on its corporate website and on the SGXNet within one (1) month from the date of the 2022 AGM.

Provision 11.6 - Dividend Policy

Provision 11.6 of the Code provides that an issuer should have a dividend policy and communicate it to shareholders. The Company does not, however, have a stated policy of distributing a fixed percentage of earnings by way of dividend annually. The Board has recommended a proposed first and final tax-exempt (one-tier) cash dividend of 0.118 Singapore cents per share for FY2022 which will be subject to Shareholders' approval at the forthcoming AGM.

Any future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Board:

(a) the level of the Group's cash and retained earnings;

(b) the Group's actual and projected financial performance;

(c) the Group's projected levels of capital expenditure and other investment plans;

(d) the Group's working capital requirements and general financing condition;

(e) restrictions on payment of dividends imposed on the Company by the Group's financing arrangements or legal and contractual obligations (if any); and

(f) the general economic and business conditions in countries in which the Group operates.

Shareholders have the opportunity to communicate their views on matters affecting the Company, including the dividend payout in any given year. Notwithstanding the absence of a stated dividend policy, Shareholders are able to express their views to the Company on matters relating to dividends, whether this is done at AGMs or otherwise, and due consideration is given to such feedback.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company.

Provision 12.1 - Avenues for communication between the Board and Shareholders

The Company believes in timely and accurate dissemination of information to its Shareholders. The Board makes every effort to comply with continuous disclosure obligations of the Company under the Catalist Rules and the Companies Act 1967 of Singapore. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication to Shareholders is normally made through:

(a) annual reports or circulars to Shareholders (which include notices of general meetings) are prepared and made available to all Shareholders within the mandatory period;

(b) annual and half year financial statements announcements containing a summary of the financial information and affairs of the Group for the period;

(c) notices and explanatory memoranda for general meetings;

(d) disclosures to the SGX-ST via SGXNet; and

(e) press releases.

Provisions 12.2 and 12.3 - Investor Relations

Outside of the financial announcement periods, when necessary and appropriate, the Directors will meet all stakeholders, Shareholders, analysts and media who wish to seek a better understanding of the Group's operations.

The Company does not make price-sensitive disclosure to a selected group. All announcements are released via the SGXNet. The Annual Report, together with the notice of AGM, is also accessible through the SGXNet. The notice of AGM is advertised in a local newspaper, when required, in accordance with the applicable laws and regulations.

To further enhance its communication with the investors, the Company's corporate website https://www.memiontec.com allows the public to have access to information on the Group. Alternatively, Shareholders may contact the Company's investor relations team at IRMR@memiontec.com.

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.

Provisions 13.1 and 13.2 - Engage with its material stakeholder groups

The Company's stakeholders include employees, sub-contractors and suppliers, customers, government and regulators, communities, Shareholders and investors, banks and business partners. The Company engages these stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company maintains contacts with its customers, suppliers and subcontractors by attending business events and through direct site meetings. The site meetings take place as and when required and at least once annually.

The Company engages with its creditors as and when required by email, social media and the Company's corporate website.

Recognising that employees are key assets of the Company, the Company maintains close relationships with all employees via townhall, teambuilding events and etc.

The Company has published its first Sustainability Report on 28 December 2022 in respect of FY2021 and the Sustainability Report for FY2022 can be found in the section entitled "Sustainability Report" of this Annual Report. The Company believes that it is well aware of its stakeholders' expectations in respect of sustainable issues and works hard to be seen as a responsible corporate citizen in respect of environmental, social and governance factors.

Provision 13.3 - Corporate website to communicate and engage with stakeholders.

The Company maintains a corporate website to communicate and engage with stakeholders at https://www.memiontec.com, where information such as corporate information, the Group's business and services, project references and investors' information can be found.

5. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions ("**IPTs**").

All IPTs are reported in a timely manner to the AC and are subject to the review of the AC when a potential conflict of interest arises. The IPTs are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Director(s) concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

The Group does not have a general mandate from Shareholders for IPTs pursuant to Rule 920 of the Catalist Rules. Notwithstanding this, the Group had entered into certain IPTs, details of which were duly disclosed in the Offer Document, in the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions".

There were no IPTs entered into between the Company or its subsidiary corporations and any of its interested persons exceeding S$100,000 during FY2022.

6. MATERIAL CONTRACTS

Save as disclosed in the Offer Document (including the service agreements entered into between each of the Executive Directors and the Company), there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of any Director, the CEO or controlling Shareholder which are either still subsisting as at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2021.

7. DEALINGS IN SECURITIES

The Company has adopted an internal securities code of compliance to provide guidance to the Directors, officers and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules, in relation to the best practices on dealings in the securities, as follows:

(a) the Company had devised and adopted its own internal compliance code to provide guidance to its Directors and officers with regards to dealings by the Company, its Directors and its officers in its securities, as well as to set out the implications on insider trading;

(b) Directors and officers of the Company are discouraged from dealing in the Company's securities on short-term considerations; and

(c) the Company, the Directors and its officers are prohibited from dealing in the Company's securities (i) during the periods commencing one month before the announcement of the Company's half year and full year financial statements, and ending on the date of the announcement of the relevant financial results; and (ii) if they are in possession of unpublished price-sensitive information of the Group. Half-yearly reminders will be sent to its Directors and employees on the restrictions in dealings in listed securities of the Company.

8. NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were paid to the Company's sponsor, ZICO Capital Pte. Ltd., for FY2022.

CONTENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The directors present their statement to the members together with the audited consolidated financial statements of Memiontec Holdings Ltd. (the "Company") and its subsidiary corporations (collectively, the "Group") and statement of financial position of the Company as at 31 December 2022, and statement of changes in equity of the Company for the financial year ended 31 December 2022.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 101 to 175 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 2022 and of the consolidated financial performance, changes in equity and cash flows of the Group and of the changes in equity of the Company for the financial year covered by the consolidated financial statements; and

(b) 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

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

Jackson Chevalier Yap Kit Siong	(Independent Non-Executive Chairman)
Tay Kiat Seng	(Chief Executive Officer)
Soelistyo Dewi Soegiharto	
Hor Siew Fu	
Loh Eu Tse Derek	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2022*	**At 1.1.2022**	**At 31.12.2022***	**At 1.1.2022**
The Company				
(No. of ordinary shares)				
Tay Kiat Seng	348,861,099	118,345,033	79,369,662	26,456,554
Soelistyo Dewi Soegiharto	104,425,239	34,808,413	–	–

* The number of ordinary shares of the Company has been adjusted to reflect the share split exercise during the financial year ended 31 December 2022.

By virtue of Section 7 of the Singapore Companies Act 1967, Mr. Tay Kiat Seng is deemed to have an interest in all the subsidiary corporations of the Company.

The directors' interests in the shares of the Company as at 21 January 2023 were the same as at 31 December 2022.

PERFORMANCE SHARE PLAN

On 30 December 2019, the Company adopted the Memiontec Performance Share Plan (the "PSP") to primarily reward and retain employees whose services are vital to the growth and performance of the Company and/or the Group.

The PSP are administrated by the Remuneration Committee of the Company, whose members include Mr Jackson Chevalier Yap Kit Siong, Mr Hor Siew Fu and Mr Loh Eu Tse Derek. Executive and Non-Executive Directors as well as key management personnel are eligible to participate in the PSP in accordance with the rules of the PSP. The PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years commencing from the adoption date. No minimum vesting periods are prescribed under PSP and the length of the vesting period in respect of each PSP shall be determined on a case-by-case basis.

On 6 May 2022 ("grant date"), the Company has granted 1,000,000 ordinary shares under the PSP (the "2022 Share Awards"). These 2022 Share Awards will vest one year from the grant date, subject to satisfaction of the vesting condition on the Group's achievement of certain predetermined financial and performance targets for the financial year ended 31 December 2022 determined by the Remuneration Committee of the Company.

On 24 May 2022, the Company completed its share split exercise, which every one (1) existing ordinary share are split into three (3) ordinary shares. Accordingly, the outstanding number of shares granted under 2022 Share Awards was adjusted on the same basis, from 1,000,000 to 3,000,000.

The table below summarises the number of 2022 Share Awards that have been granted as at the end of the financial year as well as movements during the financial year:

Participants	Share awards granted during the financial year under review*	Aggregate share awards granted since the commencement of PSP to the end of the financial year under review	Aggregate share awards released since the commencement of PSP to the end of the financial year under review	Aggregate share awards not yet released at the end of the financial year under review
Directors (who are also Controlling Shareholders) and Associates				
Tay Kiat Seng	900,000	900,000	–	900,000
Soelistyo Dewi Soegiharto	540,000	540,000	–	540,000
Rachel Kwok Xiu Jian	48,750	48,750	–	48,750
Other participants				
Group employees	1,511,250	1,511,250	–	1,511,250
	3,000,000	3,000,000	–	3,000,000

* The 2022 Share Awards has been adjusted to reflect the share split exercise during the financial year ended 31 December 2022.

As at 31 December 2022, none of the outstanding 3,000,000 Share Awards has been vested.

Except as disclosed above, there were no awards granted to (a) controlling shareholders and Directors of the Company, (b) associates of the controlling shareholders and (c) Directors of its subsidiary corporations from the commencement of the PSP to the end of the financial year.

No individual has been granted awards representing 5.0% or more of the total number of awards available under the PSP during the financial year.

AUDIT COMMITTEE

The Audit Committee ("AC") of the Company comprises three non-executive independent directors. The members of the Audit Committee at the end of the financial year and the date of this statement are:

Hor Siew Fu	(AC Chairman)
Jackson Chevalier Yap Kit Siong	
Loh Eu Tse Derek	

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, including the following:

(a) Reviewed the audit plans and results of the internal auditor's examination and evaluation of the Group's systems of internal accounting controls;

(b) Reviewed the Group's financial and operating results and accounting policies;

(c) Reviewed the audit plans of the independent auditor;

(d) Reviewed the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and independent auditor's report on those financial statements;

(e) Reviewed the half-yearly and annual announcements of the results and financial position of the Company and the Group;

(f) Reviewed the co-operation and assistance given by management to the Group's independent auditor and internal auditors; and

(g) Reviewed the re-appointment of the independent auditor of the Company.

The AC has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor and internal auditors have unrestricted access to the AC.

Further details regarding the AC are disclosed in the Corporate Governance Report.

INDEPENDENT AUDITOR

The Independent auditor, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), will not be seeking re-appointment and PKF-CAP LLP ("PKF") has been nominated to be the auditors of the Company for the ensuring year. The appointment of PKF is subject to shareholders' approval at the forthcoming Annual General Meeting.

On behalf of the directors

....
Tay Kiat Seng
Director

....
Soelistyo Dewi Soegiharto
Director

3 April 2023

INDEPENDENT AUDITOR'S REPORT

to the Members of Memiontec Holdings Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Memiontec Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 101 to 175.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. 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.

Revenue from total solutions with engineering, procurement and construction ("TSEPC") projects
Refer to Notes 3.13, 4(a) and 25 to the financial statements

Area of focus

During the financial year ended 31 December 2022, revenue from TSEPC projects amounted to approximately $39,051,000, which represented 91% of the Group's revenue.

The Group recognises revenue from TSEPC projects over time by applying cost-to-cost method, i. e. based on the proportion of actual contract costs incurred for work performed to-date relative to the estimated total contract costs ("input method") to measure the Group's progress towards complete satisfaction of a performance obligation over the period of the projects in accordance with SFRS(I) 15 *Revenue from Contracts with Customers.*

Key Audit Matters (cont'd)

Revenue from total solutions with engineering, procurement and construction ("TSEPC") projects (cont'd)
Refer to Notes 3.13, 4(a) and 25 to the financial statements

Area of focus (cont'd)

Revenue from TSEPC projects is identified as one of the key audit matters due to the involvement of significant judgement by management in estimating the total contract costs, the key component in determining the progress of completion of each project which are subject to uncertainty and subjectivity. Additionally, revenue from TSEPC projects is the most significant financial item in the Group's financial statements and a key performance indicator of the Group, hence, inappropriate judgement and/or estimates used could result in a significant impact to the Group's financial statements.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures have been performed:

- Evaluated the effectiveness of key controls over revenue cycle and performed test of controls to ascertain the reliabilities of such key controls;

- Reviewed the appropriateness of the Group's revenue recognition policy and reviewed samples of major contracts to assess the compliance with relevant requirements of SFRS(I) 15 *Revenue from Contracts with Customers;*

- In relation to the contract costs, we

    - performed substantive tests of details and cut-off procedures, on sampling basis, and verified that actual costs incurred were recorded appropriately and in the correct accounting period;

    - assessed the reasonableness of the total contract costs estimated by management, and on a sampling basis, agreed the estimates to supporting documents; and

    - performed review on completed projects, on sampling basis, by comparing total actual contract costs incurred at completion against the total budgeted contract costs to assess the reasonableness of the estimates used by the management.

- In relation to revenue recognised during the financial year, we

    - agreed the contract sum or any variation orders to the signed contracts;

    - re-computed the percentage of completion of each project based on input method to assess the reasonableness of management's computation for revenue recognition; and

    - re-computed the revenue recognised, on sampling basis, by multiplying the contract sum (and variation order, if any) with the percentage of completion for each project.

- Discussed with management on any potential project delays and assessed for cost overruns which cannot be recovered from customers;

- Compared the total contract revenue to actual costs incurred plus estimated costs to complete and assessed for onerous contracts; and

- Assessed the appropriateness and adequacy of the disclosure made in the consolidated financial statements.

Key Audit Matters (cont'd)

Consolidation of the financial of PT Memindo Pratama ("PTMP")
Refer to Notes 4 and 13(f) to the financial statements

Area of focus

As disclosed in Note 13(f) to the financial statements, the Group consolidates PTMP as a subsidiary corporation even though the Group has no equity ownership interests in PTMP.

Since 2019, management had assessed that the Group has established control over PTMP on the basis that the Group has:

(i) the power to direct the relevant activities of PTMP by appointment of key management personnel of PTMP; and

(ii) has rights to variable returns from its involvement with PTMP through a loan extended to PTMP together with loan securities documents (collectively, "Combination Agreements") and undertaking agreements ("Undertaking Agreements").

In addition, management had obtained legal opinions from Nurjadin Sumono Mulyadi Partners ("NSMP") and Soewito Suhardiman Eddymurthy Kardono to support its control over PTMP. Management was of the view, considering these legal opinions and subject to the assumptions and qualifications set out therein, that the corporate structure of the Group complied with the prevailing Indonesian laws and regulations and that the Combination Agreements and Undertaking Agreements were legal and enforceable under the prevailing Indonesian laws and regulations ("Relevant Laws") in 2019.

In 2021, there are changes to the Indonesian laws and regulations arising from the *Act Number 11 of 2020 on Job Creation*, which is also known as the *Omnibus Law*. Despite these changes, management has reassessed that the control over PTMP remains unchanged and it is confirmed by a legal opinion obtained from NSMP in 2021. The legal opinion concluded that the existing corporate structure and the arrangement under the Combination Agreements and Undertaking Agreements remain legal and enforceable under the *Omnibus Law*. Accordingly, management concluded that there is no change to the control assessment over PTMP.

In 2022, the management conducted an internal legal review and sought opinion from an Indonesian external legal counsel, Akhmad Yuhdi, S.H. M.H., & Partners, who confirmed that there have been no alterations to the Indonesian laws and regulations in the current financial year. Based on these assessments, management has concluded that there has been no changes to the relevant laws and regulation, and as a result, there has been no impact to the Group's control over PTMP in current financial year.

Consolidation of financials of PTMP is identified as one of the key audit matters as establishing control over PTMP involved significant judgements from management and any change in management's assessment of control will result in significant impact to the Group.

Key Audit Matters (cont'd)

Consolidation of the financial of PT Memindo Pratama ("PTMP") (cont'd)
Refer to Notes 4 and 13(f) to the financial statements

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures have been performed:

- Assessed and evaluated management's judgement and related accounting treatment on the control over PTMP;
- Reviewed the relevant supporting documents (i.e., Combination Agreements and Undertaking Agreements) that demonstrate the Group's control over PTMP;
- Obtained and reviewed the recent legal opinion from Akhmad Yuhdi, S.H. M.H., & Partners;
- Evaluated Akhmad Yuhdi, S.H. M.H., & Partners' independence, objectivity and competency; and
- Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement director on the audit resulting in this independent auditor's report is Lim Hui Ki.

CLA Global TS Public Accounting Corporation
(formerly Nexia TS Public Accounting Corporation)
Public Accountants and Chartered Accountants

Singapore
3 April 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 $'000	2021 $'000
Revenue	25	42,787	45,645
Cost of sales		(34,154)	(39,318)
Gross profit		8,633	6,327
Other income	26	231	560
General and administrative expenses		(4,668)	(4,613)
Share of profit of a joint venture		128	87
Finance costs	27	(122)	(140)
Other operating expenses	28	(696)	(135)
Profit before income tax		3,506	2,086
Income tax expense	29	(936)	(545)
Net profit for the financial year		2,570	1,541
Other comprehensive loss			
Item that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligations	20	(5)	(23)
Item that may be reclassified subsequently to profit or loss:			
Exchange losses on translation of foreign operations		(962)	(8)
Other comprehensive loss for the financial year, net of tax		(967)	(31)
Total comprehensive income for the financial year		1,603	1,510
Net profit for the financial year attributable to:			
Owners of the Company		2,551	1,533
Non-controlling interests		19	8
		2,570	1,541
Total comprehensive income for the financial year attributable to:			
Owners of the Company		1,593	1,502
Non-controlling interests		10	8
		1,603	1,510
Earnings per share			
Basic and diluted (cents)	31	0.39	0.23

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Current assets					
Cash and bank balances	7	13,334	15,451	261	299
Trade and other receivables	8	8,020	8,495	8,071	8,428
Contract assets	9	11,756	6,009	–	–
Inventories	10	32	146	–	–
Total current assets		33,142	30,101	8,332	8,727
Non-current assets					
Property, plant and equipment	11	1,357	1,527	2	2
Right-of-use assets	12	390	443	–	–
Investment in subsidiary corporations	13	–	–	6,040	5,906
Investment in a joint venture	14	2,503	2,608	–	–
Financial asset, at fair value through other comprehensive income ("FVOCI")	16	776	736	–	–
Deferred tax assets	21	65	61	–	–
Total non-current assets		5,091	5,375	6,042	5,908
Total assets		38,233	35,476	14,374	14,635
LIABILITIES					
Current liabilities					
Trade and other payables	17	12,892	10,312	2,204	2,435
Contract liabilities	9	998	1,274	–	–
Lease liabilities	18	199	198	–	–
Borrowings	19	1,431	1,155	–	–
Income tax payable		370	109	6	21
Total current liabilities		15,890	13,048	2,210	2,456
Non-current liabilities					
Lease liabilities	18	244	307	–	–
Borrowings	19	2,387	3,566	–	–
Retirement benefit obligations	20	345	331	–	–
Total non-current liabilities		2,976	4,204	–	–
Total liabilities		18,866	17,252	2,210	2,456
NET ASSETS		19,367	18,224	12,164	12,179
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	22	12,092	12,092	12,092	12,092
Translation reserve	23	(1,416)	(463)	–	–
Other reserves	24	(914)	(914)	–	–
Retained earnings		9,545	7,459	72	87
Equity attributable to owners of the Company		19,307	18,174	12,164	12,179
Non-controlling interests		60	50	–	–
Total equity		19,367	18,224	12,164	12,179

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

STATEMENTS OF CHANGES IN EQUITY

As at 31 December 2022

Group	Share capital $'000 (Note 22)	Translation reserve $'000 (Note 23)	Other reserves $'000 (Note 24)	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
2022							
Beginning of financial year	12,092	(463)	(914)	7,459	18,174	50	18,224
Total comprehensive income for the financial year:							
- Profit for the financial year	–	–	–	2,551	2,551	19	2,570
- Other comprehensive loss for the financial year	–	(953)	–	(5)	(958)	(9)	(967)
Total	–	(953)	–	2,546	1,593	10	1,603
Transactions with owners, recognised directly in equity:							
- Dividends (Note 32)	–	–	–	(460)	(460)	–	(460)
End of financial year	12,092	(1,416)	(914)	9,545	19,307	60	19,367
2021							
Beginning of financial year	12,092	(455)	(914)	6,356	17,079	42	17,121
Total comprehensive income for the financial year:							
- Profit for the financial year	–	–	–	1,533	1,533	8	1,541
- Other comprehensive loss for the financial year	–	(8)	–	(23)	(31)	–	(31)
Total	–	(8)	–	1,510	1,502	8	1,510
Transactions with owners, recognised directly in equity:							
- Dividends (Note 32)	–	–	–	(407)	(407)	–	(407)
End of financial year	12,092	(463)	(914)	7,459	18,174	50	18,224

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

STATEMENTS OF CHANGES IN EQUITY

As at 31 December 2022

Company	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total $'000
2022				
Beginning of financial year	12,092	–	87	12,179
Profit for the financial year, representing total comprehensive income for the financial year	–	–	445	445
Transactions with owners, recognised directly in equity:				
- Dividends (Note 32)	–	–	(460)	(460)
End of financial year	12,092	–	72	12,164
2021				
Beginning of financial year	12,092	–	13	12,105
Profit for the financial year, representing total comprehensive income for the financial year	–	–	481	481
Transactions with owners, recognised directly in equity:				
- Dividends (Note 32)	–	–	(407)	(407)
End of financial year	12,092	–	87	12,179

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	Group 2022 $'000	Group 2021 $'000
Cash flows from operating activities			
Profit before income tax		3,506	2,086
Adjustments for:			
- Depreciation of property, plant and equipment	11	176	169
- Depreciation of right-of-use assets	12	181	149
- Defined benefit obligation costs	20	38	68
- Share of profit of a joint venture		(128)	(87)
- Interest expense	27	122	140
- Interest income	26	(112)	(127)
- Loss allowance on trade receivables and contract assets	28	232	89
- Gain on disposal of right-of-use assets	26	–	(4)
- Unrealised currency translation loss/(gain)		–	(65)
		4,015	2,418
Changes in working capital:			
Trade and other receivables		423	(4,299)
Contract assets		(5,927)	8,022
Inventories		114	147
Trade and other payables		2,568	(3,259)
Contract liabilities		(276)	280
Cash generated from operations		917	3,309
Income tax paid		(683)	(477)
Interest received		112	127
Net cash from operating activities		346	2,959
Cash flows from investing activities			
Equity injection into financial asset, at FVOCI	16	(112)	(560)
Purchase of property, plant and equipment	11	(91)	(365)
Addition of right-of-use assets		(48)	–
Proceeds from disposal of right-of-use assets		–	5
Net cash used in investing activities		(251)	(920)
Cash flows from financing activities			
Interest paid		(110)	(121)
Dividends paid		(460)	(407)
Repayments paid to directors		–	(143)
Repayments of borrowings		(1,153)	(1,216)
Repayments of lease liabilities		(139)	(79)
Placement of fixed deposits pledged		–	(830)
Proceeds from borrowings		250	900
Net cash used in financing activities		(1,612)	(1,896)
Net (decrease)/increase in cash and cash equivalents		(1,517)	143
Cash and cash equivalents at beginning of the financial year		14,055	13,961
Effect of exchange rate changes on the balance of cash held in foreign currencies		(613)	(49)
Cash and cash equivalents at end of the financial year	7	11,925	14,055

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2022

Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	Beginning of financial year	Net of proceeds from/ (repayment of) principal and interests	Interest expenses	Additions in leases liabilities	Exchange differences	End of financial year
	$'000	$'000	$'000	$'000	$'000	$'000
2022						
Lease liabilities (Note 18)	505	(158)	19	84	(7)	443
Borrowings (Note 19)	4,721	(994)	91	–	–	3,818
Amount due to directors (Note 17)	176	–	12	–	(14)	174
	5,402	(1,152)	122	84	(21)	4,435
2021						
Lease liabilities (Note 18)	258	(96)	17	326	–	505
Borrowings (Note 19)	5,037	(420)	104	–	–	4,721
Amount due to directors (Note 17)	300	(143)	19	–	–	176
	5,595	(659)	140	326	–	5,402

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

The Company is incorporated and domiciled in Singapore with its principal place of business and registered office at 20 Woodlands Link, #04-30/31, Singapore 738733. The consolidated financial statements are expressed in Singapore Dollar ("$"), which is also the functional currency of the Company. All financial information presented in $ have been rounded to the nearest thousand, unless otherwise stated.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary corporations, joint venture and joint operations are disclosed in Notes 13, 14 and 15 respectively to the financial statements.

These financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 3 April 2023.

2. ADOPTION OF NEW STANDARDS AND REVISED STANDARDS

On 1 January 2022, the Group and the Company have adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations. The adoption of these new/revised SFRS(I)s and INT SFRS(I) does not result in changes to the accounting policies of the Group and the Company and has no material effect on the amounts reported for the current or prior financial years.

New and amendments to SFRS(I)s in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not early adopted the following new and revised SFRS(I) that have been issued but are not yet effective:

Effective for annual periods beginning on or after 1 January 2023	
SFRS(I) 17	*Insurance Contracts*
Amendments to SFRS(I) 1-1	*Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*
Amendments to SFRS(I) 1-1	*Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)*
Amendments to SFRS(I) 1-8	*Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)*
Amendments to SFRS(I) 1- 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Effective date to be determined	
Amendments to SFRS(I) 1-10	*Consolidated Financial Statements*
Amendments to SFRS(I) 1-28	*Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)*

The directors do not expect that the adoption of the Standards and Interpretations listed above that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group, to have a material impact on the financial statements of the Group and the Company in future periods and on foreseeable future transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

(c) Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary corporations. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary corporation begins when the Company obtains control over the subsidiary corporation and ceases when the Company loses control of the subsidiary corporation. Specifically, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary corporation.

When necessary, adjustments are made to the financial statements of subsidiary corporations to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Non-controlling interests in subsidiary corporations are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary corporations is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non -controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (cont'd)

When the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable SFRS(I) Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investment in subsidiary corporations and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 *Employee Benefits respectively*;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Business combinations (cont'd)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.4 Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the group may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Amortised cost and effective interest method (cont'd)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'Other income – interest income' line item.

Equity instruments designated as at FVOCI

On initial recognition, the group may make an irrevocable election (on an instrument-by-instrument basis) to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with SFRS(I) 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Other Income" line item in profit or loss.

The group designated all investments in equity instruments that are not held for trading as at FVOCI on initial recognition (Note 16).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Equity instruments designated as at FVOCI (cont'd)

A financial asset is held for trading if either:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets at FVPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI are measured at FVPL. Specifically:

- Investments in equity instruments are classified as at FVPL, unless the group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVOCI criteria are classified as at FVPL. In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instruments as at FVPL.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Other gains and losses' line item.

<u>Foreign exchange gains and losses</u>

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVOCI, exchange differences are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables and contract assets. The amount of expected credit losses is reviewed at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL (simplified approach) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomics factors affecting the ability of the customers to settle the receivables.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; or

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a breach of contract, such as a default or past due event;
- significant financial difficulty of the issuer or the borrower; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

Impairment of financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve under equity is not reclassified to profit or loss, but is transferred to retained earnings.

3.5.1 Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs in Note 3.14 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (cont'd)

3.5.1 Financial liabilities and equity

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in statement of comprehensive income.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired.

3.5.2 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

3.6 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments).

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

The Group as lessee (cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.* To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.9 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represent the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of Inventories to the lower of cost and net realisable value.

3.8 Property, plant and equipment

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

Depreciation is charged so as to write off the cost of assets, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

	Number of years
Leasehold property	Over terms of lease of 30 years
Water treatment facility	25
Renovation	3 – 10
Machinery and equipment	3 – 5
Office equipment, furniture and fittings	3 – 5
Motor vehicles	4 – 10
Computers	5

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

Fully depreciated assets still in use are retained in the consolidated financial statements.

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

3.9 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment of tangible assets (cont'd)

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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income to the extent that eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.10 Joint venture

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 results and assets and liabilities of joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations.*

Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Joint venture (cont'd)

The requirements of SFRS(I) 1-36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9 *Financial Instruments.* The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the joint venture is disposed off.

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

3.11 Interests in a joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Interests in a joint operation (cont'd)

When a Group entity undertakes its activities under a joint operation, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the SFRS(I)s applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under SFRS(I) 15 *Revenue from Contracts with Customers*, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or
- the entity's performance creates and enhances an asset that the customer controls as the Company performs; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point-in-time when the customer obtains control of the distinct good or service.

The Group recognises revenue from the following major sources:

- Revenue from total solutions with engineering, procurement and construction ("TSEPC") projects
- Revenue from Operation, maintenance and service of water and wastewater treatment plants ("OMS")
- Sales and distribution of water treatment systems and trading ("SDS & Trading")
- Sales of water ("SOW")

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue (cont'd)

Revenue from TSEPC projects

The Group provides total solutions with engineering, procurement and construction services in the fields of water and wastewater treatment management under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the services at the customers' specified sites that the Group's performance creates or enhances an asset that the customer controls as the Group performs. Revenue from provision of such services is therefore recognised over time using input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs ("input method") to measure the Group's progress towards complete satisfaction of a performance obligation and recognise revenue over time in accordance with SFRS(I) 15 *Revenue from Contracts with Customers.* Management of the Group considers that input method would faithfully depict the Group's performance towards complete satisfaction of these performance obligation under SFRS(I) 15 *Revenue from Contracts with Customers.*

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with SFRS(I) 9 *Financial Instruments*. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

OMS

Revenue from OMS services is recognised as performance obligation satisfied over time in the accounting period when the services are rendered.

SDS & Trading

Revenue from SDS & Trading is recognised at the point in time when the control of the goods is transferred to the customers.

SOW

Revenue from sales of potable water is recognised at the point in time based on volume delivered to the customers based on meter readings.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue (cont'd)

Construction revenue from service concession arrangements

Construction revenue relates to a service concession arrangement entered by a joint venture with a Indonesian state-owned enterprise to construct and operate a water treatment plant, accounted for under SFRS(I) INT 12 *Service Concession Arrangements.* Construction revenue is recognised over time using the cost-based input method.

Finance income from service concession arrangements

Financial income from service concession arrangement is recognised when it is probable that the economic benefits will flow to the joint venture and the amount of income can be measured reliably. Financial income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.14 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.

3.15 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.16 Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions. Payments made to state-managed retirement benefit plants are accounted for as payment to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Retirement benefit costs (cont'd)

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, is reflected immediately in the consolidated statement of financial position with a charge or credit in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gain or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are split into three categorised:

- 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 "general and administrative expenses". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated 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.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

3.17 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

3.18 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Group operates by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (cont'd)

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on the differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax laws and rate that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.19 Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in Singapore Dollar, which is the functional currency of the Company and presentation currency for the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Foreign currency transactions and translation (cont'd)

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency are recognised at the rate of exchange prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above under hedge accounting); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rate prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the company are reclassified to profit or loss

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

3.20 Cash and cash equivalents in the consolidated statement of cash flows

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the insurance new ordinary shares are deducted against the share capital account.

3.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

3.23 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are measured initially at their fair values and, if not designated as at FVPL and do not arise from a transfer of a financial asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

3.24 Investment in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

3.25 Service Concession Arrangement

The Group's service concession arrangement is held by a joint venture. Public-to-private service concession arrangement is accounted for under SFRS(I) INT 12 Service Concession Arrangements if the following two conditions are met:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls—through ownership, beneficial entitlement or otherwise—any significant residual interest in the infrastructure at the end of the term of the arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.25 Service Concession Arrangement (cont'd)

The nature of the consideration from the grantor determines its subsequent accounting treatment. The consideration may be a right to (a) a financial asset; (b) an intangible asset; or (c) hybrid of a financial asset and an intangible asset. The joint venture's service concession arrangement relates to a financial asset.

Financial assets arising from service concession arrangements represent the amounts due from the grantor for services provided by the Group in connection with service concession arrangements where the Group has an unconditional right to receive cash from the grantor. Financial assets arising from service concession arrangements are measured by the joint venture in accordance with accounting policies in Note 3.5.1; whereas construction revenue and finance income arising from service concession arrangements are recognised by the joint venture based on revenue recognition policy in Note 3.13.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the application of the Group's accounting policies which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Control over PTMP

As disclosed in Note 13(f) to the financial statements, the Group consolidates PTMP as a subsidiary corporation even though the Group has no equity ownership interest in PTMP. In determining control, management assessed whether the Group has the ability to direct the relevant activities of PTMP. Management has determined that the Group has the ability to direct the relevant activities of PTMP through the appointment of key management personnel of PTMP, has the rights to variable returns from its involvement with PTMP and has the ability to affect those returns through its power over PTMP.

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, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

Key sources of estimation uncertainty (cont'd)

(a) Revenue recognition of TSEPC contracts

The Group recognises contract revenue and profit of a construction contract during the course of construction by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period. Progress towards complete satisfaction is measured based on input method.

Estimated construction revenue is determined with reference to the terms of the relevant contracts which requires significant judgement. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major suppliers involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised during the course of construction. Management is satisfied that the estimates are realistic, and the total project costs do not exceed the total project revenue for each individual contract that is ongoing as at the end of the reporting period.

The amount of revenue recognised based on input method for the financial year ended 31 December 2022 and the carrying amounts of contract assets and contract liabilities arising from TSEPC contracts as at 31 December 2022 are disclosed in Notes 25 and 9 to the financial statements, respectively.

(b) Estimated impairment of trade receivables, other receivables and contract assets

The Group assesses at each reporting date, the allowance required for trade receivables, other receivables and contract assets. The expected credit loss on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The carrying amounts of trade receivables, other receivables and contract assets of the Group as at 31 December 2022 are disclosed in Notes 8 and 9 to the financial statements, respectively.

(c) Impairment of investments in subsidiary corporations and joint venture

The Group and the Company follow the guidance in SFRS(I) 1-36 Impairment of Assets on determining at least on an annual basis whether the Company's investments in subsidiary corporation and the Group's investments in joint venture are impaired. Management evaluates, among other factors, the market and economic environment in which the subsidiary corporations and joint venture operate and the financial performance of the subsidiary corporations and joint venture to determine whether there are indicators of impairment and if so, whether the estimated recoverable amount exceeds cost. Recoverable amount is the higher of fair value less costs to sell or value-in-use. Management has estimated the recoverable amount based on the higher of value-in-use and fair value less cost of disposal. The fair value less costs of disposal is determined by reference to the estimated realisable values of the net tangible assets of the subsidiary corporations and joint venture if it cannot be reliably measured using market and income approaches.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

Key sources of estimation uncertainty (cont'd)

(c) Impairment of investments in subsidiary corporations and joint venture (cont'd)

The value-in-use calculation requires management to estimate the future cash-flows expected from the cash-generating units based on business plans and financial budgets approved by management and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of the investments in subsidiary corporations and joint venture as at 31 December 2022 are disclosed in Notes 13 and 14 to the financial statements, respectively.

(d) Income tax and deferred tax

The Group is subject to income taxes in Singapore, Indonesia and China. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and deductibility of certain expense ("uncertain tax positions") in each jurisdiction. 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 year in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the current tax and deferred tax provision are disclosed in the statement of financial position and Note 21 to the financial statements, respectively.

(e) Valuation of financial asset, at FVOCI

The Group recognised its investment in unquoted equity shares at fair value through other comprehensive income. The changes in fair value of investment will be recognised in other comprehensive income.

Based on the available information, the Group has made assumptions that the underlying net asset value of the investee company are used to determine the fair value of the investment. The fair value measurement is disclosed in Note 16 to the financial statements.

Whilst the Group believes the assumptions are reasonable and appropriate, significant changes in the assumptions may materially affect the fair value recorded. The carrying amount of the financial asset, at FVOCI is disclosed in Note 16 to the financial statements.

5. 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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets				
Fair value through other comprehensive income	776	736	–	–
At amortised cost	20,021	22,855	8,225	8,426
	20,797	23,591	8,225	8,426
Financial liabilities				
At amortised cost	16,802	14,840	2,199	2,400

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets/ (liabilities) $'000	Gross amounts of recognised financial liabilities set off in the statement of financial position $'000	Net amounts of financial assets presented in the statement of financial position $'000
Company			
2022			
Trade and other receivables	8,642	(678)	7,964
Trade and other payables	(2,877)	678	(2,199)
2021			
Trade and other receivables	9,056	(929)	8,127
Trade and other payables	(3,329)	929	(2,400)

The Group does not have any financial instrument subject to enforceable master netting arrangements or similar agreements as at 31 December 2022 and 2021.

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and the respective counter parties allows for the net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however each party to the master netting agreement or similar agreement will have option to settle all such amounts on a net basis in the event of default of the other party.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives

The Group's and the Company's overall financial risk management policies and objectives seek to minimise potential adverse effects on the financial performance of the Group and the Company. Management regularly reviews the Group's and the Company's business and operational activities to identify areas of significant business risks, as well as appropriate measures through which to control and mitigate these risks. On an on-going basis, management reviews all significant control policies and procedures, and highlights all significant matters to the Board of Directors. There has been no significant 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 Group and the Company do not hold or issue derivative financial instrument for speculative purposes. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group's and the Company's foreign currency exposure during the financial year arises from Renminbi, Euro, Singapore Dollar and United States Dollar. The Group and the Company do not hedge against foreign exchange exposure as the exposure is managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in the same foreign currencies.

At the end of the financial year, the carrying amounts of monetary assets and monetary liabilities denominated in currency other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Renminbi	(323)	(206)	4	5
Euro	(438)	(108)	14	–
Singapore Dollar	(6,398)	(3,340)	356	1,504
United States Dollar	(2,549)	(585)	2,807	463
Company				
United States Dollar	–	–	147	11

The Company has a number of investments in foreign subsidiary corporations, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

In management's opinion, the sensitivity analysis is not representative of the inherent foreign exchange risk as the financial year end exposure does not reflect the exposure during the financial year.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) 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 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans where they gave rise to an impact on the Group's and the Company's profit.

If the relevant foreign currency weakens by 5% against the functional currency of each group entity, the Group's and the Company's profit before income tax will increase/(decrease) by:

	2022 $'000	2021 $'000
Group		
Renminbi	16	10
Euro	21	5
Singapore Dollar	302	92
United States Dollar	(13)	6
Company		
United States Dollar	(7)	(1)

If the relevant foreign currency strengthens by 5% there would be an equal and opposite impact on the Group's and the Company's profit before income tax shown above, on the basis that all other variables remain constant. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the financial year end exposure does not reflect the exposure during the financial year.

(ii) Interest rate risk management

The Group's and the Company's exposure to interest rate risk is restricted to their interest-bearing bank balances and deposits, lease liabilities and borrowings as disclosed in Notes 7, 18 and 19 to the financial statements, respectively.

No interest rate sensitivity was performed since the Group's and the Company's exposure to interest rate on their variable rate borrowing is not significant.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The carrying amounts of financial assets and contract assets as stated in the statements of financial position and the exposure to calls on corporate guarantees below represent the Group's and the Company's maximum exposure to credit risk. The Group and the Company do not hold collateral over any of these balances.

The Group minimises its credit risk via the following:

- For credit risk from customers, the Group trades only with recognised and creditworthy third parties or government authorities. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

- For other financial assets (such as cash and bank balances), the Group only deals exclusively with high credit rating counterparties such as such as reputable financial institutions.

The Group's current credit risk framework comprises the following categories:

Category	**Description**	**Basis for recognising ECL**
Performing	The counterparty has a low risk of default.	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

* Except for specific cases where management has assessed that the amount is still fully recoverable.

For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

Credit risk concentration profile

As at 31 December 2022, 76% (2021: 66%) of the Group's revenue is derived from 1 customer in Singapore and 3 customers in Indonesia (2021: 1 customer in Singapore), which represents concentration risk within the geographical location. There is concentration of credit risk as approximately 83% (2021: 80%) of the Group's trade receivables at the end of the financial year relates to 5 (2021: 5) customers.

As at 31 December 2022, the Company has amount due from subsidiaries which accounted for 99% (2021: 97%) of the Company's other receivables.

The Group and the Company place their bank balances with creditworthy financial institutions.

<u>Impairment of trade receivables and contract assets</u>

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate mainly to work completed and not billed, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In determining the ECL, the Group considers the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Due to a change in characteristics mentioned above for certain debtors, management is of the opinion that loss allowances are required in the current financial year.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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.

Movements in credit loss allowance are as follows:

	Trade receivables		Contract assets	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Group				
Beginning of financial year	10	–	79	–
Loss allowance measured:				
Lifetime ECL - simplified approach	52	10	180	79
End of financial year	62	10	259	79

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(iii) Credit risk management (cont'd)

Impairment of trade receivables and contract assets (cont'd)

The following table details the risk profile of trade receivables and contract assets based on the Group's provision matrix.

Group	Not past due $'000	Past due < 30 days $'000	Past due 31 - 60 days $'000	Past due 61 - 90 days $'000	Past due > 90 days $'000	Total $'000
2022						
Trade receivables (including unbilled revenue)	3,760	1,597	477	2	264	6,100
Contract assets	12,015	–	–	–	–	12,015
Less: Loss allowance						
- Trade receivables	–	–	–	–	(62)	(62)
- Contract assets	(259)	–	–	–	–	(259)
	(259)	–	–	–	(62)	(321)
	15,516	1,597	477	2	202	17,794
2021						
Trade receivables (including unbilled revenues)	5,141	1,412	140	80	265	7,038
Contract assets	6,088	–	–	–	–	6,088
Less: Loss allowance						
- Trade receivables	–	–	–	–	(10)	(10)
- Contract assets	(79)	–	–	–	–	(79)
	(79)	–	–	–	(10)	(89)
	11,150	1,412	140	80	255	13,037

Further details of credit risk on trade receivables and contract assets are disclosed in Notes 8 and 9 to the financial statements.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks. The maximum amount the Group could be forced to settle under financial guarantee contracts provided to its joint venture is $6,655,000 (2021: $7,373,000) (Note 33). Based on expectations at the end of the financial year, the Group considers that it is remote that any amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty suffer credit losses.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet their financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows.

Liquidity risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Total
	%	$'000	$'000	$'000	$'000
Group					
2022					
Non-interest bearing	–	12,367	–	–	12,367
Loan from a director (fixed rate)	7.2	186	–	–	186
Lease liabilities (fixed rate)	5.4	226	254	11	491
Borrowings (fixed rate)	2.2	1,496	2,442	–	3,938
Total		14,275	2,696	11	16,982
2021					
Non-interest bearing	–	9,438	–	–	9,438
Loan from a director (fixed rate)	7.2	188	–	–	188
Lease liabilities (fixed rate)	6.1	214	301	30	545
Borrowings (fixed rate)	2.2	1,244	3,687	–	4,931
Total		11,084	3,988	30	15,102

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

Liquidity risk analysis (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Total
	%	$'000	$'000	$'000	$'000
Company					
2022					
Non-interest bearing	–	2,199	–	–	2,199
Financial guarantee	–	5,923	–	–	5,923
		8,122	–	–	8,122
2021					
Non-interest bearing	–	2,400	–	–	2,400
Financial guarantee	–	5,844	–	–	5,844
		8,244	–	–	8,244

(v) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments or they bear interest at rates which approximate the current incremental borrowing rate for similar type of borrowing arrangement. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

Some of the Group and Company's financial assets are measured at fair value as at each reporting date. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (cont'd)

(v) Fair value of financial assets and financial liabilities (cont'd)

	Fair value as at 2022 Assets $'000	Fair value as at 2021 Assets $'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial assets						
Financial asset, at fair value through other comprehensive income:						
Investment in unquoted equity shares	776	736	Level 3	The fair value of the unquoted equity share is based on the net adjusted assets from their latest available management accounts	Net asset values of the unquoted equity share	The estimated fair value would increase/ (decrease) if net assets value of the unquoted equity was higher/(lower)

(d) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the lease liabilities (Note 18) and borrowings (Note 19), and equity attributable to owners of the Company, which comprises issued capital, reserves and retained earnings.

Management regularly monitors compliance with the financial covenants imposed by financial institutions for the facilities granted to the Group. As at the end of the reporting period, the Group is in compliance with externally imposed financial covenants requirements.

The Group's and the Company's overall strategy remains unchanged from prior financial year.

6. OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these consolidated financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

	2022 $'000	2021 $'000
A Director		
Interest expense on loan from a director (Note 27)	12	19
Director-controlled company		
Lease payments for warehouse and office	56	57
Joint venture		
Service revenue	803	523

Compensation of directors and key management personnel

The remuneration of directors and other members of key management personnel are as follows:

	2022 $'000	2021 $'000
Wages, salaries and bonuses	1,658	1,617
Employer's contribution to defined contribution plans	68	78
Total	1,726	1,695

The amount of directors' remuneration for the financial years ended 31 December 2022 and 2021 is disclosed in Note 30 to the financial statements.

7. CASH AND BANK BALANCES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash on hand	2	2	–	–
Cash at banks	10,051	11,455	261	299
Short-term fixed deposits	3,281	3,994	–	–
Cash and bank balances as per statements of financial position	13,334	15,451	261	299
Less: Fixed deposits, pledged	(1,409)	(1,396)		
Cash and cash equivalents in the consolidated statement of cash flows	11,925	14,055		

The effective interest rates of the fixed deposits ranged from 2.5% to 5.25% (2021: 0.5% to 4.5%) per annum and for a tenure of 1 to 3 months (2021: 1 month).

Fixed deposits amounting to $1,409,000 (2021: $1,396,000) were pledged to a bank for banking facilities purpose.

Management considered that the ECL for cash and cash equivalents is insignificant as at 31 December 2022 and 2021.

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables:				
- Non-related parties	5,567	5,855	–	–
- Joint venture	202	269	–	–
	5,769	6,124	–	–
Unbilled revenue [(a)]	331	914	–	–
Less: loss allowance	(62)	(10)	–	–
Total trade receivables	6,038	7,028	–	–
Other receivables:				
- Amounts due from subsidiary corporations [(b)]	–	–	7,963	8,127
- Amount due from a joint venture	19	21	–	–
- Grant receivables	–	16	–	–
- Bills receivables	–	31	–	–
- Refundable deposits	307	145	–	–
- Prepayments	1,281	971	107	301
- Staff loans	195	40	–	–
- Other tax recoverable	52	104	–	–
- Others	128	139	1	–
Total other receivables	1,982	1,467	8,071	8,428
Total	8,020	8,495	8,071	8,428

(a) Unbilled revenue relate to accrued revenue of which payment certificates are issued by customers but billings have not been raised to customers at the end of the financial year.

(b) Amounts due from subsidiary corporations are unsecured, interest-free and repayable on demand except for loans to a subsidiary corporation amounting to $1,565,000 (2021: $1,740,000) which are unsecured and bears interest at 2.50% to 5.50% (2021: 2.50%) per annum.

These trade and other receivables are not secured by any collateral or credit enhancements. The credit period granted to customers is generally 30 to 60 days (2021: 30 to 60 days). No interest is charged on the outstanding balances, except those disclosed as above.

Trade receivables

Majority of the Group's trade receivables that are neither past due nor impaired has good credit quality with reference to respective settlement history.

The Group applied simplified approach to provide the expected credit losses prescribed by SFRS(I). The impairment methodology and the credit risk assessment are set out in Notes 3.4 and 5(c)(iii) to the financial statements respectively.

8. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables (cont'd)

The movement in loss allowance for trade receivables is as follows:

	Group	
	2022	2021
	$'000	$'000
At beginning of financial year	10	–
Provided during the financial year	52	10
At end of financial year	62	10

Other receivables

For the purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment as 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 the 12-month expected credit losses ("ECL").

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

Amount due from subsidiary corporations

For purpose of impairment assessment, these receivables are considered to have low credit risk as the timing of payment is controlled by the Group taking into account cash flow management within the subsidiary corporations 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 the 12-month ECL.

In determining the ECL, management has taken into account the financial position of the subsidiary corporations, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiary corporations operate, in estimating the probability of default of the receivables as well as the loss upon default. Management determines the receivables from the subsidiary corporations are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current financial year in assessing the loss allowance for amount due from subsidiary corporations.

Management noted that there were changes in credit quality of certain debtors in trade receivables and provided expected credit losses for these debtors during the current financial year. Other than these receivables where allowance has been made, ECL for the remaining balance of trade and other receivables is insignificant as at 31 December 2022 and 2021.

9. CONTRACT ASSETS/(LIABILITIES)

The following is the analysis of the contract assets and contract liabilities:

	Group	
	2022	2021
	$'000	$'000
Contract assets:		
- Construction contracts	12,015	6,088
Less: Loss allowance	(259)	(79)
Total contract assets	11,756	6,009
Contract liabilities:		
- Construction contracts	(352)	(1,267)
- Sales of goods	(646)	(7)
Total contract liabilities	(998)	(1,274)
	10,758	4,735

Contract assets and contract liabilities arising from the same contract are presented on net basis.

The changes in contract assets and contract liabilities as at 31 December 2022 and 2021 are due to the differences between the agreed payment schedule and the progress of the construction works.

The movement in loss allowance for contract assets is as follows:

	Group	
	2022	2021
	$'000	$'000
At beginning of financial year	79	–
Provided during the financial year	180	79
At end of financial year	259	79

<u>Contract assets:</u>

	Group	
	2022	2021
	$'000	$'000
Unbilled contract works	11,603	5,626
Retention sum	412	462
Total	12,015	6,088

9. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

Contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in satisfying the respective performance obligations at the reporting date on construction contracts in respect of TSEPC.

Retention sum is unsecured, interest-free and expected to be received in the normal operating cycle of the Group.

Management of the Group noted that there were significant changes in credit quality of certain customers in contract assets and provided expected credit losses for these customers.

Contract liabilities:

	Group	
	2022	2021
	$'000	$'000
Excess of milestone billings over contract works	(28)	–
Advances from customers	(970)	(1,274)
Total	(998)	(1,274)

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise when a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method or when the Group has received advance payments from customers.

The Group's revenue recognised that was included in the contract liabilities balance at the beginning of the financial year is as follows:

	2022	2021
	$'000	$'000
Construction contracts	1,267	922
Sales of goods	7	72
Total	1,274	994

10. INVENTORIES

	Group	
	2022	2021
	$'000	$'000
Trading-related inventories	32	56
Goods-in-transit	–	90
	32	146

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property	Water treatment facility	Renovation	Machinery and equipment	Office equipment, furniture and fittings	Motor vehicles	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:								
At 1 January 2021	655	1,102	134	70	305	137	77	2,480
Additions	–	–	216	91	52	6	–	365
Exchange differences	–	1	1	–	1	2	–	5
At 31 December 2021	655	1,103	351	161	358	145	77	2,850
Additions	–	–	–	7	45	39	–	91
Exchange differences	–	(95)	(4)	(10)	(9)	(5)	–	(123)
At 31 December 2022	655	1,008	347	158	394	179	77	2,818
Accumulated depreciation:								
At 1 January 2021	524	97	125	36	233	84	51	1,150
Depreciation	22	46	14	28	37	12	10	169
Exchange differences	–	–	2	–	1	1	–	4
At 31 December 2021	546	143	141	64	271	97	61	1,323
Depreciation	22	35	44	28	31	11	5	176
Exchange differences	–	(15)	(4)	(3)	(9)	(7)	–	(38)
At 31 December 2022	568	163	181	89	293	101	66	1,461
Carrying amount:								
At 31 December 2022	87	845	166	69	101	78	11	1,357
At 31 December 2021	109	960	210	97	87	48	16	1,527

Details of the Group's leasehold property as at the end of the financial year are as follows:

Location	Approximate gross floor area	Tenure	Effect from	Usage
Block 20, Woodlands Link, #04-30/31, Singapore 738733	2,938 sq ft	30 years	1997	Office premises

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

As at 31 December 2022, the leasehold property with the carrying amount of $87,000 (2021: $109,000) is mortgaged as security for banking facilities.

Company	**Office equipment, furniture and fittings** **$'000**
Cost:	
At 1 January 2021, 31 December 2021 and 2022	3
Accumulated depreciation:	
At 1 January 2021	–*
Depreciation	1
At 31 December 2021	1
Depreciation	–*
At 31 December 2022	1
Carrying amount:	
At 31 December 2021 and 2022	2

* Amount less than $1,000.

12. RIGHT-OF-USE ASSETS

The Group leases several assets including warehouse, office space and motor vehicles. The average lease term for warehouse and office space is three (2021: three) years and the average lease term for motor vehicles is three to seven (2021: three to seven) years.

The Group's obligations are secured by the lessors' title to the leased assets for such leases.

There are no extension or termination options on the leases.

Right-of-use assets

Group	**Warehouse and office space**	**Motor vehicles**	**Total**
	$'000	**$'000**	**$'000**
Cost:			
At 1 January 2021	266	361	627
Addition	224	103	327
Disposals	(49)	(45)	(94)
At 31 December 2021	441	419	860
Addition	–	132	132#
Exchange differences	(12)	(10)	(22)
At 31 December 2022	429	541	970
Accumulated depreciation:			
At 1 January 2021	181	180	361
Depreciation (Note 18)	81	68	149
Disposals	(49)	(44)	(93)
At 31 December 2021	213	204	417
Depreciation (Note 18)	99	82	181
Exchange differences	(12)	(6)	(18)
At 31 December 2022	300	280	580
Carrying amount:			
At 31 December 2022	129	261	390
At 31 December 2021	228	215	443

\# During the financial year ended 31 December 2022, the Group has addition of right-of-use assets amounting to $132,000 (2021: $327,000) of which $48,000 (2021: $nil) was paid before the commencement of lease arrangements.

13. INVESTMENT IN SUBSIDIARY CORPORATIONS

	Company	
	2022	2021
	$'000	$'000
Unquoted equity shares, at cost	4,961	4,961
Additions	134	–
	5,095	4,961
Less: Impairment losses	(528)	(528)
Net investment amount	4,567	4,433
Deemed investment [a]	1,473	1,473
Investment in subsidiary corporations, net	6,040	5,906

(a) The amount is stated at cost as it is deemed to be part of the Company's equity investments in the subsidiary corporations, as the amounts are interest-free, payable at discretion of the borrowers when they are able to do so.

Movement in impairment losses:

	Company	
	2022	2021
	$'000	$'000
At beginning and end of the financial year	528	528

For the financial year ended 31 December 2022 and 2021, a review for impairment indicators was performed on the investments in subsidiary corporations. For investments in subsidiary corporations with impairment indicators, an impairment assessment was performed by comparing the value-in-use calculation against the net carrying amount of the investment.

Management has assessed that no additional or reversal of impairment loss was required for the investments in subsidiary corporations with impairment indicators based on the recoverable amount derived from the value-in-use calculation.

Key assumptions used for the value-in-use calculation are as follows:

	Budgeted gross margin	Perpetual growth rate	Discount rate
	%	%	%
2022			
MIT Water Technology Chengdu Co. Ltd.	20	3	13.0
2021			
MIT Water Technology Chengdu Co. Ltd.	21	2	7.3

13. INVESTMENT IN SUBSIDIARY CORPORATIONS (CONT'D)

Sensitivity analysis

If the discount rate applied to the discounted cash flows for this CGU had been 1% higher than management's estimates, the recoverable amount of the CGU would be approximate the net carrying amount as at 31 December 2022 and 2021.

Subsidiary corporations

The details of the Group's subsidiary corporations are as follows:

Name of subsidiary corporation	Country of incorporation and operation	Principal activities	Effective interests of the Group	
			2022	2021
			%	%
Memiontec Pte Ltd [(a)]	Singapore	Design, engineering, procurement and turnkey construction of water and wastewater treatment and plants; and maintenance and service of water and wastewater treatment equipment, system and plants.	100	100
M Water Resources International Pte. Ltd. [(a)]	Singapore	Customisation and distribution of modular water and wastewater treatment components, equipment and system.	100	100
Memiontec Industries Pte. Ltd. [(a)]	Singapore	Building construction; collection, purification and distribution of water (including desalination of water); and investment holding.	100	100
PT Memiontec Indonesia [(b) (d)]	Indonesia	Design, engineering, procurement, fabrication, assembly and turnkey construction water and wastewater treatment and plants; water management services; and investment holding.	99.4	99.4
PT Memindo Pratama [(b) (f)]	Indonesia	Design, engineering, procurement, fabrication, assembly and turnkey construction water and wastewater treatment and plants; water management services; and trading of water treatment components and equipment.	98	98
MIT Water Technology Chengdu Co. Ltd. [(c)]	China	Trading of water treatment components and equipment.	100	100
Memiontec Co. Ltd. [(e)]	Vietnam	Construction of water supply and drainage system	100	–

13. INVESTMENT IN SUBSIDIARY CORPORATIONS (CONT'D)

Notes

(a) Audited by CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), Singapore.

(b) Audited by Nexia KPS, a member firm of Nexia International network.

(c) Audited by Baker Tilly China Certified Public Accountants China (Chengdu Branch), an affiliated firm of Baker Tilly International.

(d) The subsidiary corporation was acquired by the Group under common control accounting in 2019, as part of the Group's restructuring exercise in preparation for the listing of the Company on the SGX-ST.

(e) The subsidiary corporation was newly incorporated in October 2022, hence it is unaudited for FY2022 as it is still dormant with no activities.

(f) Pursuant to a loan agreement dated 22 December 2019 amongst Memiontec Industries Pte. Ltd. ("MIPL"), PTMP, Mr. Tay Kiat Seng ("Mr. Tay") and Ms. Soelistyo Dewi Soegiharto ("Ms. Dewi"), MIPL granted a loan of IDR7,030,000,000 (equivalent to $670,000) to PTMP (the "Loan") for the purchase and/or subscription of 30% of the shares in PTMI (the "Loan Agreement") effective from 13 February 2019. Mr. Tay and Ms. Dewi have provided an undertaking in the Loan Agreement that (i) for so long as either of them or their respective associates remain a substantial shareholder or director of the Company; or (ii) the restrictions against MIPL holding 100% of PTMP and PTMI are not removed, whichever is the earlier, MIPL shall not submit any written repayment request to PTMP or declare any amounts payable under the Loan Agreement to be immediately due and payable even where there is any event of default. Under the Loan Agreement, MIPL will be entitled to nominate the members of the Board of Directors and the Board of Commissioners of PTMP. The loan is secured by:

- a pledge of shares given by Ms. Dewi in respect of her 98% shares in PTMP ("PTMP Shares") in favour of MIPL. Ms. Dewi shall not, without the prior consent of MIPL, dispose of or transfer any of her 98% shares in PTMP or create any encumbrances on these shares;
- an option to purchase given by Ms. Dewi in respect of the PTMP Shares in favour of MIPL up to the approved foreign ownership threshold under Indonesia laws and regulations from time to time;
- an assignment of dividends given by PTMP in respect of its 30% shares in PTMI ("PTMI Shares") in favour of MIPL;
- a power of attorney to sell shares given by PTMP to MIPL, entitling MIPL to sell the PTMI Shares;
- a pledge of shares given by PTMP in respect of the PTMI Shares in favour of MIPL. PTMP shall not, without the prior consent of MIPL, dispose of or transfer any of its 30% shares in PTMI or create any encumbrances on these shares;
- an option to purchase given by PTMP in respect of the PTMI Shares in favour of MIPL up to the approved foreign ownership threshold under Indonesia laws and regulations from time to time;
- an assignment of dividends given by Ms. Dewi in respect of the PTMP Shares in favour of MIPL; and
- a power of attorney to sell shares given by Ms. Dewi to MIPL, entitling MIPL to sell the PTMP Shares.

(collectively, "Loan Security Documents" and together with the Loan Agreement, "Combination Agreements").

In addition to the Combination Agreements, Ms. Dewi has also assigned to MIPL all of her rights, titles and interests in and to any (i) excess of liquidation proceeds to be paid by PTMP or its liquidator with respect to the PTMP Shares when PTMP is in the liquidation process; and (ii) any proceeds of capital reduction to be paid by PTMP with respect to the PTMP Shares when PTMP reduces its issued and paid-up capital.

Pursuant to the Combination Agreements and the Undertaking Agreements, although the Group does not own any equity shares of PTMP, the Group assessed that it has established control over PTMP on the basis that the Group has the power to direct the relevant activities of PTMP by appointment of key management personnel of PTMP, has rights to variable returns from its involvement with PTMP through loan extended to PTMP, and has the ability to affect those returns through its power over PTMP. As a result, the Group consolidates 98% of PTMP and 99.4% of PTMI effective from 13 February 2019.

13. INVESTMENT IN SUBSIDIARY CORPORATIONS (CONT'D)

Notes (cont'd)

In 2019, management had obtained legal opinions from Nurjadin Sumono Mulyadi Partners ("NSMP") and Soewito Suhardiman Eddymurthy Kardono ("SSEK"). Management was of the view, taking into account the legal opinions and subject to the assumptions and qualifications set out therein, that the corporate structure of the Company, PTMP and PTMI complied with the prevailing Indonesian laws and regulations and that the Combination Agreements and Undertaking Agreements are legal and enforceable under the prevailing Indonesian laws and regulations. For financial year ended 31 December 2020, this was reaffirmed by an Indonesian external legal counsel, Akhmad Yudhi, S.H. M.H., & Partners, that there were no changes in the Relevant Laws during the past reporting period.

In 2021, there are changes to the Indonesian laws and regulations arising from the *Act Number 11 of 2020 on Job Creation*, which is also known as the *Omnibus Law*. Despite these changes, management has reassessed that the control over PTMP remains unchanged and it is confirmed by a legal opinion obtained from NSMP in 2021. The legal opinion concluded that the existing corporate structure and the arrangement under the Combination Agreements and Undertaking Agreements remain legal and enforceable under the *Omnibus Law*. Accordingly, management concluded that there is no change to the control assessment over PTMP.

In 2022, the management conducted an internal legal review and sought opinion from an Indonesian external legal counsel, Akhmad Yuhdi, S.H. M.H., & Partners, who confirmed that there have been no alterations to the Indonesian laws and regulations in the current financial year. Based on these assessments, management has concluded that there has been no changes to the relevant laws and regulation, and as a result, there has been no impact to the Group's control over PTMP in current financial year.

14. INVESTMENT IN A JOINT VENTURE

	Group	
	2022	**2021**
	$'000	**$'000**
Cost of investment in a joint venture	2,079	2,167
Accumulated share of results	657	529
Exchange difference	(233)	(88)
Carrying amount	2,503	2,608

Details of the Group's joint venture are as follows:

Name of joint venture	**Country of incorporation and operation**	**Principal activity**	**Effective equity interests of the Group**	
			2022	**2021**
			%	**%**
Held by PT Memiontec Indonesia				
PT Jakpro Memiontec Air ("PT JMA")	Indonesia	Provision of water management service and supply of potable water.	40	40

14. INVESTMENT IN A JOINT VENTURE (CONT'D)

The above joint venture is accounted for using the equity method in these financial statements and is audited by Nexia KPS.

On 25 May 2016, PT Memiontec Indonesia entered into a service concession agreement with DKI Jakarta state-owned company (the "Grantor") to set up a company to undertake the build, own, operate and transfer ("BOOT") of a water treatment plant located in Jakarta, Indonesia. Accordingly, a joint venture, PT JMA, was incorporated in April 2017. Under the terms of the BOOT, the joint venture is responsible to design and construct a water treatment plant and upon completion, the joint venture will operate and maintain the water treatment plant, and sell treated water to the Indonesian municipal authority at an agreed water tariff, subject to revision using agreed basis. The concession period of the agreement is 20 years from commercial operations date, with an option to extend for another 5 years. The water treatment plant commenced its operations in December 2019.

The joint venture receives a right to charge the grantor a fee for the treated water. The joint venture is obligated to produce a minimum amount of treated water and the grantor is obligated to purchase all water output from the joint venture. Therefore, the estimated water output produced by the joint venture is recognised as financial assets arising from service concession arrangement.

The standard rights of the grantor to terminate the BOOT include failure to meet the performance standards and in the event of a material breach of contractual obligations by the joint venture; whereas the standard rights of the joint venture to terminate the contract include failure to make payments under the BOOT and in the event of a material breach of contractual obligations by the grantor.

The joint venture has secured a bank loan for the financing of the construction of the water treatment plant. The loan is secured by a legal mortgage over the water treatment plant and the land on which it is constructed on, and escrow accounts of the joint venture partners. The joint venture partners have also given a commitment to provide continuing financial support to the joint venture if the joint venture is not able to pay its debts when they fall due.

Summarised financial information in respect of PT JMA is set out below.

	Group	
	2022	**2021**
	$'000	**$'000**
Current assets	2,248	1,665
Non-current assets	11,758	13,282
Current liabilities	(488)	(435)
Non-current liabilities	(7,261)	(7,993)

14. INVESTMENT IN A JOINT VENTURE (CONT'D)

The above amounts of assets and liabilities include the following:

	Group	
	2022	2021
	$'000	$'000
Cash and bank balances	680	57
Current financial liabilities (excluding trade and other payables)	(82)	(90)
Non-current financial liabilities (excluding trade and other payables)	(6,573)	(7,283)

	Group	
	2022	2021
	$'000	$'000
Revenue	3,291	2,744
Net profit, representing total comprehensive income for the financial year	321	219

The above net profit for the financial year includes the following:

	2022	2021
	$'000	$'000
Depreciation	10	9
Interest income	(8)	(1)
Interest expense	518	626
Income tax expense	37	188

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	Group	
	2022	2021
	$'000	$'000
Net assets of the joint venture	6,257	6,519
Proportion of the Group's ownership interest in the joint venture	40%	40%
Carrying amount of the Group's interest in the joint venture	2,503	2,608

15. INTERESTS IN JOINT OPERATIONS

Details of the Group's joint operations are as follows:

Name of joint operation	Country of operation	Principal activities	Participating interest held by the Group	
			2022	2021
			%	%
Held by PT Memiontec Indonesia				
KSO JUP-MIT [(a) (b)]	Indonesia	Provision of water management services and supply of potable water.	40	40
KSO Abipraya-Memiontec [(a) (c)]	Indonesia	Design, engineering, procurement, fabrication, assembly and turnkey construction water and wastewater treatment and plants.	49	49
KSO PT Memiontec Indonesia – PT Bayu Surya Bakti Konstruksi [(a) (c)]	Indonesia	Design, engineering, procurement, fabrication, assembly and turnkey construction water and wastewater treatment and plants.	51	51

(a) The above joint operations are audited by Nexia KPS for consolidation of the financial position and results into the consolidated financial statements of the Group.

(b) In 2016, the Group entered into a cooperation agreement with Indonesian state-owned enterprise to form a joint operation to operate and maintain a water treatment plant located in Waduk Pluit, North Jakarta, Indonesia. Under the terms of the cooperation agreement, the Group was obligated to perform an upgrade of the water treatment plant to enable the plant to achieve certain productivity. Such upgrade costs were borne by the Group and recognised as property, plant and equipment (Note 11). Upon completion of such upgrade in 2018, the joint operation commenced its operation and maintenance of the water treatment plant, including sales of treated water, from 1 November 2018 for a contractual period of 25 years.

(c) In 2021, the Group entered into joint arrangements with third parties to establish joint operating consortiums to exclusively carry out certain TSEPC projects in Indonesia.

16. FINANCIAL ASSET, AT FVOCI

	Group	
	2022	2021
	$'000	$'000
Unquoted equity shares:		
At the beginning of the year	736	177
Add: Additional investment	112	560
Less: Exchange differences	(72)	(1)
At the end of the year	776	736

The investment in unquoted equity shares is not held for trading but for medium to long-term strategic purposes. Accordingly, management has elected to designate the investment in equity instruments as at FVOCI as they believe that recognising short-term fluctuations in the investment's fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Management considers that the carrying amount of the unquoted equity shares to approximate its fair value as at the end of the financial year.

Details of the Group's investment classified as financial asset, at FVOCI, are as follows:

Name of investment	Country of operation	Principal activity	Effective equity interests of the Group	
			2022	2021
			%	%
Held by PT Memiontec Indonesia				
PT PP Tirta Madani	Indonesia	Provision of water management services and supply of potable water.	15	15

A consortium comprising PT PP Infrastruktur ("PT PP"), PT Memiontec Indonesia and PT Envitech Perkasa ("PT EP") incorporated a company, PT PP Tirta Madani ("PT PPTM") in Indonesia on 14 December 2020.

The Group has made an additional capital investment of $112,000 (2021: $560,000) in PPTM during the financial year ended 31 December 2022.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables – Non-related parties	7,762	4,570	–	–
Trade accruals	3,059	3,202	–	–
Total trade payables	10,821	7,772	–	–
Other payables:				
- Amount due to subsidiary corporations [(a)]	–	–	1,767	1,997
- Amount due to directors [(b)]	174	176	–	–
- Other accruals	1,423	1,240	320	350
- Other tax payables	291	460	–	15
- Refundable deposit	3	69	–	–
- Others	120	357	112	53
Total other payables	2,011	2,302	2,199	2,415
Provisions:				
- Provision for staff leave	59	119	5	20
- Provision for warranty [(c)]	1	119	–	–
	60	238	5	20
Total	12,892	10,312	2,204	2,435

(a) Amount due to subsidiary corporations are unsecured, interest-free and are repayable on demand.

(b) The amount relates to loan from a director amounting to $174,000 (2021: $176,000) which is unsecured, bears fixed interest rate of 7.20% (2021: 7.20%) per annum and is repayable on demand.

(c) An additional provision of $69,000 (2021: $93,000) was made, offset by $121,000 (2021: $27,000) utilised during the financial year and a reversal of $66,000 (2021: $16,000) provision made in prior financial year.

The credit period on purchases is generally from 30 to 60 days (2021: 30 to 60 days). No interest is charged on the outstanding balances, except those as disclosed above.

18. LEASE LIABILITIES

	Group	
	2022	2021
	$'000	$'000
Current		
Amounts due for settlement within 12 months	199	198
Non-current		
Amounts due for settlement after 12 months	244	307
	443	505
Maturity analysis:		
Within one year	199	198
In the second to fifth year inclusive	233	279
More than five years	11	28
Total	443	505

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Amounts recognised in the consolidated statement of comprehensive income:

	Group	
	2022	2021
	$'000	$'000
Depreciation expense on right-of-use assets (Note 12)	181	149
Interest expense on lease liabilities (Note 27)	19	17
Short-term lease expenses	201	200

Total cash outflows for all the leases for the financial year ended 31 December 2022 was $359,000 (2021: $296,000).

19. BORROWINGS

	Group	
	2022	2021
	$'000	$'000
Secured bank loans		
Current:		
Amount due for settlement within 12 months	1,431	1,155
Non-current:		
Amount due for settlement after 12 months	2,387	3,566
	3,818	4,721

The bank loans bear fixed interests ranging from 2.00% to 2.75% (2021: 2.00% to 2.75%) per annum, are repayable in equal monthly instalments over 3 to 4 (2021: 4 to 5) years and secured by corporate guarantees from the Company.

20. RETIREMENT BENEFIT OBLIGATIONS

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

	Group	
	2022	2021
	$'000	$'000
Present value of defined benefit obligations (unfunded)	345	331

The Group operates an unfunded defined benefit plan for qualifying employees of its subsidiary in Indonesia in accordance with Indonesian Labour Law No. 13/2003, based on service and last salary. Under the plan, the employees are entitled to retirement benefits on attainment of a retirement age and other eligible events (retrenchment, disability and death). No other post-retirement benefits are provided.

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

- Interest risk - a decrease in the bond interest rate will increase the plan liability.
- 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.

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

The present value of the defined benefit obligation was carried out by a qualified independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

	Valuation at	
	2022	**2021**
	%	**%**
Discount rate	7.25	7.25
Salary increment rate	5.00	5.00
Mortality rate*	100	100
Disability rate*	5.00	5.00
Resignation rate	5% per annum until age 30, then decrease to 0% on linear basis up to retirement	5% per annum until age 30, then decrease to 0% on linear basis up to retirement

* Based on Table of Mortality in Indonesia.

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows.

	2022	**2021**
	$'000	**$'000**
Profit or loss		
Current service cost	47	49
Net interest expense	21	19
Change in attribution method	(30)	–
Components of defined benefit costs recognised in profit or loss	38	68
Other comprehensive income		
Remeasurement of defined benefits liability:		
Actuarial loss from experience adjustment	6	38
Actuarial gain from change in financial assumptions	–	(8)
Tax impact	(1)	(7)
Components of defined benefit costs recognised in other comprehensive income	5	23
Total defined benefits costs	43	91

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	Group	
	2022 $'000	2021 $'000
Beginning of financial year	331	235
Current service cost	47	49
Interest cost	21	19
Change in attribution method	(30)	–
Remeasurement losses/(gains):		
Actuarial loss from experience adjustment	6	38
Actuarial gain from change in financial assumptions	–	(8)
	6	30
Exchange differences	(30)	(2)
End of financial year	345	331

Significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the financial year, while holding all other assumptions constant.

	Impact on defined benefits obligations	
	2022 $'000	2021 $'000
Change in discount rate		
Increase by 1%	(24)	(28)
Decrease by 1%	27	32
Change in expected rate of salary increase		
Increase by 1%	29	35
Decrease by 1%	(27)	(31)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior financial years.

The Group expects to contribute approximately $4,000 (2021: $3,000) to its defined benefit plan in the subsequent financial year.

21. DEFERRED TAX ASSETS/(LIABILITIES)

	Consolidated statement of financial position		Movements in tax: Profit or loss		Movements in tax: Other comprehensive income		Movements in tax: Exchange differences	
	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Deferred tax assets:								
Provisions	29	29	–	(17)	–	–	–	–
Retirement benefits obligations	76	73	(8)	(15)	(1)	(7)	6	1
Deferred tax assets	105	102						
Set off of tax	(40)	(41)						
Net deferred tax assets	65	61						
Deferred tax liabilities:								
Differences in depreciation for tax purposes	(40)	(41)	–	11	–	–	(1)	–
Deferred tax liabilities	(40)	(41)						
Set off of tax	40	41						
Net deferred tax liabilities	–	–						
Deferred tax credit (Note 29)			(8)	(21)	(1)	(7)	5	1

Deferred tax assets not recognised arising from tax losses

At the end of the financial year, the Group has tax losses of approximately $1,242,000 (2021: $1,003,000) that are available for offset against future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the companies operate. The tax losses will expire between year 2023 and 2027 (2021: 2022 and 2026).

Unrecognised temporary differences relating to investment in subsidiary corporations

At the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiary corporations for which deferred tax liabilities have not been recognised is approximately $6,159,000 (2021: $3,323,000). 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.

22. SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of the financial year	220,257,000	220,257,000	12,092	12,092
Issuance of new shares pursuant to Share Split	440,514,000	–	–	–
At end of the financial year	660,771,000	220,257,000	12,092	12,092

The Company has one class of ordinary share which has no par value, carries one vote per share and a right to dividend income when declared by the Company.

On 24 May 2022, the Company completed its Share Split of every one (1) existing ordinary share into three (3) ordinary shares. The completion of the Share Split resulted in an additional 440,514,000 new shares being allotted and issued.

Performance share plan

On 6 May 2022 ("grant date"), the Company has granted 1,000,000 ordinary shares under the PSP (the "2022 Share Awards"). This 2022 Share Awards will vest one year from the grant date, subject to satisfaction of the vesting condition on the Group's achievement of certain predetermined financial and performance targets for the financial year ended 31 December 2022 determined by the Remuneration Committee of the Company.

On 24 May 2022, the Company completed its share split exercise, which every one (1) existing ordinary share are split into three (3) ordinary shares. Accordingly, the outstanding number of shares granted under 2022 Share Awards was adjusted on the same basis, from 1,000,000 to 3,000,000.

As at 31 December 2022, none of the outstanding 3,000,000 Share Awards has been vested.

23. TRANSLATION RESERVE

The 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, Singapore Dollar ("$"). The translation reserve is non-distributable.

24. OTHER RESERVES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Capital reserve [(a)]	1,442	1,442	–	–
Merger reserve [(b)]	(2,405)	(2,405)	–	–
Other reserves [(c)]	49	49	–	–
	(914)	(914)	–	–

(a) This represents capital contribution in certain subsidiary corporations by a controlling shareholder and an unrelated party.

(b) This represents the difference between the consideration and the aggregate nominal amounts of the share capital of the entities under common control at the date when these entities were consolidated as part of the restructuring exercise of the Group.

(c) This represents the following items:

- Deemed gain on acquisition of non-controlling interests of $213,000, as a result of the increase in the equity interest of PTMI from 95% to 99.4% in February 2019, subsequent to the Group's restructuring exercise.

- Loss on disposal of a former subsidiary corporation amounting to $164,000.

Other reserves are non-distributable.

25. REVENUE

	2022	2021
	$'000	$'000
Type of revenue		
- Revenue from TSEPC projects	39,051	41,604
- Revenue from OMS services	2,785	3,371
- Revenue from SDS & Trading	747	456
- Revenue from sales of water	204	214
Total	42,787	45,645
Geographical markets		
- Singapore	16,800	31,619
- Indonesia	25,971	13,985
- People's Republic of China ("PRC")	16	41
Total	42,787	45,645

25. REVENUE (CONT'D)

	2022 $'000	2021 $'000
Timing of revenue recognition		
Over time:		
- Revenue from TSEPC projects	39,051	41,604
- Revenue from OMS services	2,785	3,371
At a point in time:		
- Revenue from SDS & Trading	747	456
- Revenue from sales of water	204	214
	42,787	45,645

The Group derives its revenue from the transfer of goods and service over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 *Operating Segments*.

Transaction price allocated to remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2022 is $90,687,000 (2021: $68,753,000). This will be recognised as revenue by reference to percentage of completion, which is expected to complete over the next one to two (2021: one to three) years. The amount disclosed above does not include any estimated amounts of variable consideration that is constrained.

26. OTHER INCOME

	2022 $'000	2021 $'000
Gain on disposal of right-of-use assets	–	4
Grant income:		
- COVID-19 related government subsidies [(a)]	–	321
- Other government grants	75	57
	75	378
Foreign exchange gain - net	–	42
Interest income from banks	112	127
Others	44	9
Total	231	560

(a) In 2021, as part of the government's measures to support businesses during the period of economic uncertainty impacted by COVID-19, the Group received the following COVID-19 related grants in Singapore:

- Jobs Support Scheme ("JSS") which was aimed to provide wage support for local employees. JSS grant income of $149,000 was recognised during the previous financial year.

- Foreign Workers Levy ("FWL") rebate was aimed to provide support for the cost of hiring foreign workers to ease the labour costs of such firms caused by COVID-19. FWL rebate of $102,000 was recognised during the previous financial year.

- Job Growth Incentive ("JGI") was aimed to support employers to expand local hiring. JGI income of $70,000 was recognised during the previous financial year.

The grants are recognised as grant income in the profit and loss on a systematic basis over the months in which the related salary/levy costs are recognised as expense. There are no COVID-19 related government subsidies granted and received in current financial year.

27. FINANCE COSTS

	2022 $'000	2021 $'000
Interest expense on:		
- Borrowings	91	104
- Lease liabilities (Note 18)	19	17
- Loan from a director (Note 6)	12	19
Total	122	140

28. OTHER OPERATING EXPENSES

	2022 $'000	2021 $'000
Foreign exchange loss - net	441	–
Loss allowance on trade receivables and contract assets	232	89
Small value assets expensed-off	3	20
Others	20	26
Total	696	135

29. INCOME TAX EXPENSE

	2022 $'000	2021 $'000
Income tax expense/(credit) recognised in profit or loss		
Income tax:		
- Current	933	510
- Under-provision in prior financial years	9	50
	942	560
Withholding tax expense on foreign-sourced interest income	2	6
Deferred tax (Note 21):		
- Current	(8)	(6)
- Over-provision in prior financial years	–	(15)
	(8)	(21)
Income tax expense	936	545
Income tax recognised in other comprehensive income		
Deferred tax:		
- Retirement benefit obligations	1	7

29. INCOME TAX EXPENSE (CONT'D)

Income tax for Singapore incorporated companies is calculated at 17% (2021: 17%) of the estimated assessable income for the financial year. Statutory tax rate in Indonesia is 22% (2021: 22%).

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total expense for the financial year can be reconciled to the accounting profit as follows:

	2022 $'000	2021 $'000
Profit before income tax	3,506	2,086
Share of results of a joint venture	(128)	(87)
	3,378	1,999
Tax at statutory rate of 17% (2021: 17%)	574	340
Effect of different tax rates of companies operating in other jurisdictions	290	177
Tax effect of expenses that are not deductible in determining taxable profit	6	20
Tax effect of income that are not taxable in determining taxable profit	(3)	(24)
Effect of tax concessions and partial tax exemptions	(14)	(27)
Adjustments recognised in the current year in relation to current and deferred tax of prior years	9	35
Deferred tax assets not recognised	60	46
Withholding tax expense	2	6
Others	12	(28)
Income tax expense	936	545

30. PROFIT FOR THE FINANCIAL YEAR

Profit for the financial year has been arrived at after charging:

	2022 $'000	2021 $'000
Employee benefits (Note A)		
- Directors' remuneration	1,074	1,114
- Wages and salaries	5,157	5,103
- Employer's contribution to defined contribution plans	347	387
	6,578	6,604
Audit fees paid/payable to:		
- Auditors of the Company	89	78
- Other auditors	36	31
Directors' fees	150	148
Cost of inventories recognised as expense	842	582
Depreciation of property, plant and equipment (Note 11)	176	169
Depreciation of rights-of-use assets (Note 12)	181	149

Note A:

	2022 $'000	2021 $'000
Presented in the consolidated statement of comprehensive income:		
Cost of sales	4,502	4,069
General and administrative expenses	2,076	2,535
Total	6,578	6,604

31. EARNINGS PER SHARE ("EPS")

(a) Basic EPS

Basic EPS is calculated by dividing the net profit attributable to owners of the Company for the respective periods by the weighted average number of ordinary shares outstanding during the respective periods.

The calculation of the EPS attributable to the owners of the Company is based on the following:

	Group	
	2022	2021
Profit attributable to owners of the Company ($'000)	2,551	1,533
Weighted average number of ordinary shares for purpose of EPS (units)	660,771,000	660,771,000*
EPS – basic (Singapore cents)	0.39	0.23

(b) Diluted EPS

	Group	
	2022	2021
Profit attributable to owners of the Company ($'000)	2,551	1,533
Weighted average number of ordinary shares for purpose of Basic EPS (units)	660,771,000	660,771,000*
Share awards granted under Memiontec Performance Share Plan (units)	3,000,000	–
	663,771,000#	660,771,000*
EPS – diluted (Singapore cents)	0.39#	0.23

* The Company's weighted average number of ordinary shares in issue for FY2021 was 220,257,000. As a result of the completion of the share split of every one (1) existing ordinary share into three (3) ordinary shares (the "Share Split") on 24 May 2022, the Company's number of ordinary shares in issue increased from 220,257,000 to 660,771,000. Accordingly, the weighted average number of ordinary shares for FY2021 has been retrospectively adjusted to enable a better comparison of the EPS.

\# As the vesting conditions for the share awards were not satisfied for the financial year ended 31 December 2022, the dilutive potential shares from PSP Shares outstanding at the end of the financial year was anti-dilutive and hence no adjustment is made to the share capital base in computing the diluted EPS.

32. DIVIDENDS

On 8 April 2022, the Company declared tax exempt (one-tier) final dividend of 0.209 Singapore cents per ordinary share amounting to approximately $460,000 in respect of the financial year ended 31 December 2021. The dividend was subsequently paid out on 31 May 2022.

On 26 March 2021, the Company declared tax exempt (one-tier) final dividend of 0.185 Singapore cents per ordinary share amounting to approximately $407,000 in respect of the financial year ended 31 December 2021. The dividend was subsequently paid out on 11 May 2021.

In respect of the current financial year, the Directors proposed that a dividend of 0.118 Singapore cents per share will be paid to shareholders in 2023. This dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on the book closure date. The total estimated dividend to be paid of $780,000 will be accounted for in shareholder's equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

33. CONTINGENT LIABILITIES

The maximum amount the Group could be forced to settle under financial guarantee contracts provided to its joint venture is $6,655,000 (2021: $7,373,000) (Note 5(c)(iii)).

Management has considered and evaluated the fair value of the above financial guarantee contracts to be insignificant as at 31 December 2022 and 2021.

As at 31 December 2022, the Company has issued corporate guarantee amounting up to $5,923,000 (2021: $5,844,000) to banks for borrowings of its subsidiary corporation. These bank borrowings of the subsidiary corporation amounted to $3,818,000 (2021: $4,721,000) as at reporting date.

34. SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's chief executive officer has focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group under SFRS(I) 8 *Operating Segments.*

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

The Group's reportable segments under SFRS(I) 8 *Operating Segments* are therefore as follows:

- TSEPC - provision of total solutions with engineering, procurement and construction services relating to water and wastewater management.

- OMS - provision of operations, preventative and corrective maintenance services relating to water and wastewater management.

- SDS & Trading - Sales and distribution of water treatment systems and trading.

- SOW - Sales of water and other related recurring revenues under long term service concessionary arrangements.

Segment revenue represents revenue generated from external customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment and other common costs that can be allocated on a reasonable basis. This is the measure reported to the chief executive officer for the purpose of resource allocation and assessment of segment performance.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 to the financial statements.

Assets and liabilities are not allocated by segment as they are not considered critical by the chief executive officer in resource allocation and assessment of segment performance.

Segment revenue

	Group	
	2022	**2021**
	$'000	**$'000**
Revenue:		
- TSEPC	39,051	41,604
- OMS	2,785	3,371
- SDS & Trading	747	456
- SOW	204	214
Total	42,787	45,645

34. SEGMENT INFORMATION (CONT'D)

Segment results

	Group	
	2022	2021
	$'000	$'000
Profit from operations:		
- TSEPC	4,708	2,930
- OMS	565	493
- SDS & Trading	314	209
- SOW	77	109
Total	5,664	3,741
Other income	231	560
General and administrative expenses	(1,699)	(2,027)
Share of profit of a joint venture	128	87
Finance costs	(122)	(140)
Other operating expenses	(696)	(135)
Profit before income tax	3,506	2,086
Income tax expense	(936)	(545)
Net profit for the financial year	2,570	1,541

Geographical segments

The Group's information about the segment revenue by geographical location is detailed below:

	Revenue	
	2022	2021
	$'000	$'000
Singapore	16,800	31,619
Indonesia	25,971	13,985
PRC	16	41
Total	42,787	45,645

34. SEGMENT INFORMATION (CONT'D)

Geographical segments (cont'd)

The Group's information about the segment assets by geographical location is detailed below:

	Non-current assets	
	2022	**2021**
	$'000	**$'000**
Singapore	707	763
Indonesia	4,303	4,470
PRC	16	81
Total	5,026	5,314

Major customer information

The Group's two largest customers in Singapore and three largest customers in Indonesia contribute a aggregate of 76% of the Group's revenue, with these revenues being attributable to the TSEPC and OMS business segment. No other customer contributed more than 10% of the Group's revenue for other business segments during the financial years ended 31 December 2022 and 2021.

STATISTICS OF SHAREHOLDINGS

As at 17 March 2023

Issued and fully paid-up share capital	:	S$12,634,009[1]
Number of issued shares	:	660,771,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share (excluding treasury shares and subsidiary holdings)
Number of treasury shares	:	Nil
Number of subsidiary holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	7	4.73	4,900	0.00
1,001 - 10,000	35	23.65	190,600	0.03
10,001 - 1,000,000	83	56.08	15,850,800	2.40
1,000,001 AND ABOVE	23	15.54	644,724,700	97.57
TOTAL	148	100.00	660,771,000	100.00

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 17 March 2023, approximately 19.28% of the issued ordinary shares of the Company ("**Shares**") was held by the public and, therefore, Rule 723 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist is compiled with.

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Company's Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Tay Kiat Seng[(2),(3)]	348,861,099[(4)]	52.80	79,369,662	12.01
Soelistyo Dewi Soegiharto[(2)]	104,425,239[(5)]	15.80	–	–
Unity Strength Pte. Ltd.[(3)]	79,369,662	12.01	–	–

Notes:

(1) As per the business profile of the Company filed with Accounting and Corporate Regulatory Authority.

(2) Tay Kiat Seng and Soelistyo Dewi Soegiharto are husband and wife.

(3) Tay Kiat Seng is deemed to be interested in all the Shares held by Unity Strength Pte. Ltd. by virtue of Section 7 of the Companies Act 1967 of Singapore.

(4) Tay Kiat Seng holds 348,861,099 Shares though a nominee account with HSBC (Singapore) Nominees Pte Ltd.

(5) Soelistyo Dewi Soegiharto holds 99,425,239 Shares and 5,000,000 Shares though nominee accounts with United Overseas Bank Nominees (Private) Limited and Citibank Nominees Singapore Pte Ltd respectively.

STATISTICS OF SHAREHOLDINGS

As at 17 March 2023

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	349,028,099	52.82
2	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	99,425,239	15.05
3	UNITY STRENGTH PTE. LTD.	79,369,662	12.01
4	YEO KHEE SENG BENNY	30,000,000	4.54
5	NGEW SEW YANG	22,504,100	3.41
6	ROBIN NG ZHI PENG	21,603,500	3.27
7	QUEK BENG WEE (GUO MINGWEI)	5,468,300	0.83
8	CITIBANK NOMINEES SINGAPORE PTE LTD	5,003,700	0.76
9	TAN THIAM BENG	4,000,000	0.61
10	TAN CHYE KIN	3,530,200	0.53
11	DAVIN NG	3,510,000	0.53
12	DBS NOMINEES (PRIVATE) LIMITED	2,957,300	0.45
13	TANG SOOK KENG	2,540,100	0.38
14	SHERLEY TEO SIEW HOON	2,388,000	0.36
15	LEE TIAN HOCK	2,263,300	0.34
16	SEE CHAI TIAM	1,927,550	0.29
17	CHONG ZHENSHAN (ZHUANG ZHENSHAN)	1,525,200	0.23
18	CHONG HONG KIT	1,500,000	0.23
19	LEE KIAM LENG DESMOND (LI JIANLONG DESMOND)	1,485,000	0.22
20	LEE YIA BIA	1,350,000	0.20
	TOTAL	641,379,250	97.06

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Jackson Chevalier Yap Kit Siong and Mr Hor Siew Fu ("**Retiring Directors**") are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 28 April 2023 ("**AGM**").

Pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules:

	JACKSON CHEVALIER YAP KIT SIONG	**HOR SIEW FU**
Date of appointment	30 December 2019	30 December 2019
Date of last re-appointment	13 May 2020	13 May 2020
Age	71	71
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr Jackson Chevalier Yap Kit Siong ("**Mr Yap**") as a Director of the Company was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Mr Yap's qualifications, skills, expertise, experience, independence and overall contribution since he was appointed as a Director of the Company, and the diversity of the Board with regards to the objectives of the Board Diversity Policy of the Company.	The re-election of Mr Hor Siew Fu ("**Mr Hor**") as a Director of the Company was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Mr Hor's qualifications, skills, expertise, experience, independence and overall contribution since he was appointed as a Director of the Company, and the diversity of the Board with regards to the objectives of the Board Diversity Policy of the Company.
Whether appointment is executive, and if so, the area of responsibility	Re-appointment as Independent Non-Executive Director.	Re-appointment as Independent Non-Executive Director.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Chairman Remuneration Committee Chairman Audit Committee Member Nominating Committee Member	Independent Non-Executive Director Audit Committee Chairman Nominating Committee Member Remuneration Committee Member
Professional qualifications	1. Bachelor of Engineering (Chemical and Materials), Auckland University 2. Fellow of the Singapore Institute of Directors	1. Bachelor of Accountancy, University of Singapore 2. Master of Business Administration, Macquarie University 3. Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants 4. Fellow of the Association of Chartered Certified Accountants of United Kingdom 5. Professional (Life) Member of the Singapore Human Resources Institute

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	JACKSON CHEVALIER YAP KIT SIONG	HOR SIEW FU
Working experience and occupation(s) during the past 10 years	Refer to the Director's profile of Mr Yap disclosed under the section titled "Board of Directors" of this Annual Report.	Refer to the Director's profile of Mr Hor disclosed under the section titled "Board of Directors" of this Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or any of its principal subsidiaries	Nil	Nil
Conflict of interests (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* including directorships Past (for the last 5 years) Present	Refer to the Director's profile of Mr Yap disclosed under the section titled "Board of Directors" of this Annual Report.	Refer to the Director's profile of Mr Hor disclosed under the section titled "Board of Directors" of this Annual Report.
Information required pursuant to Rule 720(5) under items (a) to (k) of Appendix 7F to the Catalist Rules	Mr Yap's responses under items (a) to (k) of Appendix 7F to the Catalist Rules are all "No".	Mr Hor's responses under items (a) to (k) of Appendix 7F to the Catalist Rules are all "No".

* "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Memiontec Holdings Ltd. (the "**Company**") will be held by electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Friday, 28 April 2023 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022, together with the Directors' Statement and the Independent Auditor's Report thereon.

   (Resolution 1)

2. To declare and approve the payment of a tax exempt (one-tier) first and final cash dividend of S$0.00118 per ordinary share (FY2021: S$0.00209 per ordinary share) in the capital of the Company for the financial year ended 31 December 2022 ("**First and Final Dividend**").

   [See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company and who, being eligible, offer themselves for re-election as a Director of the Company:

   (a) Mr Jackson Chevalier Yap Kit Siong (Retiring under Regulation 96) **(Resolution 3)**
   (b) Mr Hor Siew Fu (Retiring under Regulation 96) **(Resolution 4)**

   [See Explanatory Note (ii)]

4. To approve the payment of Directors' fees of up to S$150,000 (FY2022: up to S$150,000) for the financial year ending 31 December 2023, to be paid half yearly in arrears.

   (Resolution 5)

5. To appoint PKF-CAP LLP as Auditors of the Company in place of retiring Auditors of the Company, CLA Global TS Public Accounting Corporation (formerly known as Nexia TS Public Accounting Corporation) and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 6)

   [See Explanatory Note (iii)]

6. To transact any other ordinary business which may be properly transacted at an AGM of the Company.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

Ordinary Resolutions

7. Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**"), the Constitution of the Company and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Directors of the Company be and are hereby authorised and empowered to:

(a) (i) allot and 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,

(the "**Share Issue Mandate**")

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) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments shall be based on the number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraph (2)(i) or sub-paragraph (2)(ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provision of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force until: (i) the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments."

[See Explanatory Note (iv)] **(Resolution 7)**

8. **Authority to offer and grant awards and allot and issue shares under the Memiontec Performance Share Plan**

"That, pursuant to Section 161 of the Companies Act, the Directors of the Company be and are hereby authorised and empowered to offer and grant awards ("**Awards**") in accordance with the provisions of the Memiontec Performance Share Plan (the "**PSP**") and to allot and issue from time to time such number of fully paid-up new Shares as may be required to be allotted and delivered pursuant to the vesting of the Awards granted by the Company under the PSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of Shares to be issued pursuant to the PSP, when aggregated with the total number of new Shares allotted and issued and/or Shares to be allotted and issued delivered and/or to be delivered pursuant to Awards already granted under the PSP, and the aggregate number of Shares over which options or awards are granted under any share option schemes or share schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (v)] **(Resolution 8)**

9. **Proposed renewal of the Share Buyback Mandate**

"That:

(a) for the purposes of the Catalist Rules and the Companies Act, and such other laws and regulations as may for the time being be applicable, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ("Shares") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

   (i) on-market purchases (each a "**Market Purchase**") transacted through the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the purchases or acquisitions of Shares; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**"), otherwise than on a securities exchange, in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless revoked or varied by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and up to:

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company in a general meeting,

whichever is earliest;

(c) in this resolution:

"**Maximum Percentage**" means not more than 10% of the issued and paid-up share capital of the Company (excluding treasury shares and subsidiary holdings), subject always to the free float requirement as set out in Section 2.9(c) of the appendix to this Notice of AGM dated 13 April 2023 ("**Appendix**") as at the date of passing of this resolution (excluding any Shares which are held as treasury shares or subsidiary holdings as at that date);

"**Relevant Period**" means the period commencing from the date on which the resolution in relation to the renewal of the Share Buyback Mandate is passed at the AGM of the Company and expiring on the earliest of the date the next AGM of the Company is held or is required by law to be held, or the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated, or the date the said mandate is revoked or varied by the Company in a general meeting;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-market day period and the day on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are made; and "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company and/or any one of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

[See Explanatory Note (vi)] **(Resolution 9)**

10. **The proposed grant of an Award to Mr Tay Kiat Seng, a controlling shareholder of the Company, under the Memiontec Performance Share Plan**

"That:

(a) approval be and is hereby given for the proposed grant of an Award to Mr Tay Kiat Seng, a controlling shareholder of the Company, in accordance with the Rules of the Memiontec Performance Share Plan and on the following terms:

Proposed date of grant of the Award	:	5 May 2023
Number of Shares which are the subject of the Award	:	Up to 900,000 Shares
Vesting period of the Award	:	One (1) year from the date of grant of the Award
Vesting condition of the Award	:	Subject to the Group achieving certain predetermined financial and performance targets for the financial year ending 31 December 2023, as determined by the Remuneration Committee administering the Memiontec Performance Share Plan

(b) the Directors of the Company be and are hereby authorised to issue and allot new Shares and/or transfer existing Shares to Mr Tay Kiat Seng pursuant to the vesting of the Award, in accordance with the Rules of the Memiontec Performance Share Plan and on the terms of the Award; and

(c) the Directors of the Company and each of them be and is hereby authorised and empowered to complete and do all such acts and things, and to approve and execute all such documents as they or he may consider necessary, desirable, expedient or appropriate to give effect to this resolution, with such modifications thereto (if any) as they or he may think fit in the interests of the Company."

[See Explanatory Note (vii)] **(Resolution 10)**

11. **The proposed grant of an Award to Ms Soelistyo Dewi Soegiharto, a controlling shareholder of the Company, under the Memiontec Performance Share Plan**

"That:

(a) approval be and is hereby given for the proposed grant of an Award to Ms Soelistyo Dewi Soegiharto, a controlling shareholder of the Company, in accordance with the Rules of the Memiontec Performance Share Plan and on the following terms:

Proposed date of grant of the Award	:	5 May 2023
Number of Shares which are the subject of the Award	:	Up to 540,000 Shares
Vesting period of the Award	:	One (1) year from the date of grant of the Award
Vesting condition of the Award	:	Subject to the Group achieving certain predetermined financial and performance targets for the financial year ending 31 December 2023, as determined by the Remuneration Committee administering the Memiontec Performance Share Plan

(b) the Directors of the Company be and are hereby authorised to issue and allot new Shares and/or transfer existing Shares to Ms Soelistyo Dewi Soegiharto pursuant to the vesting of the Award, in accordance with the Rules of the Memiontec Performance Share Plan and on the terms of the Award; and

(c) the Directors of the Company and each of them be and is hereby authorised and empowered to complete and do all such acts and things, and to approve and execute all such documents as they or he may consider necessary, desirable, expedient or appropriate to give effect to this resolution, with such modifications thereto (if any) as they or he may think fit in the interests of the Company."

[See Explanatory Note (viii)] **(Resolution 11)**

12. **The proposed grant of an Award to Ms Rachel Kwok Xiu Jian, an associate of a controlling shareholder of the Company, under the Memiontec Performance Share Plan**

"That:

(a) approval be and is hereby given for the proposed grant of an Award to Ms Rachel Kwok Xiu Jian, an associate of a controlling shareholder of the Company, in accordance with the Rules of the Memiontec Performance Share Plan and on the following terms:

Proposed date of grant of the Award	:	5 May 2023
Number of Shares which are the subject of the Award	:	Up to 48,750 Shares
Vesting period of the Award	:	One (1) year from the date of grant of the Award
Vesting condition of the Award	:	Subject to the Group achieving certain predetermined financial and performance targets for the financial year ending 31 December 2023, as determined by the Remuneration Committee administering the Memiontec Performance Share Plan

(b) the Directors of the Company be and are hereby authorised to issue and allot new Shares and/or transfer existing Shares to Ms Rachel Kwok Xiu Jian pursuant to the vesting of the Award, in accordance with the Rules of the Memiontec Performance Share Plan and on the terms of the Award; and

(c) the Directors of the Company and each of them be and is hereby authorised and empowered to complete and do all such acts and things, and to approve and execute all such documents as they or he may consider necessary, desirable, expedient or appropriate to give effect to this resolution, with such modifications thereto (if any) as they or he may think fit in the interests of the Company."

[See Explanatory Note (ix)] **(Resolution 12)**

By Order of the Board

Ang Siew Koon
Company Secretary

13 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Record Date and Payment Date for the First and Final Dividend

Subject to the approval of shareholders of the Company at this AGM of the Company, notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. (Singapore time) on 19 June 2023 ("Record Date") for the purpose of determining shareholders' entitlement to the First and Final Dividend.

Duly completed registrable transfers in respect of the shares in the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, Keppel Bay Tower, #14-07, Singapore 098623, up to 5.00 p.m. on the Record Date will be registered to determine shareholders' entitlement to the First and Final Dividend. In respect of the shares in the Company in the securities accounts with The Central Depository (Pte) Limited ("**CDP**"), the First and Final Dividend will be paid by the Company to CDP which will distribute the First and Final Dividend to holders of the securities accounts.

The First and Final Dividend, if approved by shareholders of the Company at this AGM of the Company, shall be payable on or about 7 July 2023.

(ii) Mr Jackson Chevalier Yap Kit Siong will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Chairman of the Board of Directors of the Company, Chairman of the Remuneration Committee, as well as a member of the Audit Committee and the Nominating Committee of the Company. There are no relationships (including immediate family relationships) between Mr Jackson Chevalier Yap Kit Siong and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Mr Jackson Chevalier Yap Kit Siong is considered by the Board of Directors of the Company to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Hor Siew Fu will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director of the Company, Chairman of the Audit Committee, as well as a member of the Nominating Committee and the Remuneration Committee of the Company. There are no relationships (including immediate family relationships) between Mr Hor Siew Fu and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Mr Hor Siew Fu is considered by the Board of Directors of the Company to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Detailed information on each of the abovementioned Directors of the Company as required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report 2022 under the section entitled "Disclosure of Information on Directors Seeking Re-election".

(iii) Ordinary Resolution 6 in item 5 proposed above is to approve the appointment of Messrs PKF-CAP LLP ("PKF") as the Company's Auditors in place of the retiring Auditors, Messrs CLA Global TS Public Accounting Corporation (formerly known as Nexia TS Public Accounting Corporation) ("CLA"), and to authorise the Directors of the Company to fix their remuneration. In accordance with the requirements of Rule 712(3) of the Catalist Rules:

(a) CLA has confirmed to PKF by way of a letter of professional clearance dated 13 April 2023 that it is not aware of any professional reasons why PKF should not accept appointment as the new Auditors;
(b) the Board confirms that there were no disagreements with CLA on accounting treatments within the last 12 months preceding the date of the Appendix;
(c) the Board confirms that it is not aware of any circumstances connected with the proposed change of auditors that ought to be brought to the attention of the shareholders of the Company which has not been disclosed in the Appendix;
(d) the Company confirms that the specific reasons for the proposed change of auditors are disclosed in Section 4.2 of the Appendix and that the proposed change of auditors is not due to the dismissal or resignation of CLA, or CLA declining to continue to serve as Auditors, or was CLA dismissed or directed by the SGX-ST to be replaced under Rule 305(1)(e)(b) of the Catalist Rules; and
(e) the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the proposed appointment of PKF as its new Auditors.

For more information relating to Ordinary Resolution 6 in item 5 above, please refer to Section 4 of the Appendix.

(iv) The Ordinary Resolution 7, if passed, will empower the Directors of the Company from the date of this AGM of the Company until the date of the next AGM of the Company, or the date by which the next AGM 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, one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a *pro-rata* basis to existing shareholders of the Company.

For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 the Instruments or any convertible securities or the exercise of share options or the vesting of share awards which were issued and outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(v) The Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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 allot and issue Shares in the Company pursuant to the vesting of the Awards granted by the Company under the PSP, when aggregated with the total number of new Shares allotted and issued and/or Shares to be allotted and issued delivered and/or to be delivered pursuant to Awards already granted under the PSP, and the aggregate number of Shares over which options or awards are granted under any share option schemes or share schemes of the Company, up to a number not exceeding in aggregate (for the entire duration of the PSP) fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(vi) The Ordinary Resolution 9, if passed, will empower the Directors of the Company during the Relevant Period to purchase or otherwise acquire by way of Market Purchases or Off-Market Purchases, Shares up to the Maximum Percentage of Shares, subject always to the free float requirements being complied with and on the terms of the Share Buyback Mandate as set out in the Ordinary Resolution and the Appendix. An illustration on the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate based on the audited financial statements of the Group for the financial year ended 31 December 2022 is set out in Section 2.7 of the Appendix. For more information relating to Ordinary Resolution 9, please refer to Section 2 of the Appendix.

(vii) The Ordinary Resolution 10, if passed, will empower the Directors of the Company to grant an Award of up to 900,000 Shares to Mr Tay Kiat Seng, a controlling shareholder of the Company, on the terms as set out in the Rules of the Memiontec Performance Share Plan and the Appendix. For more information relating to Ordinary Resolution 10, please refer to Section 3 of the Appendix.

(viii) The Ordinary Resolution 11, if passed, will empower the Directors of the Company to grant an Award of up to 540,000 Shares to Ms Soelistyo Dewi Soegiharto, a controlling shareholder of the Company, on the terms as set out in the Rules of the Memiontec Performance Share Plan and the Appendix. For more information relating to Ordinary Resolution 11, please refer to Section 3 of the Appendix.

(ix) The Ordinary Resolution 12, if passed, will empower the Directors of the Company to grant an Award of up to 48,750 Shares to Ms Rachel Kwok Xiu Jian, an associate of a controlling shareholder of the Company, on the terms as set out in the Rules of the Memiontec Performance Share Plan and the Appendix. For more information relating to Ordinary Resolution 12, please refer to Section 3 of the Appendix.

IMPORTANT NOTICE TO SHAREHOLDERS REGARDING THE CONDUCT OF THE COMPANY'S AGM ON FRIDAY, 28 APRIL 2023 AT 9.30 A.M.

The Annual General Meeting of the Company ("**AGM**") will be conducted by electronic means ("**Virtual Meeting**") as permitted by and in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 on Friday, 28 April 2023 at 9.30 a.m.. **The Company will NOT be holding any physical meeting for this AGM.**

Shareholders of the Company ("**Shareholders**") may participate in the AGM by:

(a) observing and/or listening to the proceedings of the AGM via a "live" audio-visual webcast of the AGM ("**LIVE WEBCAST**") or "live" audio only stream (via telephone) of the AGM ("**AUDIO ONLY MEANS**");

(b) submitting questions in advance of the AGM or raise questions at the AGM via a "chatbox" or "live chat" function of the online platform for the AGM; and/or

(c) vote "live" at the Virtual Meeting or appoint proxy(ies) (including the Chairman of the AGM) to attend, speak and vote on their behalf at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Details of the steps for pre-registration, submission of questions and voting at the AGM by Shareholders are set out below.

1. Pre-registration for the Virtual Meeting

LIVE WEBCAST

Shareholders who wish to attend the AGM by observing the proceedings of the AGM can participate via the LIVE WEBCAST by submitting their particulars (comprising emails, full names, NRIC/Passport Nos./Company Registration Nos. and number of shares held) by email to **IRMR@memiontec.com** or register via **https://conveneagm.com/sg/memiontec2023** **by 9.30 a.m. on 25 April 2023** (being not less than seventy-two (72) hours before the time fixed for the AGM) (the "**Pre-registration Deadline**") to enable the Company to verify the Shareholders' status. After the verification process, a confirmation email containing unique user credential and instruction on how to join the LIVE WEBCAST will be sent to authenticated Shareholders before end-of-the-day on 27 April 2023.

Shareholders may attend the LIVE WEBCAST via your smart phones, tablets or laptops/computers.

AUDIO ONLY MEANS

Shareholders who wish to attend the AGM by listening to the proceedings of the AGM can participate via the AUDIO ONLY MEANS by submitting their particulars (comprising emails, full names, NRIC/Passport Nos./Company Registration Nos. and number of shares held) by email to **IRMR@memiontec.com** by the Pre-registration Deadline to enable the Company to verify the Shareholders' status. After the verification process, a confirmation email containing details of the AUDIO ONLY MEANS will be sent to authenticated Shareholders before end-of-the-day on 27 April 2023.

Shareholders who wish to attend the Virtual Meeting are reminded that the AGM is private. Invitations to attend the LIVE WEBCAST or AUDIO ONLY MEANS shall not be forwarded to anyone who is not a Shareholder of the Company or who is not authorised to attend the LIVE WEBCAST or AUDIO ONLY MEANS. Recording of the Virtual Meeting, the LIVE WEBCAST and AUDIO ONLY MEANS in whatever form is also strictly prohibited.

The Company asks for Shareholders' indulgence during the LIVE WEBCAST and AUDIO ONLY MEANS in the event of any technical disruptions.

Shareholders, who would have been able to be appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act 1967 of Singapore, such as SRS investors, should approach their respective agents, such as SRS operators, to make the necessary arrangement for their attendance in the Virtual Meeting.

Shareholders who register by the Pre-registration Deadline but do not receive an email response before end-of-the-day on 27 April 2023 may contact the Company at IRMR@memiontec.com for assistance.

2. Shareholders' Questions and Answers (Q&A)

If Shareholders have any questions in relation to any item of the agenda of the AGM, Shareholders may send their queries in advance **by 9.30 a.m. on 21 April 2023 (the "Cut-Off Time"), by email to IRMR@memiontec.com;** or via **https://conveneagm.com/sg/memiontec2023** **or by post to the registered address of the Company at 20 Woodlands Link #04-30/31 Singapore 738733.** Please state your question(s), your full name, NRIC/Passport Nos./Company Registration Nos. and number of shares held, and whether you are a Shareholder or a proxy or a corporate representative of a corporate Shareholder. Any question without these identification details will not be entertained.

Alternatively, Shareholders, including SRS investors and proxies will be able to ask questions "live" during the AGM. Attendees at the Virtual Meeting can type their questions via a "chatbox" or "live chat" function which will be made available to the Shareholders via the online platform for the AGM (however, please note that this will not be available to Shareholders accessing the Virtual Meeting via the AUDIO ONLY MEANS).

The Company will address all substantial and relevant questions received from Shareholders by the Cut-Off Time, by publishing the responses to such questions on SGXNet at www.sgx.com/securities/company-announcements and the Company's corporate website at www.memiontec.com/announcements **by 9.30 a.m. on 23 April 2023** (being not less than forty-eight (48) hours before the closing date and time for the lodgement of the proxy form for the AGM). The Company will also address any subsequent clarifications sought, or follow-up questions in respect of such substantial and relevant questions during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

The Company will publish the minutes of the AGM on SGXNet at www.sgx.com/securities/company-announcements and the Company's corporate website at www.memiontec.com/announcements within one (1) month after the conclusion of the AGM, and the minutes will include the Company's responses to the substantial and relevant questions from Shareholders which are addressed during the AGM.

Shareholders, who would have been able to be appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act 1967 of Singapore, such as SRS investors, may also approach their respective agents, such as SRS operators, to submit their questions in relation to any item of the agenda of the AGM by the Cut-Off Time.

3. Voting by Shareholders

Shareholders who wish to exercise their voting rights at this AGM may:

(i) (where the Shareholder is an individual) attend and vote "live" at the Virtual Meeting; or
(ii) (where the Shareholder is an individual or a corporate) appoint proxy(ies) other than the Chairman of the AGM to attend and vote "live" at the Virtual Meeting on their behalf; or
(iii) (where the Shareholder is an individual or a corporate) appoint the Chairman of the AGM as proxy to vote "live" at the Virtual Meeting on their behalf.

"Live" voting will be conducted during the AGM. It is important for Shareholders and proxies who attend the Virtual Meeting to have their own web-browser enabled devices ready for voting during the Virtual Meeting. Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities. As they will use the login credentials provided during pre-registration to cast their votes, Shareholders and proxies should have their confirmation email containing their unique user credentials and instructions handy for reference for voting purposes.

Instructions will be provided at the start of the AGM on how to vote. For the avoidance of doubt, "live" voting is not permissible by the AUDIO ONLY MEANS.

4. Appointment of Proxies

Shareholders who wish to appoint proxies to attend and vote "live" at the AGM on their behalf must do both of the following by **Tuesday, 25 April 2023 at 9.30 a.m.**:

(i) complete and submit the proxy form in accordance with the instructions below; and
(ii) if the proxy(ies) are to attend the Virtual Meeting, pre-register the proxy(ies) (refer to pre-registration procedure at paragraph 1 above).

Shareholders may also appoint the Chairman of the AGM as proxy to vote on their behalf in respect of all the Shares held by them but this is not mandatory.

If a Shareholder wishes to appoint a proxy or proxies (including the Chairman of the AGM) to vote at the AGM on their behalf, the Shareholder must complete the proxy form attached to the Notice of AGM or download it from the Company's announcement on SGXNet at www.sgx.com/securities/company-announcements or from the Company's corporate website at www.memiontec.com/announcements. In the proxy form, the Shareholder should specifically direct the proxy on how he/she/it is to vote for, vote against, or abstain from voting on, the resolutions to be tabled at the AGM. If no specific direction as to voting is given, the proxy (including the Chairman of the AGM if he/she/it is appointed as proxy) may vote or abstain from voting at his/her/its discretion. All valid votes cast via proxy on each resolution will be counted.

All completed and signed proxy forms must be deposited with the Company (i) **by email to IRMR@memiontec.com**; or (ii) b**y post to the registered address of the Company at 20 Woodlands Link #04-30/31 Singapore 738733**, by 9.30 a.m. on 25 April 2023 (being not less than seventy-two (72) hours before the time fixed for the AGM). Any incomplete proxy form will be rejected by the Company.

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.

The proxy form must be under the hand of the appointor or of his/her attorney duly authorised in writing and where such proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. Where the proxy form is signed on behalf of the appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.

A Shareholder (who is not a relevant intermediary) entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf. A proxy need not be a Shareholder. Where a Shareholder appoints two (2) proxies, the appointments shall be invalid unless he/she/it specifies the number of shares to be represented by each proxy.

A Shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where such Shareholder appoints two (2) or more proxies, the appointments shall be invalid unless such Shareholder specifies the number of shares to be represented by each proxy.

Investors holding shares through relevant intermediaries and SRS investors who wish to attend, speak and vote at the AGM should approach their respective relevant Intermediaries/SRS operators as soon as possible. SRS investors who wish to exercise their votes should approach their SRS operators **by Tuesday, 18 April 2023 at 5.00 p.m.** (being seven (7) working days before the AGM).

5. Documents for the AGM

Documents relating to the business of the AGM, which comprise the Company's Annual Report for the financial year ended 31 December 2022 ("**Annual Report 2022**"), the Notice of AGM dated 13 April 2023, the Appendix to the Notice of AGM dated 13 April 2023 and the proxy form for the AGM, will be sent to Shareholders by the Company on 13 April 2023 by electronic means via publication on (i) the SGXNet at www.sgx.com/securities/company-announcements; and (ii) the Company's corporate website at www.memiontec.com/announcements. **Printed copies of the documents will NOT be sent to Shareholders**.

Shareholders are advised to continue to check the SGXNet and the Company's corporate website regularly for any updates relating to the AGM.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing a proxy to vote at the AGM and/or any adjournment thereof, or (b) submitting details for the pre-registration to attend the AGM via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing substantial and relevant questions from members received by the Cut-Off Time and if necessary, following up with the relevant members in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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*This notice has been prepared by Memiontec Holdings Ltd. (the "**Company**") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms Karen Soh, Managing Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

MEMIONTEC HOLDINGS LTD.
(Company Registration No.: 201305845W)
(Incorporated in the Republic of Singapore)

PROXY FORM
(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. The Annual General Meeting of the Company ("**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. **The Company will NOT be holding any physical meeting for this AGM**.
2. Printed copies of the Notice of AGM and this proxy form will NOT be sent to members. Instead, the Notice of AGM and this proxy form will be sent to members by electronic means via publication on SGXNet at www.sgx.com/securities/company-announcements and the Company's corporate website at www.memiontec.com/announcements.
3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via LIVE WEBCAST or AUDIO ONLY MEANS), submission of questions in advance of the AGM or "live" at the AGM, and voting "live" at the AGM or appointing proxy(ies) to vote on your behalf at the AGM, are set out in the Notice of AGM.
4. Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies).
5. Investors holding shares through relevant intermediaries and SRS investors who wish to attend, speak and vote at the AGM should approach their respective relevant intermediaries/SRS operators as soon as possible. SRS investors who wish to exercise their votes should approach their SRS operators by **Tuesday, 18 April 2023 at 5.00 p.m.** (being seven (7) working days before the AGM).

I/We, ____________________ (Name) ____________________ (NRIC / Passport no.)

of ____ (Address)

being a *member/members of MEMIONTEC HOLDINGS LTD. (the "**Company**"), hereby appoint:

Name	Address	Email address^	NRIC/Passport No.	Proportion of Shareholdings	
				No. of Shares	%

*and/or

Name	Address	Email address^	NRIC/Passport No.	Proportion of Shareholdings	
				No. of Shares	%

^ Appointed proxy(ies) will be prompted via email (within 2 business days after the Company's receipt of a validly completed and submitted instrument appointing a proxy(ies)) to pre-register at the pre-registration website at the URL https://conveneagm.com/sg/memiontec2023, by 9.30 a.m. on 25 April 2023 in order to access the live audio-visual webcast or live audio-only stream of the Annual General Meeting proceedings.

or failing *him/her, or either or both of the persons referred to above, the Chairman of the Annual General Meeting of the Company (the "AGM") as *my/our *proxy/proxies to attend, speak and to vote for *me/us on *my/our behalf at the AGM to be held by electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Friday, 28 April 2023 at 9.30 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against, or to abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder.

If no specific direction as to voting or abstention is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their own discretion.

Resolution No.	Resolutions relating to:	For**	Against**	Abstain**
	ORDINARY BUSINESS			
1	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 December 2022, together with the Directors' Statement and the Independent Auditor's Report thereon			
2	Proposed payment of a tax exempt (one-tier) first and final cash dividend of S$0.00118 per ordinary share in the capital of the Company for the financial year ended 31 December 2022 (FY2021: S$0.00209 per ordinary share)			
3	Re-election of Mr Jackson Chevalier Yap Kit Siong as a Director of the Company			
4	Re-election of Mr Hor Siew Fu as a Director of the Company			
5	Payment of Directors' fees of up to S$150,000 for the financial year ending 31 December 2023, to be paid half yearly in arrears (FY2022: up to S$150,000)			
6	Appointment of PKF-CAP LLP as Auditors of the Company in place of retiring Auditors, Messrs CLA Global TS Public Accounting Corporation (formerly known as Nexia TS Public Accounting Corporation), and authority to Directors of the Company to fix their remuneration			
	SPECIAL BUSINESS			
7	Authority to allot and issue shares			
8	Authority to offer and grant awards and allot and issue shares under the Memiontec Performance Share Plan			
9	Proposed renewal of the Share Buyback Mandate			
10	Proposed grant of an award to Mr Tay Kiat Seng, a controlling shareholder of the Company, under the Memiontec Performance Share Plan			
11	Proposed grant of an award to Ms Soelistyo Dewi Soegiharto, a controlling shareholder of the Company, under the Memiontec Performance Share Plan			
12	Proposed grant of an award to Ms Rachel Kwok Xiu Jian, an associate of a controlling shareholder of the Company, under the Memiontec Performance Share Plan			

Dated this ________day of___________, 2023

Total No. of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of member(s) or Common Seal of Corporate Shareholder

Notes:
* Delete accordingly
** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant resolution, please mark an "X" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" for each resolution. If you mark an "X" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

IMPORTANT: Please read the notes overleaf before completing this Proxy Form

Notes:

1. Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act 1967 of Singapore ("**Companies Act**"), a member of the Company entitled to attend, speak and vote at the Annual General Meeting of the Company ("**AGM**") is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her/its stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two (2) proxies, he/she/it shall specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. Pursuant to Section 181(1C) of the Companies Act, a member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

4. A member can appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory.

5. Members who wish to appoint proxy(ies) to attend, speak and vote "live" at the AGM on their behalf must do both of the following by Tuesday, 25 April 2023 at 9.30 a.m. (being not less than seventy-two (72) hours before the time fixed for the AGM) ("**Pre-registration Deadline**"):

   (i) complete and submit this proxy form in accordance with the instructions hereof; and

   (ii) if the proxy(ies) are to attend the AGM by electronic means, pre-register the proxy(ies) by email to IRMR@memiontec.com or via https://conveneagm.com/sg/memiontec2023 by the Pre-registration Deadline.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

6. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its constitution and Section 179 of the Companies Act.

7. A member should insert the total number of shares held in this proxy form. If the member has shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members of the Company, he/she/it should insert the number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members of the Company, he/she/it should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

8. This duly executed proxy form together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be sent by email to IRMR@memiontec.com or by post to the registered address of the Company at 20 Woodlands Link #04-30/31 Singapore 738733 by 9.30 a.m. on 25 April 2023 (being not less than seventy-two (72) hours before the time fixed for the AGM).

   This proxy form has been made available on SGXNet at www.sgx.com/securities/company-announcements and the Company's corporate website at www.memiontec.com/announcements. A printed copy of this proxy form will not be despatched to members of the Company. A member of the Company 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.

9. 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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time fixed for the AGM as certified by The Central Depository (Pte) Limited to the Company.

10. For investors who hold shares in the capital of the Company under the Supplementary Retirement Scheme ("**SRS Investors**"), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS Investors who wish to exercise their votes should approach their SRS operators by Tuesday, 18 April 2023 at 5.00 p.m. (being seven (7) working days before the AGM).

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) 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 or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed 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 or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SCALING UP
FOR ACCELERATED GROWTH

MEMIONTEC
Membrane Ionexchange Technology

MEMIONTEC HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 201305845W)

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ANNUAL REPORT 2022