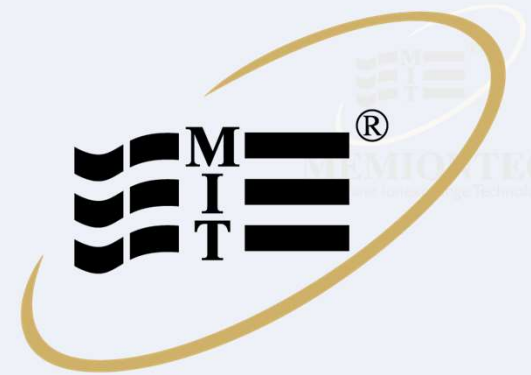


# MEMIONTEC HOLDINGS LTD.

## IMPACTS OF COVID-19 ON MEMIONTEC GROUP



**MEMIONTEC**  
Membrane Ionexchange Technology



# Impacts of COVID-19 on Memiontec Group:

## Overall Situation – Present and Near Future Post-Circuit Breaker (“CB”) in Singapore & Lockdown (Indonesia and China)

- ❑ The COVID-19 pandemic has undoubtedly affected many businesses and we expect this to have an impact on our businesses and operations as well.
- ❑ In both our key markets, the Group is considered as an **essential services** company being a core contractor of PUB in Singapore and a water management company in Indonesia. For our subsidiary in China, operational activities are gradually resuming to normal.
- ❑ During the circuit breaker and lockdown period, we are requested to:
  - **Carry on with our Operations, Maintenance and Services (OMS) services** to the owners of water treatment plants (PUB in Singapore and PT JMA in Jakarta) for their continuing of critical water supply.
  - **Continue with our Total Solutions Engineering, Procurement and Construction (EPC) works** for selective projects of PUB in Singapore and state-owned companies in Indonesia, for the timely completion of certain important water infrastructure.

## Singapore: Current Situation under CB

We expect to  
continue to generate  
sales revenue from  
both OMS and TSEPC

- ❑ For the **TSEPC works** for **Tuas South Desalination Plant**, a project classified as critical water infrastructure by PUB, works are currently **still on-going**, albeit at a slower pace due to disruption from the short-supply of skilled workers and equipment.
- ❑ Generally, OMS works are classified as essential services. We are still carrying out OMS works for the **8 Service & Maintenance (S&M) contracts** with various PUB water works and 4 other S&M contracts with private companies.
- ❑ In Singapore, more than half of our foreign workers (“FW”) are deployed for these S&M works. They have been tested and relocated to alternative accommodation arranged by the authorities; the remaining FWs are assigned to critical projects. At all times, we strictly enforce and **comply with all the Circuit Breaker measures**. In Indonesia, the labour works are usually outsourced.
- ❑ Meanwhile, we are working closely with the relevant authorities and bankers to secure various **assistance schemes** rendered by authorities to help companies.
- ❑ Once the circuit breaker measures are lifted, we are ready to resume work at some suspended TSEPC projects, such as the Mandai Penguin project.

## Indonesia: Current Situation under Lockdown

Business operations  
are classified as  
essential services

- ❑ For our **BOOT and TOOT projects**, we continue to carry out the operation and maintenance activities to produce water for sales to PT JUP and PDAM (commenced since mid-December 2019) and industrial customers.
- ❑ While certain Indonesia **TSEPC projects** are impacted (1 deferred and another halted) by the lockdown, we are still carrying works for other projects on hand (with some minor disruptions).
- ❑ The tender for **prospective government projects** is still on-going as these projects are deemed essential for long-term water supply.
- ❑ At present, we are still in negotiation for a TSEPC sub-contract for **the supply of wastewater treatment plant** with a main contractor joint venture involving in a tender **for a Municipal project.**

## China: Current Situation After Lockdown

The China subsidiary  
is operating within  
guidelines set by the  
authorities

- ❑ There were delays for the shipment of some goods that were scheduled to be delivered from China to Singapore and Indonesia between February and April 2020.
- ❑ Our suppliers are trying to catch up with the deliveries as the **situation now is normalizing.**
- ❑ This subsidiary is working closely with our Singapore and Indonesia offices to come forth with more cost competitive supplies of products and systems as part of the **Group's cost saving strategy.**

## The Road to Recovery: Post-CB/ Lockdown

The Group envisaged the followings after CB/ lockdown measures are eased and lifted

- ❑ While there may be pent-up demand for TSEPC works in the water industry, with water supply being an essential service, the economic environment going forward will be challenging and it will take some time to recover.
- ❑ We shall continue to tender and bid for projects related to Tuas Water Reclamation Project of PUB.
- ❑ We expect a tight labour market for skilled FW in Singapore and the cost to employ is expected to increase. In fact, MOM has already set reduction target for FW permit issuance by 2023.
- ❑ The Group is working closely with authorities on productivity improvement at workplace post-Covid-19 and getting the relevant grants to support the implementation.
- ❑ The Group shall continue to pursue and implement the strategies and business plans, set out in the Offer Document, albeit with more careful considerations and due diligences.
- ❑ The Board is assessing the impact of the COVID-19 pandemic on the Group's financial performance and position, and will endeavour to provide timely updates to shareholders.

## The Road to Recovery: Post-CB and Lockdown

Industry outlook and prospects – as highlighted in our 2019 Annual Report

- ❑ Water is one of the most important natural resources for life. Memiontec is proud to play a part in an industry which is regarded by countries as an essential service and integral to lives and communities.
- ❑ We will continue to contribute to the water industry by leveraging our proprietary technologies to produce useable water for industrial and human consumption. We will also continue to explore different ranges of water treatment solutions that will help protect the environment and conserve precious water resources.
- ❑ With our **healthy order book** and the **diversified nature** of our business portfolio and locations, we are confident about overcoming these challenges and are cautiously optimistic on our performance for FY2020, barring any unforeseen circumstances.
- ❑ With increased **environmental awareness, scarcity of usable water** in our key operating countries and their **continued industrialization**, we are excited about the long-term prospects and market demand in water.
- ❑ We will remain vigilant of the risks ahead while adopting cost effective measures to comply with the regulatory requirements to contain the spread of COVID-19 and safeguard the safety and well-being of our employees and key stakeholders.