

MOOREAST

MOOREAST HOLDINGS LTD.
(Company Reg. No.: 202120164D)
(the "Company")

ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2022 ("AGM") – RESPONSES TO RELEVANT QUESTIONS RECEIVED FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS")

The Board of Directors ("**Board**") of Mooreast Holdings Ltd. ("Company"), and together with its subsidiaries, the "**Group**") refers to the Company FY2021 Annual Report and the Notice of AGM announced in SGXNet on 14 April 2022.

The Company has received questions from Securities Investors Association (Singapore) ("SIAS").

Please refer to the Appendix A as attached hereto for the list of questions received from SIAS, and the Board and Management's responses to these questions.

BY ORDER OF THE BOARD
MOOREAST HOLDINGS LTD.

Mr Sim Koon Lam
Executive Director, CEO and Deputy Chairman
25 April 2022

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, W Capital Markets Pte. Ltd. (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Chia Beng Kwan, Registered Professional, W Capital Markets Pte. Ltd., at 65 Chulia Street, #43-01 OCBC Centre, Singapore 049513, Telephone (65) 65133541.

APPENDIX A RESPONSES TO QUESTIONS FROM SIAS

Q1. The company was successfully listed on the SGX Catalist Board on 24 November 2021. The group is a Total Mooring Solutions specialist, serving mainly the offshore oil and gas, marine and offshore renewable energy industries. The group's operations are primarily in Singapore and it maintains a European sales office in Rotterdam, the Netherlands.

Revenue for the financial year ended 31 December 2021 decreased by 28% to \$14.2 million.

Due to economic uncertainty and supply chain disruptions, several projects in the main Mooring division were delayed. Net loss for the group was \$(2.3) million for FY2021, after the group reported profits of \$3.8 million in FY2020 and \$2.9 million in FY2019 before the IPO.

- I. The company had reported that excluding the one-off listing expenses, net loss of \$(2.3) million would have been \$(1.0) million. **Can management help shareholders to better understand the listing cost by providing a breakdown of the \$1.3 million listing expenses?**

The Group incurred total listing expenses of approximately \$1.9 million, of which approximately \$0.6 million had been capitalized and \$1.3 million had been expensed off in accordance with the generally accepted accounting principles.

Please see the table below for a detailed breakdown of the \$1.3 million listing expenses which had been expensed off:

Descriptions	S\$ ('000)
Professional fees – Sponsor	374
Professional fees – Legal	444
Professional fees – Internal audit	43
Professional fees – External audit	203
Investor relation fees	114
SGX application fees	48
Others (private investigation and printing fees)	45
TOTAL	1,271

- II. **Would management consider disclosing the order book on a regular basis to help shareholders better understand the progress of the group?**

Yes. Moving forward, management intends to disclose the order book (where appropriate and relevant, due to the sensitive and confidential nature of this information) in our full-year financial results announcement. The Company will also make timely announcements on the SGXNET as and when there are material developments relating to the Group's business.

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III. How much visibility does the group have on customers' demand, including the delayed projects? What are the efforts by management to follow-up on the delayed projects and to acquire new customers or new projects?

With a global demand emphasis on renewable energy to address climate change, there is a demand for quality mooring and rigging systems, steel fabrication, chain stoppers and anchors.

The Group closely monitors and regularly updates a list that includes secured projects as well as upcoming ones. A few projects have been delayed due mainly to supply chain disruptions due to COVID-19, delays in government and regulatory approvals, financing approvals and costs increases. We are not able to disclose actual project information for confidentiality reasons.

Follow-up efforts on potential projects continue to be positive in both renewable and non-renewable energy sector with conversations on potential projects stretching as far as 2026. We will consider investing in technology to automate and streamline tracking of projects.

IV. What was the expected utilisation rate of the newly established Yard division? What is the expected gestation period before the new division can achieve breakeven?

The Group's Yard division was established in October 2021, following our relocation to 51 Shipyard Road. Our current average utilisation rate is at 75-80% for the period from January to March 2022.

The relocation to 51 Shipyard Road has also increased our expected production capacity to 5,000 metric tons of steel throughput per annum, compared to 2,000 metric tons at our previous facility. The strategic shift allows us to undertake fabrication of floating platforms and related steel structures used in floating offshore renewable energy industry.

As we continue to build Mooreast's reputation and gain greater traction in the quayside services business, we also expect our production and fabrication capacity and utilisation rate to increase.

Q2. In the prospectus, the group listed the following four prospects:

- Increasing global demand for renewable energy and offshore wind energy
- Increasing demand for offshore wind industry in Asia and in the UK
- Increasing demand for solar energy in Southeast Asia
- Recovery of O&G industry

As shown in Note 26 (page 96 – Segment information), the renewable energy segment covers the design, engineering, fabrication, supply and installation and commissioning services for mooring systems and mooring system components for floating wind turbine projects, offshore solar photovoltaic projects and tidal turbine projects in Asia and Europe.

Revenue from renewable energy for FY2021 was just \$328,415 or just 2.3% of total revenue. In the previous year, revenue from the renewable energy segment was boosted by the one-off sale of anchors to a new customer for their offshore wind turbine projects in Senegal.

I. What is the group's competitive advantage or expertise in offshore solar, tidal turbine and floating wind turbine projects, especially since there are no such projects deployed in or by Singapore?

The Group has an experienced design, engineering and fabrication team who has the expertise and knowledge of mooring and rigging solutions. We have the capabilities to provide design, engineering, fabrication and supply, mobilization and logistics, installation and commissioning of complete mooring solutions for depths of up to 1,500 meters. The Group has accrued deep domain knowledge over 27 years of providing mooring solutions to customers in the oil and gas industry in various parts of the world, and these skills are highly transferrable in serving the renewable sector. Since 2013, the Group has provided a range of mooring solutions catering to floating wind turbine, floating solar photovoltaic ("**Solar PV**") and tidal turbine projects in Asia and Europe. Please refer to the table to our response to Question II for some of the projects completed by our Group.

Mooreast has also invested resources into research and development, and has created several products such as the MoorFloat, which is catered for floating solar farms in open seas, as well as developing our MA9 anchors which can weather harsher open sea conditions, allowing developers to build floating platforms further offshore.

II. For the benefit of shareholders, can management elaborate further on the group's track record in renewable energy? What are the successful projects that the group has participated in?

As disclosed in the Group's offer document dated 17 November 2021, we participated in the Fukushima Floating Offshore Wind Farm Demonstration Project ("Fukushima FORWARD") as well as MODEC Inc's floating wind and current hybrid power generation system (SKWID) in 2013 and also supplied various mooring systems components for a floating wind turbine project in Le Croisic, France in 2015.

Since then we have been involved in 8 more renewable projects in countries such as Japan, Indonesia, Africa and Europe. In Singapore, we were involved in a tidal power project in Sentosa, as well as a floating solar photovoltaic project for energy company Sunseap.

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Some of the successful projects reference that the Group has participated in included the following:

Floating Wind Turbine	Appointed to engineer, design, fabricate mooring anchors and participated in the installation of mooring systems for the Fukushima FORWARD.
Floating Wind Turbine	Supplied various mooring system components for a floating wind turbine project in Le Croisic, France
Floating Solar PV	Appointed by Sunseap Group to design, engineer, fabricate and install the mooring system for their Solar PV prototype project in a reservoir in Singapore
Floating Wind Turbine	Supplied drag anchors to BW Ideol for a floating offshore wind project in France and to Glocal Inc. for a floating offshore wind project in Japan
Floating Solar PV	Appointed by Sunseap Group to design and engineer the mooring systems for their floating Solar PV in the Straits of Johor
Tidal Turbine	Partnership with Osaka University to conduct research and development of an underwater current turbine and collaboration with Bluenergy Pte Ltd to design, engineer, fabricate and install mooring systems for a tidal turbine structure on Sentosa Island.

These projects have helped Mooreast build relationships with customers in the renewable energy sector, and we have established ourselves as a player with considerable experience.

III. Is the renewable energy segment a nascent focus for the group? How does the group acquire new customers in the segment?

As mentioned earlier, the Group had already begun its foray into the renewable energy sector in 2013. Following its IPO and listing on the Catalist Board of the SGX-ST, Mooreast intends to ramp up its transformation efforts by increasing its engineering capabilities to better serve large-scale commercial renewable projects.

The Group intends to secure new projects by leveraging on our strong reputation in the industry and technical expertise and engage in extensive discussions with prospective customers and work with them closely in the early stages of their projects. We believe this increases our chances of securing orders from customers. The Group is also grateful to the EDB and Enterprise Singapore (ESG) for referring us to new customers in Taiwan, Japan, Vietnam and UK through trade shows.

IV. How is the group marketing MoorFloat? What is the size of the total addressable market of MoorFloat?

Our MoorFloat platform is catered toward floating solar farms in open seas with moderate waves. Its modular design is portable and easy to assemble using commonly available tools, saving on logistics and installation costs. Our unique design will also use fewer mooring lines compared to conventional systems, without compromising on integrity.

The global floating solar market size is expected to hit US\$10.1 billion¹ by 2030, which offers significant market potential for MoorFloat.

¹ Source: <https://www.precedenceresearch.com/floating-solar-market>

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Q3. Note 26 (page 96 – Segment information; reproduced below) shows the breakdown of the group performance by operating segments, with all 5 operating segments showing segment profits even as the group reported a loss for the year of \$(2.11) million.

26. Segment information (cont'd)

	Mooring \$	Rigging and heavy lifting \$	Marine supplies and services \$	Renewable energy \$	Yard \$	Corporate \$	Elimination \$	Per consolidated financial statements \$
For year ended 31 December 2021								
Revenue from external customers	7,794,590	3,193,707	2,280,826	328,415	602,446	-	-	14,199,984
Intersegment revenue	422,731	-	-	-	-	-	(422,731)	-
Total revenue	8,217,321	3,193,707	2,280,826	328,415	602,446	-	(422,731)	14,199,984
Results:								
Depreciation	(1,003,303)	(121,353)	(11,887)	(53,366)	(94,311)	(1,230,890)	-	(2,515,110)
Interest income	-	-	-	-	-	86,171	(49,770)	36,401
Interest expense	-	-	-	-	-	(1,014,576)	49,812	(964,764)
Segment profit/(loss)	4,342,000	785,755	506,896	262,399	248,099	(8,205,432)	(48,758)	(2,109,041)
Segment assets:	50,629,195	3,223,855	953,945	-	13,396	21,350,923	-	76,171,314
Segment liabilities (exclude tax payables and deferred tax liabilities):	4,936,517	653,290	375,377	-	-	47,359,553	-	53,324,737

(Source: company annual report; emphasis added)

I. Can management provide shareholders better clarity on the \$(8.2) million segment loss and the \$47.4 million segment liabilities under "Corporate"?

The breakdown of the segment loss under "Corporate" is as follows:

Descriptions	S\$'000
Other income	878
Salaries related cost	(3,172)
Depreciation	(1,231)
Finance expense	(965)
Selling and Distribution expense	(195)
Administrative expense	(1,142)
Administrative expense – IPO	(1,271)
Other expenses	(1,107)
SEGMENT PROFIT/(LOSS)	(8,205)

The breakdown of the segment liabilities under "Corporate" is as follows:

Descriptions	S\$'000
Bank loans	14,319
Shareholder's loan	13,000
Provision for reinstatement	2,000
Lease liabilities	11,387
Convertible bond – liability	4,592
Others	2,061
SEGMENT LIABILITES	47,359

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- II. **Would the audit committee (a) review the appropriateness of the "Corporate" cost attribution and (b) oversee a reallocation of the costs to the operating segments?** This would provide better clarity to management in their decision making on resource allocation and segment performance assessment.

Yes. The Audit Committee, together with the Management, will review this "Corporate" cost attribution when the Renewable energy division and Yard division are at a more mature stage. Currently, all our resources are shared and Management is currently looking at a more appropriate internal allocation charging basis to the various segments.