



MEMIONTEC
Membrane Ionexchange Technology

SEIZING OPPORTUNITIES

Annual Report 2021





SEIZING OPPORTUNITIES

Focused on Memiontec's continuous growth and expansion of our capabilities, the sprinters connote our team's commitment in advancing our ambitions globally.

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Notice of
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This annual report 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 Catalyst. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone: (65) 6636 4201.

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 20 years in water industry. Through the use of membrane, ion exchange, physical, chemical and biological processes and leveraging on our in-house 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 and the region.

Memiontec has 4 core business segments, namely :

- Total solutions with engineering, procurement and construction (“TSEPC”)
- Operations, maintenance and service (“OMS”)
- Sales and distribution of water treatment systems and trading (“SDS”)
- Sales of water (“SOW”) through co-investment in Transfer-Own-Operate-Transfer (“TOOT”) and Build-Own-Operate-Transfer (“BOOT”) projects with public and private entities for recurring income

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

VISION

To be recognised globally as the leading one stop water technology total solutions provider for water management

MISSION

Business Partners

- Long-term Relationship
- Mutual Benefits
- Respect & Sincerity

Shareholders

- Superior Return
- Sustainable Growth
- Communication

Employees

- Ownership
- Integrity
- Professionalism

Customers

- Innovative Solutions
- Quality Services & Products
- Competitive Price

CORPORATE MILESTONE



IPO listing (2020)



Pekan Baru commenced works (2021)



Completion of Project TSDP (2021)

1992
Memiontec was founded in Singapore

2004
Incorporated subsidiaries in Indonesia - PTMP & PTMI⁽¹⁾

2016
Upgraded to ME11 L6 BCA contractor registration in Singapore (No Tender Limit)

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

1st BOOT project through PT JMA⁽³⁾ at Hutan Kota, Indonesia

2019
Commissioned & handed over 1st BOOT project, followed by sales of water for 20 + 5 years

2018
Sales of water at 1st TOOT project for 25 years
Upgraded to B2 contractor license in Indonesia (highest qualification)

2021
Commenced works for 2nd BOOT project⁽²⁾

Completion of largest contract to date – membrane filtration system project at Tuas South Desalination Plant (“TSDP”) worth S\$33.2 million⁽³⁾

2020
Listed on the SGX Catalyst on 5 March 2020⁽¹⁾

2nd BOOT project through PT PPTM⁽⁴⁾ at Pekan Baru, Indonesia

(1) PTMP: PT Memindo Pratama; PTMI: PT Memiontec Indonesia; MIT Water: MIT Water Technology (Chengdu) Co. Ltd.

(2) 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.

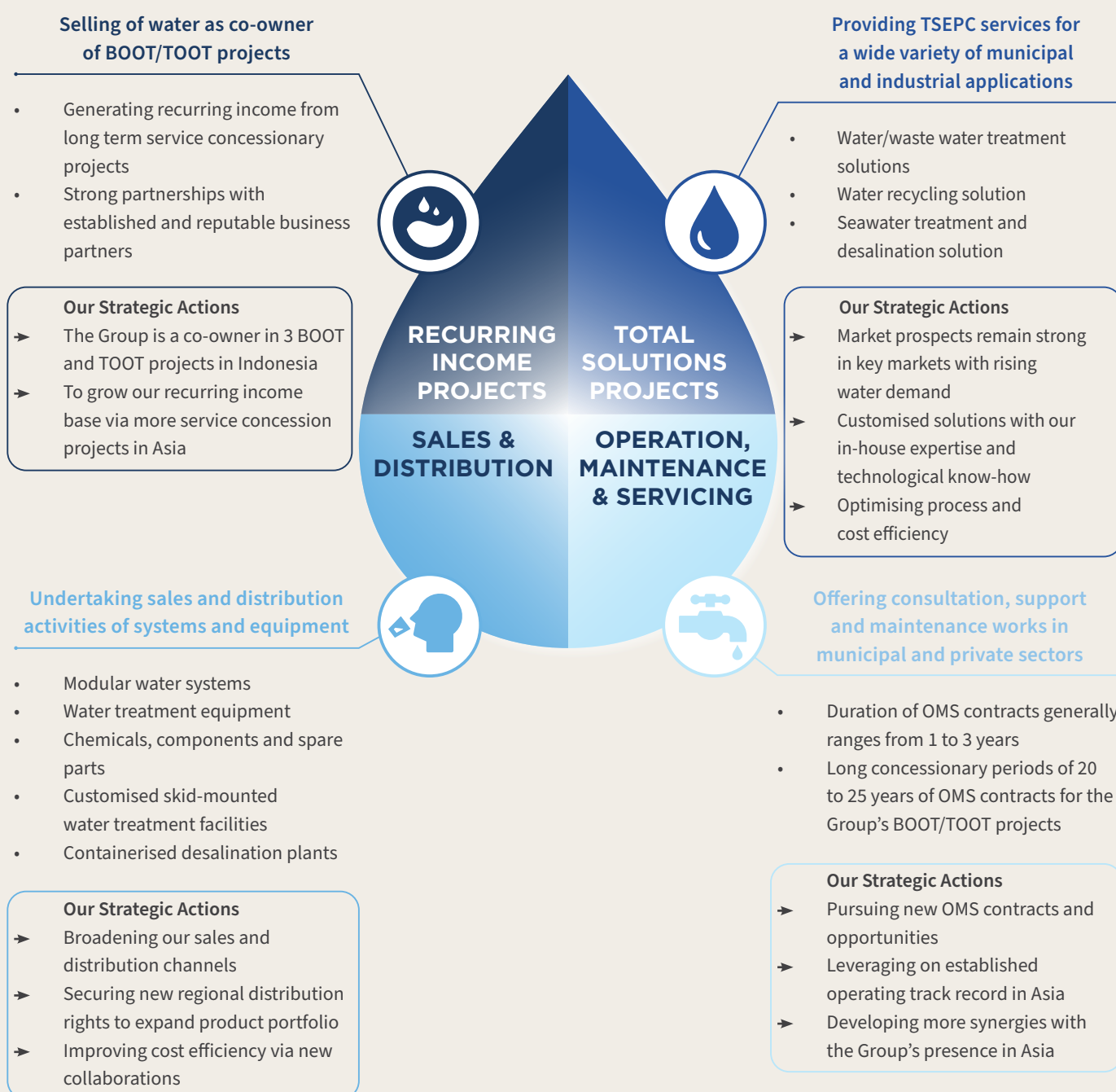
(3) PT Jakpro Memiontec Air (“PT JMA”) is a joint venture entity. The remaining 60.0% of PT JMA is owned by PT JUP, an independent third party to the Group.

(4) PT PP Tirta Madani (“PT PPTM”) is a joint venture entity, where the Group has 15% equity stake and the remaining stake is substantially owned by PT Pembangunan Perumahan (Persero), Tbk (“PT PP”), a reputable local civil and infrastructure developer.

SYNERGISTIC BUSINESS MODEL

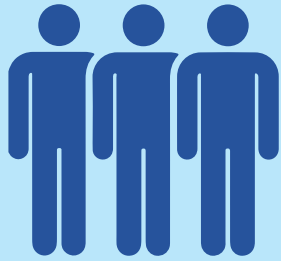
“Continuous shareholders’ value creation focusing on our core competencies and a sustainable business model that includes long-term investment in BOOT & TOOT Projects for recurring incomes.”

HARNESSING OPPORTUNITIES ACROSS THE ENTIRE WATER VALUE CHAIN



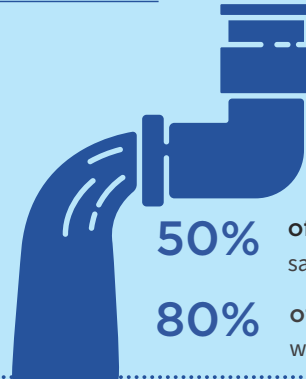
INDUSTRY PROSPECTS

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**, and **80%** of wastewater being discharged into waterways without adequate treatment⁽¹⁾



ADB estimates the investment needs for water and sanitation to be on average

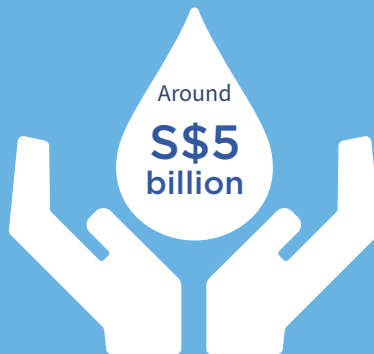
\$53 billion per year up to 2030⁽²⁾

SINGAPORE



Water demand to almost double by 2060 from current

430 million gallons per day⁽³⁾



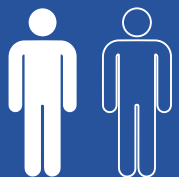
Around **\$5 billion**

in tender packages are expected to be awarded⁽⁴⁾:

\$2 billion related to Tuas Water Reclamation Plant

\$3 billion related to the Integrated Waste Management Facility

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⁾

Note:

- (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>

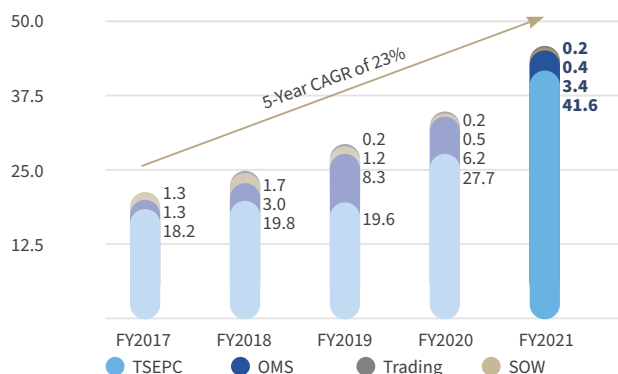
5-YEAR FINANCIAL HIGHLIGHTS

KEY FINANCIAL INFORMATION (S\$'000)	FY2021	FY2020	FY2019	FY2018	FY2017
Group Profit or Loss:					
Revenue	45,645	34,606	29,305	24,456	20,825
Gross profit	6,327	5,119	4,535	7,192	3,936
Profit before income tax	2,086	1,687	567	5,464	925
Profit attributable to owners of the Company	1,533	1,308	307	4,593	700
Group Balance Sheet:					
Cash and bank balances, included in current assets	15,451	14,527	4,901	5,594	3,162
Total current assets	30,101	33,136	18,102	14,573	11,283
Total non-current assets	5,375	4,328	3,964	4,925	4,595
Total current liabilities	13,048	15,995	12,381	8,899	9,394
Total non-current liabilities	4,204	4,348	650	1,160	1,546
Total equity	18,224	17,121	9,035	9,439	4,938
Net current assets	17,053	17,141	5,721	5,674	1,888
Net cash position (cash and bank balances less total borrowings)	10,225	9,232	4,060	4,093	991
Per Share Data:					
Earnings per share (cents)	0.70	0.61	0.17	2.56	0.39
Net assets value (cents)	8.25	7.75	5.01	5.10	2.66
Financial Ratios:					
Return on equity (%)	8.4%	7.7%	3.4%	50.1%	14.7%
Gearing ratio (borrowings / total equity)	0.29	0.31	0.09	0.16	0.44
Current ratio (current assets / current liabilities)	2.31	2.07	1.46	1.64	1.20

5-YEAR FINANCIAL HIGHLIGHTS

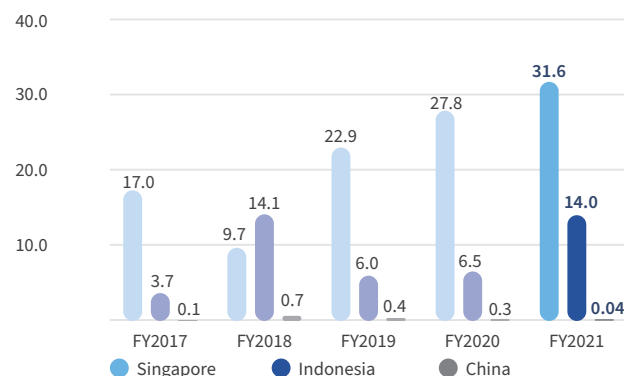
REVENUE BY BUSINESS SEGMENT

(S\$'million)



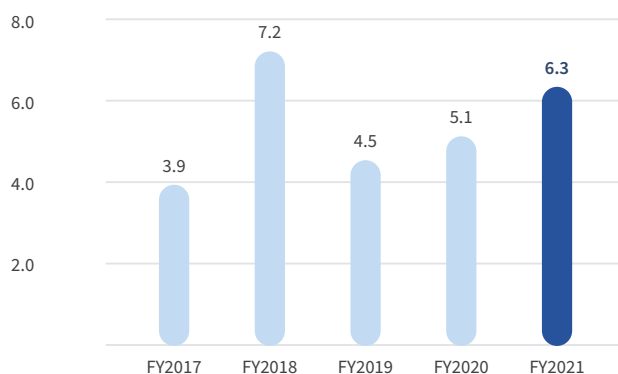
REVENUE BY COUNTRY

(S\$'million)



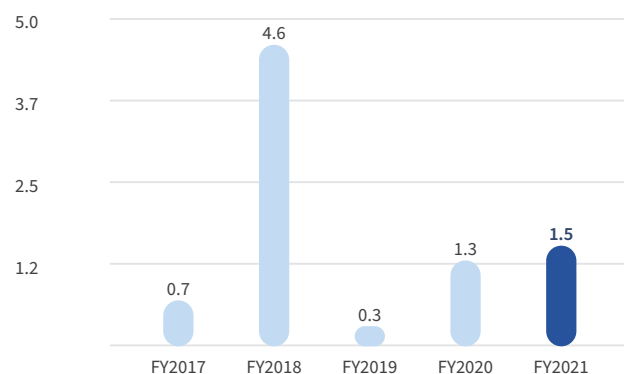
GROSS PROFIT

(S\$'million)



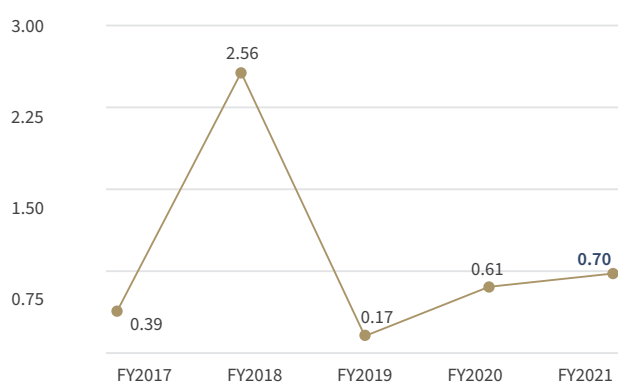
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

(S\$'million)



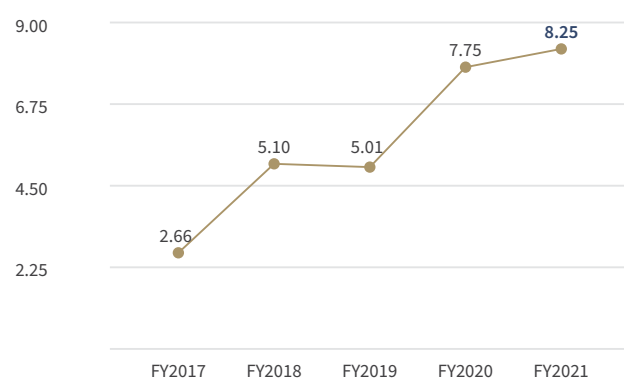
EARNINGS PER SHARE

(cents)

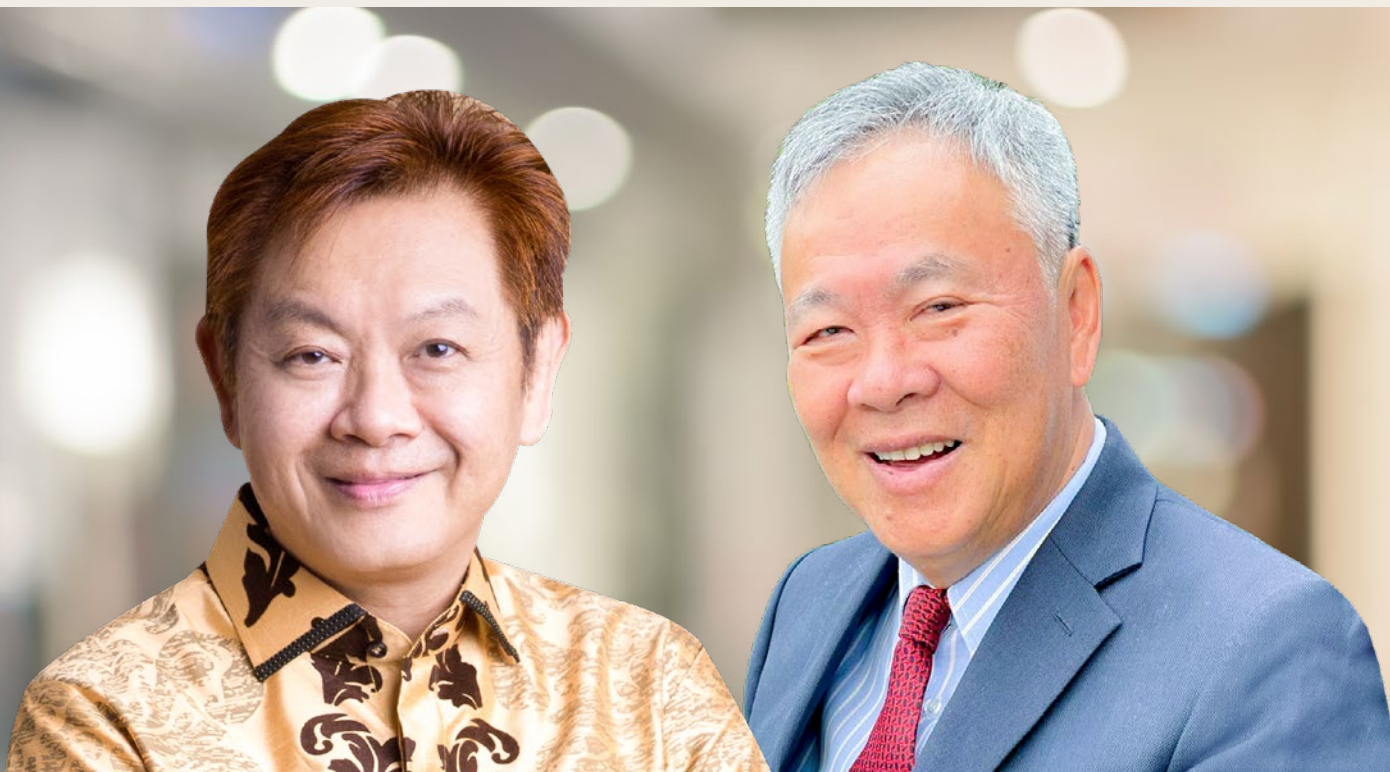


NET ASSETS VALUE PER SHARE

(cents)



DIALOGUE WITH CHAIRMAN AND CEO



"We, on behalf of the Board of Directors of the Company, would like to record and express our appreciation to our fellow board members, entire team of our Group and our valued shareholders for your continued support and confidence throughout the past financial years."

TAY KIAT SENG

Executive Director and Chief Executive Officer

JACKSON CHEVALIER YAP KIT SIONG

Independent Non-Executive Chairman

On 1 July 2021, Mr. Jackson Chevalier Yap Kit Siong ("Mr. Yap") was appointed as the Independent Non-Executive Chairman of the Company, while Mr. Tay Kiat Seng ("Mr. Tay"), having relinquished the Chairman position of the Company on the same day, remained as the Executive Director and Chief Executive Officer ("CEO") of the Company. Following this segregation of the roles of the Chairman and the CEO, the Company interviewed both Mr. Yap and Mr. Tay, and is pleased to share their views with our shareholders.

1. **Memiontec has registered record revenue in the FY2021. Can you shed the key corporate highlights for FY2021 and share the direction and key strategies going forward?**

Mr. Yap: FY2021 was an interesting year where despite the COVID-19 pandemic, the Group achieved good performance and growth. Our TSEPC business segment continued to be the main revenue contributor, achieving a record revenue of S\$45.6 million, representing a year-on-year ("Y-o-Y") growth of 32%. Overall, the Group registered a net profit of S\$1.5 million for FY2021, representing a 15.4% Y-o-Y increase.

As our business currently is largely project-based and secured through competitive bidding, our financial performance may fluctuate from time to time. For higher growth rates with more sustainable income, the Group has actively explored ways to leverage on our management and operation expertise and experience to bid for larger scale Total Solutions Engineering, Procurement and Construction ("TSEPC") projects as well as more Build-Operate-Own-Transfer ("BOOT") projects providing more recurrent income.

DIALOGUE WITH CHAIRMAN AND CEO

We recognise that as we bid for bigger value TSEPC projects and BOOT projects, there is a need for more funding requirements to finance these projects. However, not to over-stretch ourselves financially, we will need to balance opportunities, growth and financial prudence. As a listed company, we have the added financial flexibility to explore various cost-effective funding options to achieve an optimum capital and debt structure.

With focused direction and clear strategic action plans, we remain optimistic that Memiontec is well positioned for even faster growth, as various key drivers of Asia's water industry, such as population growth, climate change, lack of freshwater access and water resource contamination, continue to be in our favor.

Mr. Tay: As highlighted by our Chairman, the main revenue driver in FY2021 was the Group's TSEPC business segment, which saw its revenue growing by S\$13.9 million or 50.2% Y-o-Y. Notably, the Group completed a membrane filtration system project at Tuas South Desalination Plant ("Project TSDP"), the largest desalination plant in Singapore and South East Asia, with a contract value of S\$33.2 million during FY2021.

The Group had also secured several high value projects from PUB during FY2021. Recently in March 2022, the Group is pleased to have been further awarded a S\$56.6 million contract from PUB. This contract replaces the recently completed Project TSDP as the largest single contract secured by the Group to date. The new win is a significant achievement for Memiontec, both in terms of its contract value and technical complexity. With this award, as at 31 March 2022, the Group has a healthy order book of approximately S\$120 million (31 December 2021: S\$78 million) and most of these projects are expected to be substantially completed within the next two years.

For our TSEPC business, we are selective on the projects that we tender and the clients that we serve as we want to ensure that each project will be accretive to our financial performance. We take pride in our *Operational Excellence*, one of our key strengths which gives us an edge in project quality, timelines and budgets. In addition, our team exhibits strong technical expertise to resolve issues and problems at each stage of the projects to attain successful completion of projects that meet or exceed our clients' requirements.

Memiontec has also been selected by Enterprise Singapore to participate in the Scale-up SG programme. With guidance from consultants such as McKinsey & Company, we hope to sharpen our strategies, build new capabilities and expand our networks of partners, so that we can grow into a highly competitive global company in the water industry.

2. Kindly enlighten the BOOT / Transfer-Own-Operate-Transfer ("TOOT") projects under the Group and what is the outlook for this business segment?

Mr. Yap: Public-Private-Partnership ("PPP") is a popular model to stimulate investments in the water industry to address water scarcity issue. Due to the pressing need for clean water and wastewater treatment in many Southeast Asia nations, we will focus considerable resources including time and effort to develop PPP projects as a new growth area.

There are also further developments from our BOOT projects in Indonesia. The Pekan Baru BOOT project has commenced its sale of water and the Hutan Kota BOOT project is currently operating at its designed capacity resulting in higher profitability.

Mr. Tay: We see a strong demand for selling of water in Indonesia and Vietnam, especially where there is a need for clean potable water. In 2016, we established a joint venture with a state-owned enterprise in Indonesia, through PPP arrangements, that led to our first asset ownership of water and wastewater treatment plant.

Since then, Memiontec has amassed a total of three asset ownership projects in Indonesia, that have started the supply and sale of water to consumers for the contractual concession period of 25 years. This ensures steady recurring income, while providing clean water access to the communities we serve.

This business segment will be an important pillar of our business model because it can provide a steady stream of TSEPC and Operation, Maintenance and Servicing ("OMS") businesses, and generate profit from the sales of water and dividend income from owning the water assets. With the established track records as a total value chain or end-to-end solution provider, Memiontec is poised to form partnership with compatible local players to seize these opportunities that can offer multiple revenue and income.

DIALOGUE WITH CHAIRMAN AND CEO

FY2021



Revenue
Y-o-Y Increase
32%

Profit
After Tax
Y-o-Y Increase
15.4%



Book Orders
\$S120 MILLION
(March 2022)

3. Which are the key growth markets in Asia for Memiontec?

Mr. Yap: In total, Asia occupies 30% of the world's land area with approximately 60% of the world's current population and the United Nations has estimated that the continent's population will exceed five billion by 2050⁽¹⁾. This offers many opportunities for the Group to develop water related infrastructure in Asia.

Operating in Asia's water industry for more than 20 years, the Group aims to expand its business to countries that have a population of above 80 million, as we have seen the importance of how market size can build scalability and create varied prospects for our business model. Other criteria taken into account would include political and currency stability.

Mr. Tay: With rising water-related issues across Asia, we have been reviewing new market opportunities in countries within Southeast Asia with the support and assistance from Enterprise Singapore, where their network and resources in Asia have been a strong boost to our overseas ambitions.

One of the key overseas markets in Asia that we have identified is Vietnam where the country has an ambitious plan to upgrade its wastewater treatment capacity. According to the Orientation for Development of Water Sewage and Drainage Systems in Vietnam's Urban Centres & Industrial Parks Leading to 2025 and Vision for 2050, all urban cities in Vietnam will have centralised municipal wastewater treatment and collection systems by 2025; 70 to 80 per cent of municipal wastewater will be collected and treated properly and all traditional handicraft villages will have centralised or decentralised wastewater treatment facilities.

We look forward to continue to share key updates with our shareholders in a timely manner when such opportunities materialise.

4. What are the key challenges for Memiontec right now?

Mr. Yap: The core focus of our operations has been to always deliver safe and cost-effective solutions to our customers, whilst protecting the environment. Hence, we need to continuously keep up with new developments and innovations in the water industry, and to comply with Environmental, Social and Governance ("ESG") best practices.

Leadership renewal and development and training of future leaders of the Group are critical.

Mr. Tay: Our people are the backbone of our business. We want to attract, retain and grow professionals who are passionate and share the same values and enthusiasm in growing the business. However, attracting and retaining experienced talent remains competitive due to the tight supply of engineers. To overcome this, we are making more efforts to groom and train more young people into the business at the start of their careers.

At the same time, we are living in the technological age, and embracing it is crucial to value-adding to our customers and the environment. Technology and innovation touch key areas of our operations – from remote monitoring, to automation, to smart metering – and they are critical drivers for us to drive both cost and operational efficiencies. These propriety know-hows are the intangible assets of the Group.

5. What differentiates Memiontec from others in the water treatment industry?

Mr. Yap: First, Memiontec is well diversified in its business model, having built a strong geographical presence across Asia with our subsidiaries in China and Indonesia and headquarter in Singapore. Second, we see ourselves as a one-stop integrated water technology total solutions provider serving both the municipal sector and the various industries of the private sector. Third, we have a synergetic intertwined business model that generates income from 4 streams, namely TSEPC, OMS, sales & distribution of water treatment systems & equipment and sales of water through TOOT and BOOT projects, while tapping on the Group's supply chain management to improve cost efficiency.

1 <https://worldpopulationreview.com/continents/asia-population>

DIALOGUE WITH CHAIRMAN AND CEO

Mr. Tay: The water industry is unique, whereby water can be treated and reused in a circular process. We can value-add at each process point of the water treatment value chain based on our customers' requirements.

We also hold licences such as the BCS ME11 Grade 6 licence (highest tier and right to participate in public tenders with no limit) in Singapore, and the B1 and B2 construction licences in Indonesia (highest tier and right to participate in public and private tenders).

We have also built up a strong database of proprietary customised management information systems, design know-hows, associated programmable logic controllers, standard operating procedures to manage and operate water treatment plants, allowing us to generate economies of scale and higher operating margins.

6. Memiontec has proposed higher dividends in FY2021, can we expect this trend to continue?

Mr. Yap: We recognise that shareholders expect a return on their investment and dividend is one of the options to reward shareholders. The issuance of dividends has always been part of the Board's agenda and discussions for rewarding shareholders.

That said, we will need to balance our business priorities in light of the uncertainties arising from the COVID-19 pandemic and the need to fund new growth plans, as well as to ensure adequate and steady cash flow for the Group's working capital requirements.

Over the past few years, we have been distributing dividends to our shareholders and we have adhered to the dividend policy for FY2019 and FY2020 as mentioned in our offer document dated 21 February 2020 for our IPO.

With better financial performance in FY2021, the Board has recommended a proposed dividend of 0.209 Singapore cents per ordinary share for FY2021, subject to shareholders' approval at our upcoming annual general meeting, representing a growth rate of 13.0% as compared to the dividend of 0.185 Singapore cents per ordinary share for FY2020.

7. Can you share some highlights of your ESG initiatives?

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

A key part of our solutions is helping our customers to evaluate and identify the key issues of their water assets and providing the best solutions to maximise the usage of their water assets in a sustainable manner.

Mr. Tay: Clean water is a scarce resource especially in developing countries, a global challenge increasingly emphasized by the United Nations Global Compact (UNGC). Over the past 20 years, we are honoured to play a part to assist governments to address water crisis and water security issues.

Our innovative water treatment solutions enhance the performance of water infrastructure and systems, leading to higher yield with lower waste generation, better energy efficiency, less chemical consumption and improving plant life cycle. In Indonesia, we collaborate with governments via PPP arrangement to increase clean water accessibility. These "green" efforts provide a win-win solution for all stakeholders as we maximise benefits for our clients while being socially responsible.

Closing of Interview

Mr. Yap and Mr. Tay: We, on behalf of the Board of Directors of the Company, would like to record and express our appreciation to our fellow board members, entire team of our Group and our valued shareholders for your continued support and confidence throughout this past financial year.

In relation to Board's renewal, development and diversity, some important changes had occurred during FY2021, whereby the size of the Board was reduced to six Directors with the segregation of the roles of the Chairman and the CEO of the Company to enhance the Group's corporate governance practices. The Board welcomed Mr. Loh Eu Tse Derek to join the Board as an Independent Director of the Company in July 2021.

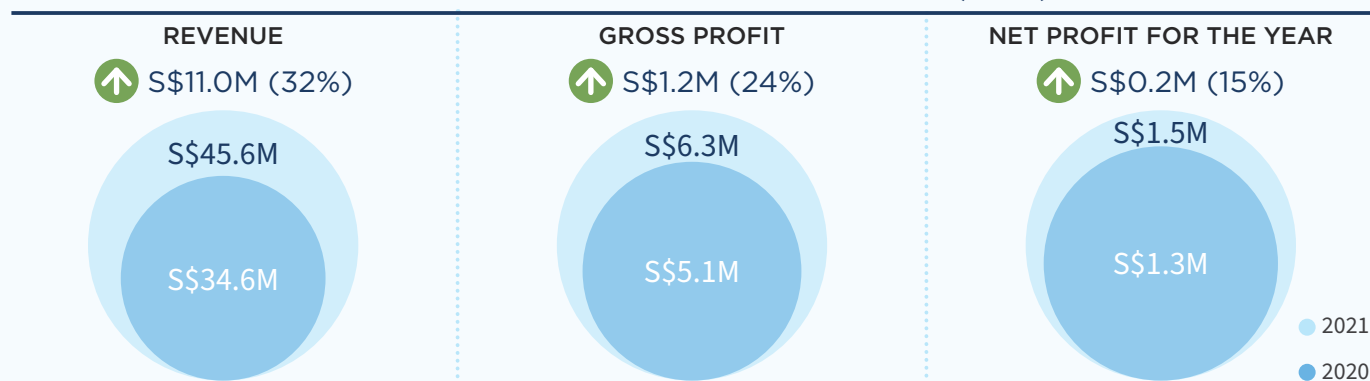
We would like to convey our gratitude to Mr. Low Kian Beng, who will be retiring from the Board upon conclusion of the forthcoming AGM, for his contribution and guidance to the Board and the Group, including the success of the Company's listing on March 2020. For business continuity and to retain access to Mr. Low Kian Beng's extensive experience and knowledge, the Group has engaged him as a senior advisor and consultant.

In addition, we also extend our sincere gratitude to all Memiontec's team members for their courage, dedication and expertise as we navigate the challenges of the COVID-19 pandemic.

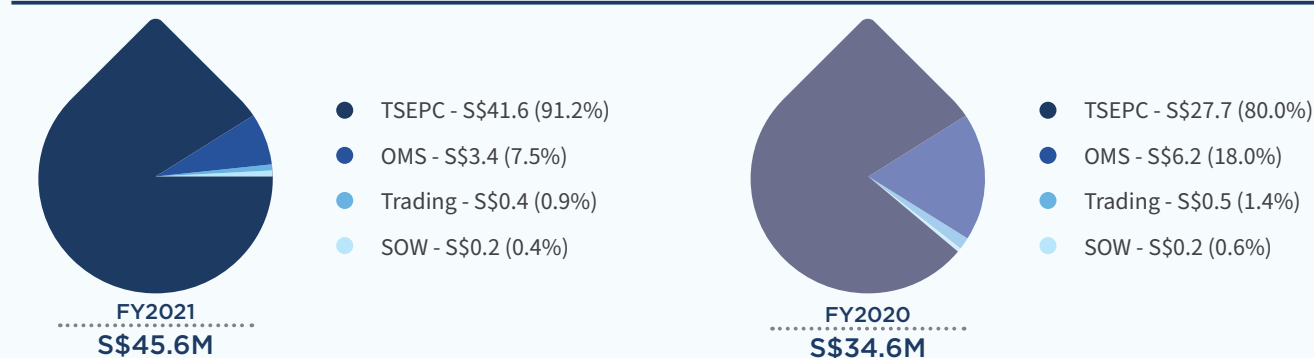
To our key business partners and all our shareholders, thank you for your continued trust. Memiontec looks forward to sharing more major milestones of our business in the new year ahead.

OPERATING & FINANCIAL REVIEW

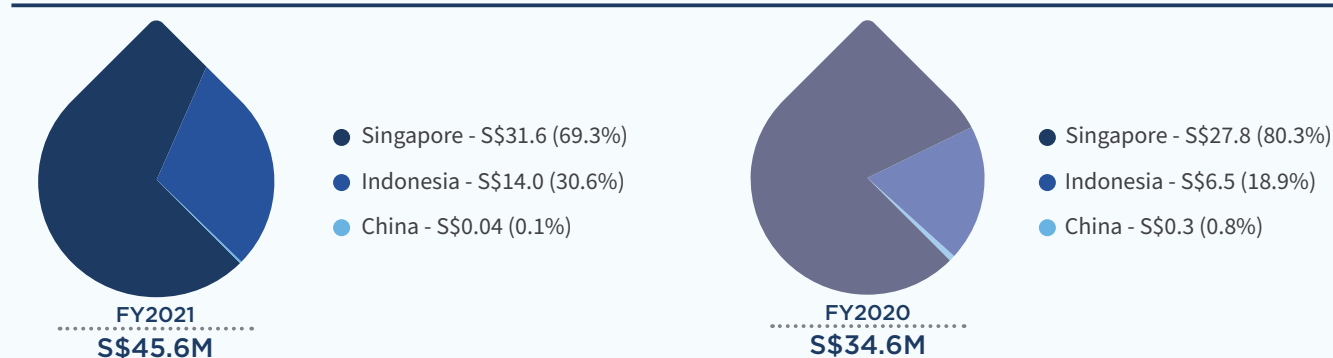
FINANCIAL PERFORMANCE FOR FY2021 (S\$'M)



REVENUE BY BUSINESS SEGMENT (S\$'M)



REVENUE BY COUNTRY (S\$'M)



The Group recorded revenue of S\$45.6 million in FY2021, a year-on-year ("Y-o-Y") increase of S\$11.0 million or 32%. The revenue growth was mainly contributed by the Group's TSEPC business segment, which increased by S\$13.9 million to S\$41.6 million. Notably, the Group completed a membrane filtration system project at Tuas South Desalination Plant, the largest desalination plant in Singapore and Southeast Asia, with a contract value of S\$33.2 million during FY2021.

In terms of revenue breakdown by business segments, TSEPC remains the key contributor to the Group's revenue. In FY2021, TSEPC, OMS, Trading and Sales of water accounted for 91.2%, 7.5%, 0.9% and 0.4% of total revenue, compared to 80.0%, 18.0%, 1.4% and 0.6% respectively in FY2020.

Geographically, revenue from Singapore and Indonesia operations grew Y-o-Y by S\$3.8 million or 13.7% and S\$7.5 million or 115.4%, respectively while revenue in China decreased by S\$0.26 million.

While the Group's gross profit increased in FY2021, its gross profit margin dipped marginally by 0.9 percentage point to 13.9% mainly due to higher shipping, labour, safety and compliance costs resulting from the COVID-19 pandemic during the first half of FY2021, which was partially offset by higher gross margins attributed to certain municipal TSEPC projects in Indonesia.

OPERATING & FINANCIAL REVIEW

The Group's other income decreased by S\$0.7 million or 56.3%, mainly due to the decrease in grant income of S\$0.8 million, as a result of the absence of SGX listing grant of S\$0.2 million and lower COVID-19 related government subsidies of S\$0.6 million during FY2021.

General and administrative and other costs grew slightly by S\$0.2 million, mainly due to an increase in consultancy and professional fees of S\$0.2 million and staff costs of S\$0.3 million, offset by absence of listing fees of S\$0.3 million in FY2021. Higher consultancy and professional fees were due to more public relations' and investor relations' efforts to improve and enhance engagement with the Group's various stakeholders. Increase in staff costs was mainly for the management and administration for larger projects in Singapore completed within FY2021.

Share of profit from a joint venture increased to S\$0.1 million in FY2021 from a loss of S\$0.1 million in FY2020. The higher share of profit for FY2021 was due to higher revenue generated by increased volume of sales of treated water. The Hutan Kota BOOT project entered into Phase 2 production in the fourth quarter of FY2021, and is currently producing and selling water at 100% of its design capacity of 450 litres per second.

As a result of the above, the Group recorded profit before income tax of S\$2.1 million, net profit of S\$1.5 million and profit attributable to the owners of the Company of S\$1.5 million in FY2021. Comparing to FY2020, this translates into an increase in profit before income tax and net profit of 24% and 15% respectively.

FINANCIAL POSITION

FINANCIAL POSITION	2021 S\$'M	2020 S\$'M	Changes	
			S\$'M	%
Net current assets	17.1	17.1	-	-
Total non-current assets	5.4	4.3	+1.1	+26%
Total non-current liabilities	4.2	4.3	-0.1	-2%

Net current assets remained at S\$17.1 million as at 31 December 2021.

Non-current assets increased by S\$1.1 million, mainly due to (i) the additional capital investment of S\$0.6 million in relation to the 15% shareholding interest in a joint venture company incorporated for the execution of a BOOT project in Pekan Baru, Indonesia ("Pekan Baru JV Investment"); and (ii) additions of property, plant and equipment and rights-of-use assets amounting to S\$0.3 million during FY2021.

Non-current liabilities decreased slightly by S\$0.1 million, mainly due to loan repayments and partially offset by the drawdown of a new loan in FY2021.

CASH FLOWS

	S\$'M
1 January 2021	14.0
Operating cash flows	3.0
Investing cash flows	(0.9)
Financing cash flows	(1.9)
Foreign exchange	(0.1)
31 December 2021	14.1

In FY2021, the Group generated operating cash flows of S\$3.0 million. Meanwhile, net cash used in investing activities was S\$0.9 million due mainly to additional capital contribution into the Pekan Baru JV Investment of S\$0.6 million and purchases of plant and equipment of S\$0.3 million.

The net cash outflow of S\$1.9 million from financing was mainly due to dividends paid of S\$0.4 million, repayments of borrowings and lease liabilities of S\$1.3 million and placements of term deposits pledged of S\$0.8 million, offset by the drawdown of a new loan of S\$0.9 million during FY2021.

As a result, cash and cash equivalents increased slightly from S\$14.0 million in FY2020 to S\$14.1 million in FY2021.

LIQUIDITY

As at 31 December 2021 and 2020, the Group is also in a healthy net cash position.

	2021 S\$'M	2020 S\$'M
NET CASH		
Cash and bank balances	15.5	14.5
Less: Debt (borrowings and lease liabilities)	(5.2)	(5.3)
Net cash	10.3	9.2

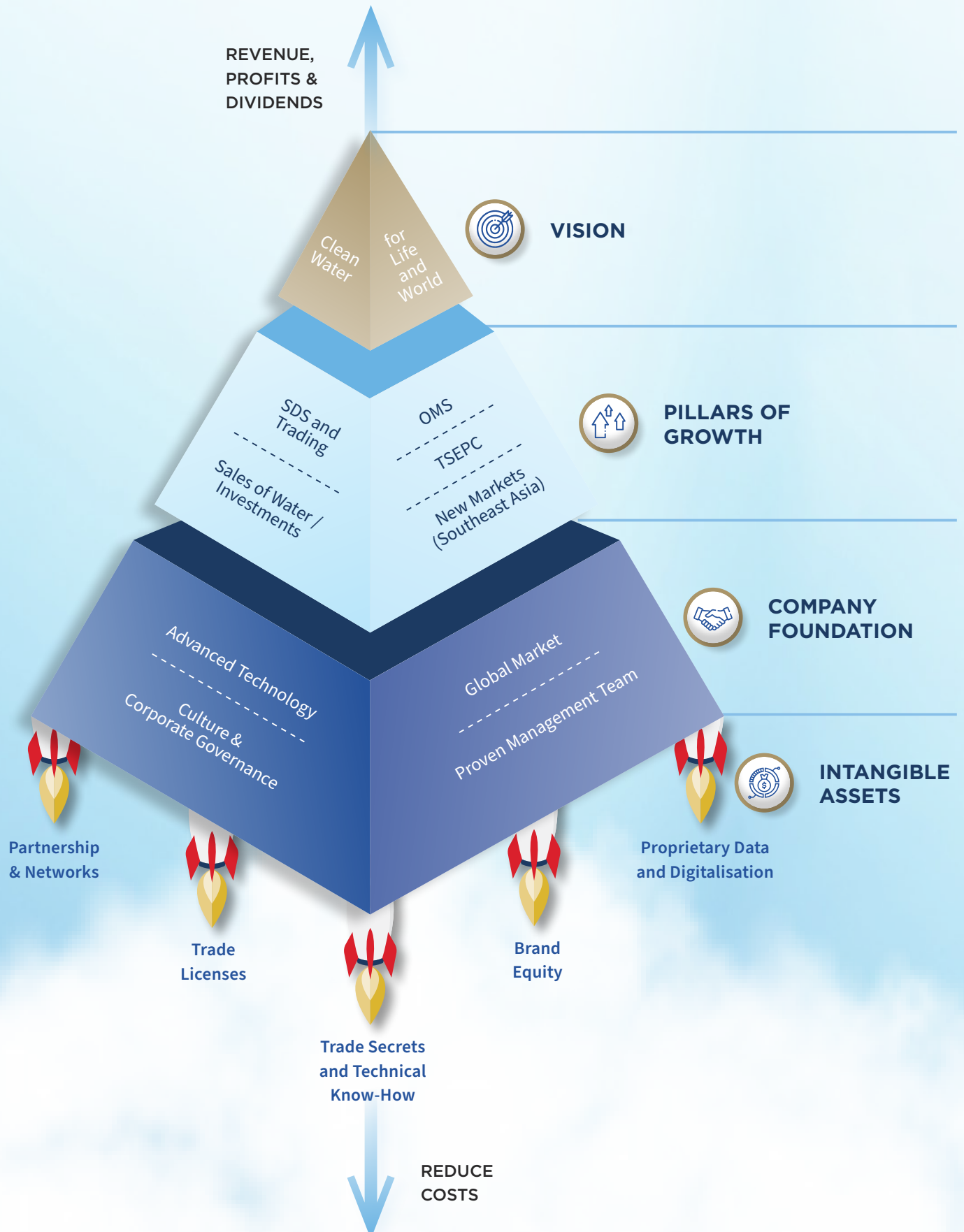
OVERALL PERFORMANCE

Overall, the Group has achieved improved financial performance and stronger financial position and liquidity in FY2021.

ADVANCING
FORWARD >>



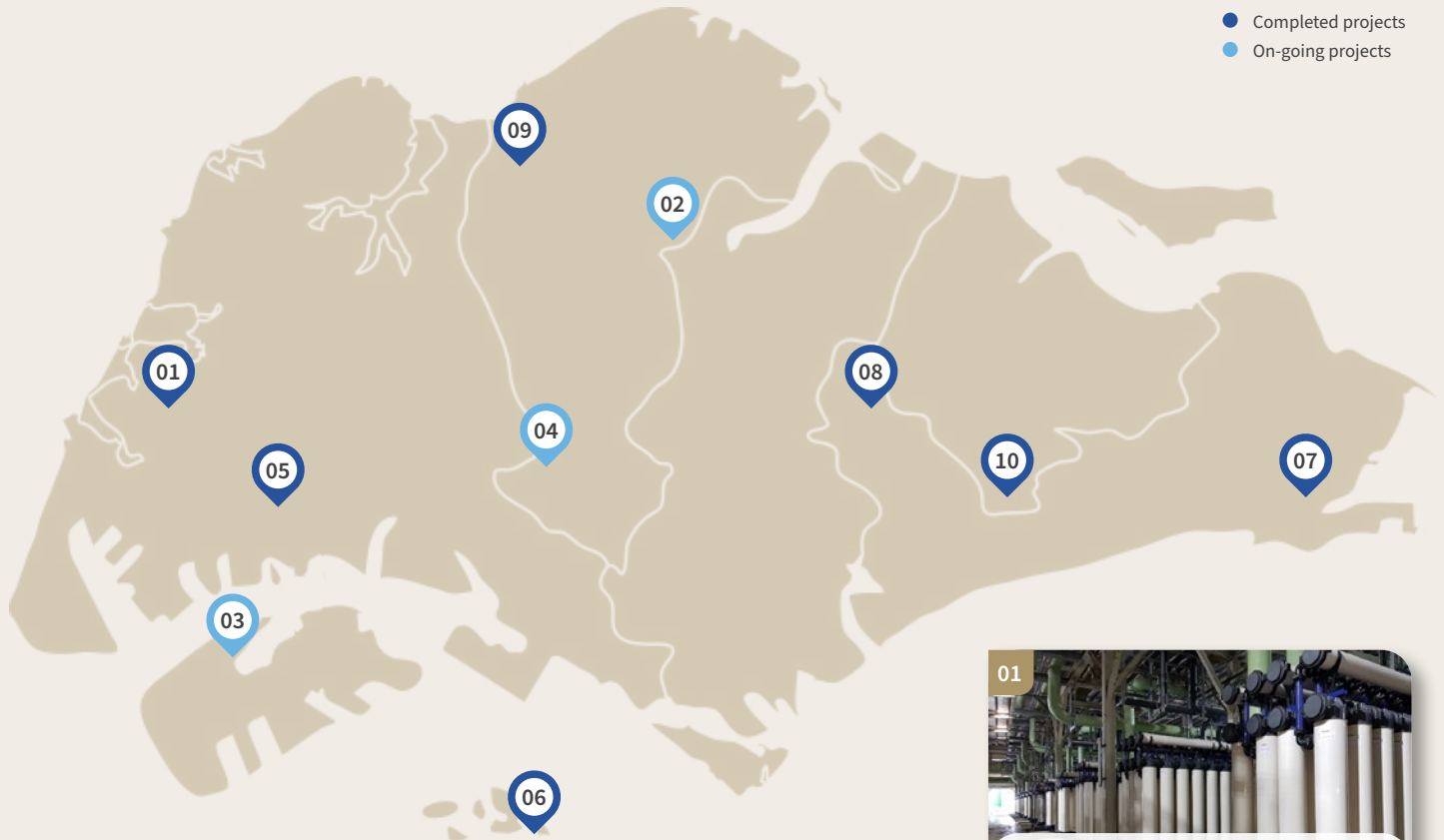
MEMIONTEC VISION



PROJECT PORTFOLIO

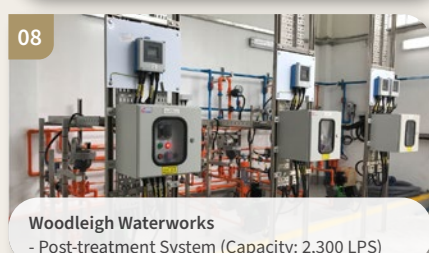
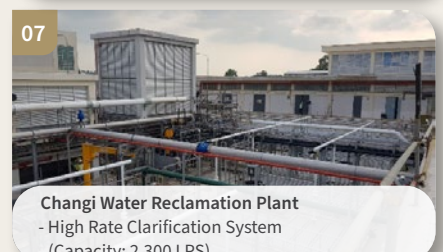
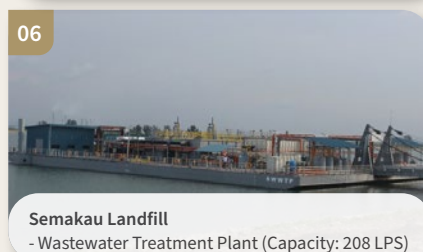
(The list is not exhaustive)

 **SINGAPORE**



- Completed projects
- On-going projects

TSEPC Projects



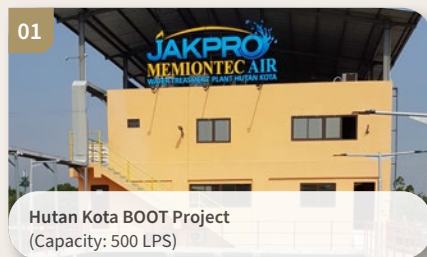
PROJECT PORTFOLIO

(The list is not exhaustive)

 **INDONESIA**



BOOT Projects



TSEPC Projects



BOOT & TOOT PORTFOLIO

By participating in Build-Own-Operate-Transfer (“BOOT”) and Transfer-Own-Operate-Transfer (“TOOT”) projects, Memiontec generates revenue through providing TSEPC services, OMS and the sales of water over an agreed number of years (known as the concessionary period) once the plant becomes operational.

Generally for TOOT and BOOT projects, the developer or owner seeks a total solutions for the design and building of a water treatment facility on a turnkey basis. In undertaking TOOT and BOOT projects, we design and build customised total solutions plan for system integration using a spectrum of water technologies.

HUTAN KOTA BOOT PROJECT

Location	Hutan Kota, Jakarta, Indonesia
Construction period	Completed in 2019
Capacity	500 litres per second
Concessionary period	20 + 5 years from 2019
Group's interest	40%



Our first BOOT project was in 2016 in a joint venture with Jakarta state-owned PT Jakarta Utilitas Propertindo (“PT JUP”) via a BOOT agreement to develop and manage a bulk drinking water production unit at Hutan Kota, Jakarta.



WADUK PLUIT TOOT PROJECT

Location	Waduk Pluit, Jakarta, Indonesia
Construction period	Completed in 2018
Capacity	Up to 32 litres per second
Concessionary period	25 years from 2018
Group's interest	40%

Memiontec participated in our first TOOT project in 2016 through a joint operation arrangement with PT JUP in which we took over, retrofitted and upgraded an existing water treatment plant located in Waduk Pluit, Jakarta. The upgraded plant has a production capacity of up to 2,500 cubic metres per day (or 32 litres per second).

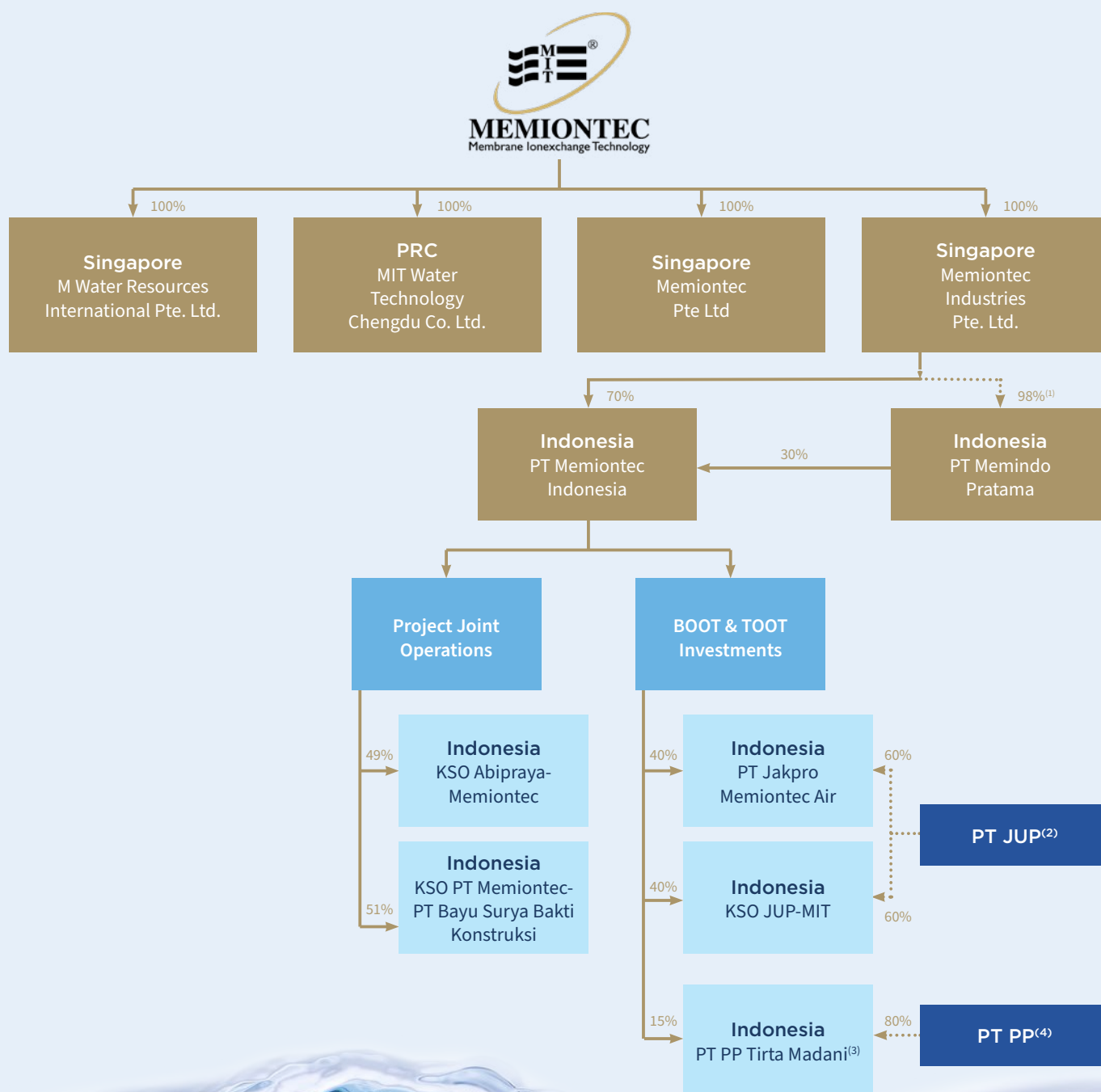
PEKAN BARU BOOT PROJECT

Location	Pekan Baru, Indonesia
Construction period	Under construction from 2021 to 2026
Capacity	750 litres per second
Concessionary period	25 years from completion of Phase 1 (2022)
Group's interest	15%



We secured our second BOOT project in 2020 in a joint venture with PT PP, a reputable state-owned civil and infrastructure contractor and developer in Indonesia. The construction of the project will take approximately six years. Work for Phase 1, which involves the rehabilitation and upgrading of the existing facility, is currently underway and is to be completed within one year. Plant production capacity is expected to increase by at least 3 times, from 200 litres per second to 750 litres per second upon full completion in 2026.

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.

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 is our Independent Non-Executive Chairman and was appointed on 30 December 2019. He currently sits on the board of Bursa-listed Apex Healthcare Berhad and Leafydom Limited.

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.



TAY KIAT SENG

Executive Director and Chief Executive Officer

First appointed: 6 March 2013

Last re-elected: 13 May 2020

Mr Tay co-founded Memiontec in 1992 with 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 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 Singapore Institute of Directors.

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 more than 28 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 MPL's operations. 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 Singapore Institute of Directors.



LOW KIAN BENG

Executive Director

First appointed: 30 December 2019

Last re-elected: 13 May 2020

Mr Low is our Executive Director and he joined the Group in June 2017. He was appointed as a Director of the Company on 30 December 2019.

As Executive Director, Mr Low is involved in the decision making on the Group's operational and financial matters, together with rest of the Board. He is primarily responsible for strategic and business development to grow the Group regionally; strengthening and improving the operational efficiency of the Group for cost competitiveness; and strengthening the foundation for the Group to achieve sustainable growth with appropriate governance.

From 2010/11 to 2017, Mr Low was the Group Deputy CEO and Executive Director of ecoWise Holdings Limited, a Singapore SGX-listed environmental company. Prior to that from 2000 to 2006, he was the Managing Director and CEO of SP Corporation, a SGX-listed industrial services company, and from 2006 to 2010, he was the CEO of Envipure Pte Ltd.

Mr Low has more than 28 years of senior management experience, covering various functions, in the renewable & water, rubber & tyre, petrochemicals, energy and engineering services industries, across the Asia Region.

Mr Low obtained his BSc Degree (with honours) in Engineering from Imperial College of Science and Technology, London (UK) in 1980 and a Master of Business Administration Degree (with distinction) from Oklahoma City University, Texas (USA) in 1989. Since May 2012, Mr Low has served as a non-executive council member of the Sustainable Energy Association of Singapore.

BOARD OF DIRECTORS



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 currently sits on the boards of Cosmosteel Holdings Limited and Edition Ltd, which are listed on the SGX.

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.



LOH EU TSE DEREK

Independent Director

First appointed: 1 July 2021

Last re-elected: Not applicable

Mr Loh is our Independent Director and was appointed on 1 July 2021. Mr Loh currently sits on the board of Adventus Holdings Limited, Kingsmen Creatives Ltd. and Vibrant Group Limited.

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.

MANAGEMENT TEAM



LEE QUANG LOONG

Chief Financial Officer

Mr Lee is our Chief Financial Officer, and he joined Memiontec in August 2021. As the Chief Financial Officer, he is primarily responsible for the financial management, financial reporting, corporate finance, treasury, risk management and corporate governance frameworks of the Group.

Mr Lee has more than 20 years of senior management experience, covering various functions in the field of finance, tax and audit, in specialist foundation engineering and construction, real estate, manufacturing and coal mining operations across the Asia Pacific Region.

From 2006 to 2021, Mr Lee was the CFO and Company Secretary of CSC Holdings Limited, a regional foundation engineering group listed on the Main Board of SGX. Prior to that, from 1998 to 2006, Mr Lee was the Group Finance Manager of Tat Hong Investments group and also worked for several years with the big four accounting firms.

Mr Lee obtained his professional accountancy qualification from The Association of Chartered Certified Accountants (ACCA) in 1997 and is currently a member of the Institute of Singapore Chartered Accountant.



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.



EXPANDING CAPABILITIES



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)
- 
Hor Siew Fu
 (Independent Director)
- 
Loh Eu Tse Derek
 (Independent 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

- 
Nexia TS Public Accounting Corporation
 80 Robinson Road
 #25-00 Singapore 068898
 Audit Director-in-charge: Meriana Ang Mei Ling
 (Appointed since financial year ended 31 December 2021)

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 recognize the importance of practising 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 2021 (“**FY2021**”), 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 which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

The Board is pleased to report that, for FY2021, 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.

1. 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 capital, 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 organizational objectives and goals;

CORPORATE GOVERNANCE REPORT

- (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 recognising that their perceptions affect the Company's reputation.

Orientation, Continuous Training and Development of Directors

The Company does not have a formal training programme 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.

Mr. Loh Eu Tse Derek was appointed as an Independent Director with effect from 1 July 2021. Following his appointment, Mr. Loh Eu Tse Derek had received the abovementioned orientation programme and formal letter from the Company. In addition, Mr. Loh Eu Tse Derek had met with Management to gain a better understanding of the Group's business operations. Mr. Loh Eu Tse Derek has prior experience as a director of an issuer listed on the SGX-ST and as such, he is not required to attend the prescribed training pursuant to Rule 406(3)(a) of the Catalist Rules.

The Directors are continually and regularly updated on the Group's businesses and governance 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.

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;

CORPORATE GOVERNANCE REPORT

- (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 (the "**Constitution**") allows a Board meeting to be conducted by way of tele-conference and video conference.

CORPORATE GOVERNANCE REPORT

The table below sets out the number of Board and Board Committee meetings which were convened during FY2021:

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

* Attended by invitation.

^ Mr. Chua Kern and Mr. Lee Dah Khang retired as Independent Directors with effect from 12 April 2021.

@ Mr. Loh Eu Tse Derek was appointed as an Independent Director with effect from 1 July 2021.

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 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.

CORPORATE GOVERNANCE REPORT

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 FY2021. 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

There were changes made to the composition of the Board and Board Committees during FY2021. As at the date of this report, the Board comprises six (6) 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	–	–	–
Low Kian Beng	Executive Director	–	–	–
Hor Siew Fu	Independent Director	Chairman	Member	Member
Loh Eu Tse Derek	Independent Director	Member	Chairman	Member

Mr. Low Kian Beng will be retiring at the forthcoming AGM and though eligible, he has decided not to seek for re-election to the Board. Please refer to Provision 4.3 of this report for more information.

The independence of each Independent Director is reviewed by the NC, based on the guidelines as provided in the Code as well as Rule 406(3)(d) of the Catalist Rules. The independence of each Director is assessed and will be reviewed at least annually by the NC. In its deliberation as to the independence of a Director, the NC takes into account the examples of relationships as set out in the Code. The criterion for independence is based on the definition given in the Code and in 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 with a view to the best interests of the company. Under Rule 406(3)(d) of the Catalist Rules, an independent director is (i) one who is not or has not been employed by the company or any of its related corporations for the current or any of the past three (3) financial years; or (ii) one who does not have an immediate family member who is, or has been in any of the past three (3) financial years, employed by the company or any of its related corporations, and whose remuneration is determined by the remuneration committee of the Company; or (iii) one who has not been a director for an aggregate period of more than nine (9) years (whether before or after listing) or if he/she is, whose continued appointment as an independent director has been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer.

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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 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. 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 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 part of the Management team and is not independent, is not applicable to the Company.

As at the date of this report, the Company is not in compliance with Provision 2.3 of the Code, which requires Non-Executive Directors to make up a majority of the Board. However, in view that (i) half of the Board is made up of Non-Executive Directors (who are also Independent Directors); (ii) the Board Committees are all chaired by Independent Directors; and (iii) the Chairman of the Board (who is an Independent Director) has a casting vote as provided under the Constitution, the NC believes that the Board shall be able to exercise independent judgment on corporate affairs and ensures that no one individual or groups of individuals dominated any decision making process. Accordingly, the Board is of the view that the Company complies with Principle 2 of the Code.

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.

It is the Board's policy that the members of the Board should possess the relevant core competencies in areas such as accounting and finance, legal, strategic planning, business and management experience. 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.

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. Accordingly, the Board, with the concurrence of the NC, is of the opinion that its current Board size of six (6) 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. In addition, 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. The Board also 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 five (5) male Directors and one (1) female Director.

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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 Directors 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 FY2021.

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")

To enhance the Group's corporate governance practices, the Board, after taking into consideration the recommendation of the NC, separated the roles of the Chairman and the CEO to be held by separate persons during FY2021. With effect from 1 July 2021, (i) Mr. Tay Kiat Seng stepped down as the Chairman of the Company, while remaining as the Executive Director and CEO of the Company; and (ii) Mr. Jackson Chevalier Yap Kit Siong, the then Lead Independent Director of the Company, was appointed as Independent Non-Executive Chairman of the Company. The Chairman and the CEO are not related to each other. With the above changes, the Company is in compliance with Provision 3.1 of the Code.

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 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.

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;

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- (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.

Provision 3.3 - Lead Independent Director

Following the appointment of Mr. Jackson Chevalier Yap Kit Siong as the Independent Non-Executive Chairman with effect from 1 July 2021, Mr. Jackson Chevalier Yap Kit Siong no longer assumed the role of the Lead Independent Director of the Company as such requirement to have an lead independent director under Provision 3.3 of the Code was no longer applicable as the Chairman and the CEO are separate persons and the Chairman is independent.

Further, 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 did not appoint any 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

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

The NC met once in FY2021.

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

- (a) reviewing and recommending 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 reviews at least once a year, or more frequently as it deems fit;

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- (b) determining annually, and as and when circumstances require, whether or not a Director is independent;
- (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- (d) developing a process 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) reviewing the Directors' mix of skills, experience, core competencies and knowledge of the Group that the Board requires to function competently and efficiently;
- (f) reviewing succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- (g) reviewing the training and professional development programs for the Board;
- (h) where a Director has multiple board representations, deciding 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; and
- (i) reviewing and approving the employment of persons related to the Directors, CEO or Substantial Shareholders and the proposed terms of their employment.

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.

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 also 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 re-nomination as a Director.

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

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At the forthcoming AGM, Mr. Tay Kiat Seng (Executive Director and CEO) and Mr. Low Kian Beng (Executive Director) will be retiring by rotation pursuant to Regulation 96 of the Constitution, whereas Mr. Loh Eu Tse Derek (Independent Director) will be retiring pursuant to Regulation 100 of the Constitution.

Mr. Low Kian Beng has informed the NC and the Board that he will not be seeking re-election to the Board at the forthcoming AGM. Following the expiry of the two-year initial term of his service agreement with the Company, Mr. Low Kian Beng has decided not to continue with his service agreement and, though eligible, not to seek re-election as a director of the Company at the forthcoming AGM, as he wishes to devote more time to pursue his personal interest as part of his plan to ease himself into retirement. Mr. Low Kian Beng will be retiring upon the conclusion of the forthcoming AGM. Upon retirement, Mr. Low Kian Beng will cease to be an Executive Director of the Company. The Board would like to extend its appreciation to Mr. Low Kian Beng for his contribution and guidance to the Board and the Group, including the success of the Company's listing on March 2020. To retain access to Mr. Low Kian Beng's extensive experience and knowledge, the Company has entered into an advisory and consulting service contract with Mr. Low Kian Beng to engage him as a senior advisor and consultant to provide advisory and consulting services to the Board and the CEO. Please refer to the Company's announcement dated 8 April 2022 on the retirement of Mr. Low Kian Beng as an Executive Director of the Company, for more information.

Mr. Tay Kiat Seng and Mr. Loh Eu Tse Derek, 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. Tay Kiat Seng and Mr. Loh Eu Tse Derek will be retiring and are nominated for re-election. In making the recommendation, the NC has considered, amongst others, each of Mr. Tay Kiat Seng's and Mr. Loh Eu Tse Derek'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.

Mr. Tay Kiat Seng will, upon re-election as a Director at the forthcoming AGM, remain as Executive Director and CEO of the Company.

Mr. Loh Eu Tse Derek will, upon re-election as a Director at the forthcoming AGM, remain as an Independent Director of the Company and continue as Chairman of the NC, as well as a member of the AC 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. Tay Kiat Seng and Mr. Loh Eu Tse Derek 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.

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.

There is no alternate Director on the Board.

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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 will 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 NC will collate and review 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 FY2021, 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 FY2021, 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

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 Director
Loh Eu Tse Derek	Member	Independent Director

The RC met once in FY2021.

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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) review and recommend Directors' fees for Non-Executive Directors for approval at the AGM;
- (d) review and approve the design of, and the administration of, all performance share plans and/or other equity-based plans; and
- (e) 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 or her.

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 own remuneration. Each RC member will abstain from voting on any resolution in respect of his 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 FY2021, the RC met once to discuss, amongst others, the framework of remuneration for the Executive Directors and key management personnel, as well as Directors' fees.

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 FY2021.

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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.

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 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. Shareholders' approvals had also been obtained at the last AGM held on 12 April 2021 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 at the date of this report, no awards were granted under the PSP. As and when the RC decides to grant an award to Mr. Tay Kiat Seng and/or Ms. Soelistyo Dewi Soegiharto, the Company will, pursuant to the Catalist Rules and the rules of the PSP, seek further specific approvals from independent Shareholders and further details on the actual number and terms of awards to be granted will be provided by the Company. For further information on the PSP, please refer to the section entitled "Memiontec Performance Share Plan" of the Offer Document.

Provision 7.2 - Remuneration of Non-Executive and Independent Directors

The Independent Directors receive Directors' fees in accordance with their contributions. Directors' fees for the Independent Directors are proposed by the Executive Directors and reviewed and recommended by the RC, based on the effort, time spent and the responsibilities of the individual Independent Directors. No Director is involved in deciding his/her own remuneration. The Independent Directors have not been over-compensated to the extent that their independence is compromised. The total remuneration of the Independent Directors is recommended for Shareholders' approval at each AGM. Save for the PSP, there are no other share-based compensation schemes in place for Independent Directors.

All the Non-Executive Directors, who are Independent Directors, are compensated based on a fixed annual Directors' fee taking into consideration their respective contributions. Directors' fees for the Non-Executive and Independent Directors of an aggregate of up to S\$150,000 for the financial year ending 31 December 2022 (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 (FY2021: up to S\$190,000).

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), Ms. Soelistyo Dewi Soegiharto (Managing Director) and Mr. Low Kian Beng (Executive Director) for an initial term of three (3) years, three (3) years and two (2) years respectively, with effect from the Listing of the Company on 5 March 2020. 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.

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Remuneration of Individual Directors

A breakdown, showing the level and mix of each individual Director's (including the CEO's) remuneration for FY2021 is as follows:

	FY2021 Remuneration		Breakdown of Directors' Remuneration				
	Up to S\$250,000	S\$250,000 to S\$500,000	Salary (%)	Bonus (%)	Director's fee (%)	Allowances and other benefits ⁽¹⁾ (%)	Total (%)
Tay Kiat Seng	–	✓	75.7	14.7	–	9.6	100
Soelistyo Dewi Soegiharto	–	✓	78.4	10.9	–	10.7	100
Low Kian Beng	–	✓	80.9	6.8	–	12.3	100
Jackson Chevalier Yap Kit Siong	✓	–	–	–	100	–	–
Hor Siew Fu	✓	–	–	–	100	–	–
Chua Kern ^{(2),(3)}	✓	–	–	–	100	–	–
Lee Dah Khang ^{(2),(3)}	✓	–	–	–	100	–	–
Loh Eu Tse Derek ^{(2),(4)}	✓	–	–	–	100	–	–

Notes:

- (1) Other benefits refer to benefits-in-kind such as fixed allowances and payments in respect of Company's statutory contributions to the Singapore Central Provident Fund.
- (2) Directors' fees for these Directors were pro-rated in accordance to their respective retirement or appointment during the financial year.
- (3) Mr. Chua Kern and Mr. Lee Dah Khang retired as Independent Directors with effect from 12 April 2021.
- (4) Mr. Loh Eu Tse Derek was appointed as an Independent Director with effect from 1 July 2021.

Remuneration of Key Management Personnel

A breakdown, showing the level and mix of the top four (4) key management personnel (who are not Directors or the CEO) for FY2021, is as follows:

	FY2021 Remuneration ⁽⁴⁾		Breakdown of Executives' Remuneration		
	Up to S\$250,000	Salary (%)	Bonus (%)	Allowances and other benefits ⁽²⁾ (%)	Total (%)
Name of Executive⁽¹⁾					
Lee Quang Loong ⁽³⁾	✓	84.9	–	15.1	100
Goh Yen Peng ⁽³⁾	✓	77.2	4.6	18.2	100
Lim Wei Kuan	✓	63.8	20.6	15.6	100
Irawati Tan	✓	81.4	13.6	5.0	100

Notes:

- (1) There are only four (4) employees identified as key management personnel of the Group in FY2021.
- (2) Other benefits refer to benefits-in-kind such as fixed allowances and payments in respect of Company's statutory contributions to the Singapore Central Provident Fund.
- (3) Ms. Goh Yen Peng resigned as Group Financial Controller of the Company with effect from 3 September 2021 and Mr. Lee Quang Loong was appointed as Chief Financial Officer of the Company with effect from 24 August 2021. The remuneration for Ms. Goh Yen Peng and Mr. Lee Quang Loong were pro-rated in accordance to their respective resignation or appointment during the financial year.
- (4) The aggregate total remuneration paid to the top four (4) key management personnel (who are not Directors or the CEO) for FY2021 is S\$555,717.

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There were no termination, retirement and post-employment benefits paid to any Directors and the top four (4) key management personnel (who are not Directors or the CEO) in FY2021.

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. 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 immediate family members of a Director or the CEO

Save for Mr. Tay Kiat Seng and Ms. Soelistyo Dewi Soegiharto who are spouses, there is no 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 in FY2021.

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. Shareholders' approvals had also been obtained at the last AGM held on 12 April 2021 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. The PSP is administered by the RC. As at the date of this report, no awards were granted under the PSP. For further information on the PSP, please refer to the section entitled "Memiontec Performance Share Plan" of the Offer Document.

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. Non-Executive Independent 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.

CORPORATE GOVERNANCE REPORT

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 and information technology controls) and risk management systems.

The Company has put in place 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. 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 FY2021, 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 and information technology controls).

Based on the work performed by the external auditors, 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 and information technology controls) and risk management systems were adequate and effective as at 31 December 2021.

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.

CORPORATE GOVERNANCE REPORT

Audit Committee

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

Provisions 10.1 and 10.2 - AC Membership

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

The AC met two (2) times in FY2021.

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) review and report to the Board, at least annually, the adequacy and effectiveness of the Group's internal control procedures (including financial, operational, compliance 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;
- (d) review and discuss with the internal auditors and the external auditors, any issues and concerns arising from the internal audits and 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;
- (e) 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;

CORPORATE GOVERNANCE REPORT

- (f) 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;
- (g) review the co-operation given by the Management to the internal and external auditors, where applicable;
- (h) 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;
- (i) review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules and review procedures thereof;
- (j) review potential conflicts of interests (if any) and set out a framework to resolve or mitigate any potential conflicts of interests;
- (k) 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;
- (l) review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;
- (m) review and approve transfer pricing policies implemented by the Group and conduct periodic review of such transfer pricing policies;
- (n) 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);
- (o) review the measures and internal control procedures to safeguard the Group's interests pursuant to the Combination Agreements to ensure their relevance and adequacy;
- (p) 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;
- (q) review the assurance from the CEO and CFO on the Group's financial records and financial statements;
- (r) 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;
- (s) 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;
- (t) review the whistle-blowing policy and procedures;
- (u) 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;
- (v) monitor the use of proceeds from the share placement;
- (w) monitor the adequacy of the current system of monitoring debtors' aging profile and ensure that such aspect will be included as part of the internal audit review scope; and
- (x) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

CORPORATE GOVERNANCE REPORT

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 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 FY2021, 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 from TSEPC projects and consolidation of the financial statements 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, Nexia TS Public Accounting Corporation ("**Nexia TS**"), 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 or payable to the Group's external auditors are as disclosed in the table below:

	2021 S\$'000	2020 S\$'000
Audit fees paid to:		
- Auditors of the Company	78	91
- Other auditors	31	42
Non-audit fees	-	-
	109	133

There were no non-audit fees paid to the Group's external auditors in FY2021 and FY2020.

After considering the audit quality indicators, including but not limited to, adequacy of resources and experience of Nexia TS, the AC is satisfied and has recommended to the Board, and the Board has accepted, the nomination and re-appointment of Nexia TS as the external auditors for the Company's audit obligations for the financial year ending 31 December 2022, subject to Shareholders' approval at the forthcoming AGM. Nexia TS has also confirmed its independence and that it is registered with the Accounting and Corporate Regulatory Authority and approved under the Accountants Act 2004 of Singapore. The audit director-in-charge assigned to the audit is a registered public accountant under the Accountants Act 2004 of Singapore.

For FY2021, 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.

CORPORATE GOVERNANCE REPORT

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 FY2021.

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

None of the AC members were former partners or directors of the Company’s external auditor or hold any financial interest in the external auditor.

Provision 10.4 - Internal Audit Function

The Company does not have an in-house internal audit function. For FY2021, the Company outsourced its internal audit function to a professional firm, RSM Risk Advisory Pte Ltd. 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 and information technology controls and overall risk management of the Group for FY2021.

On an annual basis, the AC reviews the independence, adequacy and effectiveness of the internal audit function. For FY2021, 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.

CORPORATE GOVERNANCE REPORT

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 FY2021, 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 2022.

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 the latest 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.

For FY2021, due to the ongoing COVID-19 pandemic, the Company's last AGM held on 12 April 2021 ("2021 AGM") was held by way of electronic means, through "live" audio-visual webcast and "live" audio-only stream of the 2021 AGM. The notice of 2021 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 2021 AGM, detailing the alternative arrangements for the 2021 AGM. Shareholders participated in the 2021 AGM via electronic means, voting by appointing the Chairman of the 2021 AGM as proxy and sending their questions (if any) in relation to any resolution set out in the notice of 2021 AGM to the Company in advance of the 2021 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 before the 2021 AGM.

In view of the current COVID-19 situation, the forthcoming AGM in respect of FY2021 will also be convened and held by electronic means 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 FY2021.

Provision 11.2 - Separate resolutions at general meetings

Matters which require Shareholders' approval were presented and proposed as a separate resolution. The Company practises 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 FY2021. Proxy form is also sent with the notice of general meeting to all Shareholders.

CORPORATE GOVERNANCE REPORT

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.

Save for Mr. Loh Eu Tse Derek who was appointed as an Independent Director with effect from 1 July 2021, all Directors were present at the 2021 AGM. Save for the 2021 AGM, there were no other general meetings of the Company held during FY2021.

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. Our 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 our corporate website at appropriate time.

Minutes of the 2021 AGM had been published by the Company on its corporate website and on the SGXNet within one (1) month from the date of the 2021 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 0.209 Singapore cents per share for FY2021 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;

CORPORATE GOVERNANCE REPORT

- (d) our 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 we operate.

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.

CORPORATE GOVERNANCE REPORT

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, government and regulators, community, shareholders and investors. 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 website.

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

The Company will publish its first Sustainability Report by 31 December 2022 in respect of FY2021, which is its first full financial year of Listing. 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 ("IPT").

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 FY2021.

CORPORATE GOVERNANCE REPORT

6. MATERIAL CONTRACTS

Save as disclosed in the Offer Document, 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 FY2021 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2020.

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 FY2021.



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DIRECTORS' STATEMENT

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 the statement of the financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

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 60 to 125 are drawn up 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 2021 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	
Low Kian Beng	
Hor Siew Fu	
Loh Eu Tse Derek	(Appointed on 1 July 2021)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR 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 31.12.2021	At 1.1.2021	At 31.12.2021	At 1.1.2021
The Company				
(No. of ordinary shares)				
Tay Kiat Seng	118,345,033	118,345,033	26,456,554	26,456,554
Soelistyo Dewi Soegiharto	34,808,413	34,808,413	–	–

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 2022 were the same as at 31 December 2021.

DIRECTORS' STATEMENT

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares of the Company have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of 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 financial statements 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.

DIRECTORS' STATEMENT

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

.....
Tay Kiat Seng
Director

.....
Soelistyo Dewi Soegiharto
Director

31 March 2022

INDEPENDENT AUDITOR'S REPORT

to the Members of Memiontec Holdings Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the 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 2021, 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 60 to 125.

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 2021 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 *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.

Other Matters

The financial statements of the Group for the financial year ended 31 December 2020 were audited by another independent auditor who expressed an unmodified opinion on those financial statements on 22 March 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

to the Members of Memiontec Holdings Ltd.

Key Audit Matters (cont'd)

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 2021, revenue from TSEPC projects amounted to approximately \$41,604,000, 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*.

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 sales 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 test of details and cut-off procedures, on sampling basis, to verify that actual costs incurred were recorded appropriately in the correct accounting period;
 - obtained the estimated total costs on completion and assessed the reasonableness of the estimates used by management, including 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; and
 - Re-computed the percentage of completion of each project based on input method to assess the reasonableness of management's computation for revenue recognition;
- 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 foreseeable losses; and
- Assessed the appropriateness and adequacy of the disclosure made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of Memiontec Holdings Ltd.

Key Audit Matters (cont'd)

Consolidation of the financial statements of PT Memiondo Pratama ("PTMP")

Refer to Notes 4 and 13(e) to the financial statements

Area of focus

As disclosed in Note 13(e) 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.

During the current financial year, 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. Management is of the view that the changes in the Relevant Laws have no impact on its basis of control over PTMP which is consistent with the recent legal opinion obtained from NSMP during the current financial year in view of the changes. It was concluded from the legal opinion 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.

Consolidation of financial statements 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.

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 consolidation of 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 NSMP;
- Evaluated NSMP's independence, objectivity and competency; and
- Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of Memiontec Holdings Ltd.

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.

INDEPENDENT AUDITOR'S REPORT

to the Members of Memiontec Holdings Ltd.

- 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 Ms. Meriana Ang Mei Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

31 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
Revenue	25	45,645	34,606
Cost of sales		(39,318)	(29,487)
Gross profit		6,327	5,119
Other income	26	560	1,281
General and administrative expenses		(4,613)	(4,022)
Share of profit/(loss) of a joint venture		87	(89)
Finance costs	27	(140)	(125)
Other operating expenses	28	(135)	(477)
Profit before income tax		2,086	1,687
Income tax expense	29	(545)	(378)
Net profit for the financial year	30	1,541	1,309
Other comprehensive income/(loss)			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Re-measurement of defined benefit obligations	20	(23)	3
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange losses on translation of foreign operations		(8)	(113)
Other comprehensive loss for the financial year, net of tax		(31)	(110)
Total comprehensive income for the financial year		1,510	1,199
Net profit for the financial year attributable to:			
Owners of the Company		1,533	1,308
Non-controlling interests		8	1
		1,541	1,309
Total comprehensive income for the financial year attributable to:			
Owners of the Company		1,502	1,199
Non-controlling interests		8	–
		1,510	1,199
Earnings per share			
Basic and diluted (cents)	31	0.70	0.61

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ASSETS					
Current assets					
Cash and bank balances	7	15,451	14,527	299	3,920
Trade and other receivables	8	8,495	4,285	8,428	6,607
Contract assets	9	6,009	14,031	–	–
Inventories	10	146	293	–	–
Total current assets		30,101	33,136	8,727	10,527
Non-current assets					
Property, plant and equipment	11	1,527	1,330	2	3
Right-of-use assets	12	443	266	–	–
Investment in subsidiary corporations	13	–	–	5,906	5,906
Investment in a joint venture	14	2,608	2,520	–	–
Financial asset, at fair value through other comprehensive income (“FVOCI”)	16	736	177	–	–
Deferred tax assets	21	61	35	–	–
Total non-current assets		5,375	4,328	5,908	5,909
Total assets		35,476	37,464	14,635	16,436
LIABILITIES					
Current liabilities					
Trade and other payables	17	10,312	13,695	2,435	4,291
Contract liabilities	9	1,274	994	–	–
Lease liabilities	18	198	106	–	–
Borrowings	19	1,155	1,077	–	–
Income tax payable		109	123	21	40
Total current liabilities		13,048	15,995	2,456	4,331
Non-current liabilities					
Lease liabilities	18	307	152	–	–
Borrowings	19	3,566	3,960	–	–
Retirement benefit obligations	20	331	235	–	–
Deferred tax liabilities	21	–	1	–	–
Total non-current liabilities		4,204	4,348	–	–
Total liabilities		17,252	20,343	2,456	4,331
NET ASSETS		18,224	17,121	12,179	12,105
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	(463)	(455)	–	–
Other reserves	24	(914)	(914)	–	–
Retained earnings		7,459	6,356	87	13
Equity attributable to owners of the Company		18,174	17,079	12,179	12,105
Non-controlling interests		50	42	–	–
Total equity		18,224	17,121	12,179	12,105

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

STATEMENTS OF CHANGES IN EQUITY

As at 31 December 2021

Group	Note	← Attributable to equity holders of the Company →						Total
		Share capital	Translation reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021								
Beginning of financial year		12,092	(455)	(914)	6,356	17,079	42	17,121
<i>Total comprehensive income for the financial year:</i>								
Profit for the financial year		–	–	–	1,533	1,533	8	1,541
Other comprehensive loss for the financial year	23	–	(8)	–	(23)	(31)	–	(31)
Total		–	(8)	–	1,510	1,502	8	1,510
<i>Transactions with owners, recognised directly in equity:</i>								
Dividends	32	–	–	–	(407)	(407)	–	(407)
End of financial year		12,092	(463)	(914)	7,459	18,174	50	18,224
2020								
Beginning of financial year		3,905	(343)	133	5,298	8,993	42	9,035
<i>Total comprehensive income for the financial year:</i>								
Profit for the financial year		–	–	–	1,308	1,308	1	1,309
Other comprehensive (loss)/ income for the financial year	23	–	(112)	–	3	(109)	(1)	(110)
Total		–	(112)	–	1,311	1,199	–	1,199
<i>Transactions with owners, recognised directly in equity:</i>								
Issuance of new ordinary shares	22	8,187	–	(1,047)	–	7,140	–	7,140
Dividends	32	–	–	–	(253)	(253)	–	(253)
		8,187	–	(1,047)	(253)	6,887	–	6,887
End of financial year		12,092	(455)	(914)	6,356	17,079	42	17,121

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

STATEMENTS OF CHANGES IN EQUITY

As at 31 December 2021

Company	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000
2021				
Beginning of financial year	12,092	–	13	12,105
Profit for the year, representing total comprehensive income for the financial year	–	–	481	481
<i>Transactions with owners, recognised directly in equity:</i>				
- Dividends (Note 32)	–	–	(407)	(407)
End of financial year	12,092	–	87	12,179
2020				
Beginning of financial year	3,905	1,047	(441)	4,511
Profit for the year, representing total comprehensive income for the financial year	–	–	707	707
<i>Transactions with owners, recognised directly in equity:</i>				
- Issuance of new ordinary shares (Note 22)	8,187	(1,047)	–	7,140
- Dividends (Note 32)	–	–	(253)	(253)
End of financial year	12,092	–	13	12,105

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2021

	Note	Group	
		2021 \$'000	2020 \$'000
Cash flows from operating activities			
Profit before income tax		2,086	1,687
Adjustments for:			
- Depreciation of property, plant and equipment	11	169	143
- Depreciation of right-of-use assets	12	149	144
- Defined benefit obligation costs	20	68	40
- Share of (profit)/loss of a joint venture		(87)	89
- Interest expense	27	140	125
- Interest income	26	(127)	(72)
- Loss allowance on trade receivables and contract assets	28	89	-
- Gain on disposal of right-of-use assets	26	(4)	-
- Unrealised currency translation gain		(65)	(24)
		2,418	2,132
Changes in working capital:			
Trade and other receivables		(4,299)	282
Contract assets		8,022	(6,480)
Inventories		147	790
Trade and other payables		(3,259)	3,419
Contract liabilities		280	681
Cash generated from operations		3,309	824
Income tax paid		(477)	(600)
Interest received		127	72
Net cash from operating activities		2,959	296
Cash flows from investing activities			
Equity injection into a joint venture		-	(446)
Equity injection into financial asset, at FVOCI		(560)	(177)
Purchase of property, plant and equipment		(365)	(84)
Proceeds from disposal of right-of-use assets		5	2
Net cash used in investing activities		(920)	(705)
Cash flows from financing activities			
Interest paid		(121)	(105)
Dividends paid		(407)	(253)
Repayments paid to directors		(143)	(936)
Repayments of borrowings		(1,216)	(461)
Repayments of lease liabilities		(79)	(153)
Placement of fixed deposits pledged		(830)	(566)
Proceeds from borrowings		900	5,000
Proceeds from subscription of shares		-	7,534
Payment of transaction cost in connection to the issuance of shares		-	(542)
Net cash (used in)/from financing activities		(1,896)	9,518
Net increase in cash and cash equivalents		143	9,109
Cash and cash equivalents at beginning of the financial year		13,961	4,901
Effect of exchange rate changes on the balance of cash held in foreign currencies		(49)	(49)
Cash and cash equivalents at end of the financial year	7	14,055	13,961

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2021

Reconciliation of liabilities arising from financing activities

	Beginning of financial year	Net of proceeds from/ (repayment of) principal and interests	Non-cash changes			End of financial year
			Interest expenses	New leases liabilities	Exchange differences	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021						
Lease liabilities (Note 18)	258	(96)	17	326	–	505
Amount due to directors (Note 17)	300	(143)	19	–	–	176
Borrowings (Note 19)	5,037	(420)	104	–	–	4,721
	5,595	(659)	140	326	–	5,402
2020						
Lease liabilities (Note 18)	343	(177)	24	68 ⁽ⁱ⁾	–	258
Amount due to directors (Note 17)	1,208	(975)	59	–	8	300
Borrowings (Note 19)	498	4,497	42	–	–	5,037
	2,049	3,345	125	68	8	5,595

- (i) During the previous financial year, the lease financing of \$68,000 was for the commercial motor vehicles purchased under hire purchase arrangement amounting to \$65,000 (Note 12) and GST input tax of \$3,000 which was not capitalised as part of "Right-of-use assets" as it was set off against the GST output tax.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 consolidated financial statements.

The consolidated financial statements of the Group for the financial year ended 31 December 2021 were authorised for issue by the Board of Directors on 31 March 2022.

2. ADOPTION OF NEW STANDARDS AND REVISED STANDARDS

On 1 January 2021, the Group and the Company have adopted all the new and revised SFRSs and Interpretations of SFRS(I) (“SFRS(I) INT”) that are relevant to its operations. The adoption of these new/revised SFRS(I)s and SFRS(I) INT 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 period.

New and amendments to FRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not applied the following new and revised FRS Standards that have been issued but are not yet effective:

Effective for annual periods beginning on or after 1 April 2021

Amendments to SFRS(I) 16	<i>Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)</i>
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Effective for annual periods beginning on or after 1 January 2022

Amendments to SFRS(I) 3	<i>Business Combinations (Reference to the Conceptual Framework)</i>
Amendments to SFRS(I) 1-16	<i>Property, Plant and Equipment (Proceeds before Intended Use)</i>
Amendments to SFRS(I) 1-37	<i>Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)</i>

Effective for annual periods beginning on or after 1 January 2023

SFRS(I) 17	<i>Insurance Contracts</i>
Amendments to SFRS(I) 1-1	<i>Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)</i>
Amendments to SFRS(I) 1-1	<i>Presentation of Financial Statements and FRS Practice Statement 2 (Disclosure of Accounting Policies), Accounting Policies</i>
Amendments to SFRS(I) 1-8	<i>Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)</i>
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to SFRS(I) 17	<i>Insurance Contracts</i>

Effective date to be determined

Amendments to SFRS(I) 1-10	<i>Consolidated Financial Statements</i>
Amendments to SFRS(I) 1-28	<i>Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The consolidated 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 provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") in Singapore.

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 consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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, income and expenses of a subsidiary corporation 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.

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

3.2.1 Changes in the Group's ownership interests in existing subsidiary corporations

Changes in the Group's ownership interests in subsidiary corporations that do not result in the Group losing control over the subsidiary corporations are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary corporations. 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 owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (cont'd)

3.2.1 Changes in the Group's ownership interests in existing subsidiary corporations (cont'd)

When the Group loses control of a subsidiary corporation, a gain or loss is recognised in profit or loss and 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), and liabilities of the subsidiary corporation and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary corporation are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary corporation (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary corporation 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, the cost on initial recognition of an investment in a joint venture.

3.3 Business combinations

Acquisitions of subsidiary corporations and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). 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. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with the changes in fair value being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) 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.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit 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 transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Business combinations (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

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 below), 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.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

3.4 Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities of business came under the control of the controlling party.

The net assets of the combining entities or businesses are combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

3.5 Financial instruments

Financial assets and financial liabilities are recognised on the 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. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Classification and measurement

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Classification and measurement (cont'd)

Debt instruments mainly comprise cash and cash equivalents and trade and other receivables that meet the following conditions and are subsequently measured 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.

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.

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.

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. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Equity instruments designated as at Fair Value Through Other Comprehensive Income ("FVOCI")

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 *Business Combinations* 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. 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 *Financial Instruments*, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends, if any, are included in the "Other income" line item in profit or loss.

The Group designated its investment in equity instruments that are not held for trading as at FVOCI on initial recognition (see Note 16).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Foreign exchange gains and losses

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.

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, on the other hand, 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;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Impairment of financial assets (cont'd)

Significant increase in credit risk (cont'd)

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

Impairment of financial assets (cont'd)

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.

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 instruments

Classification as debt or equity

Debt and equity instruments issued by the group 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.1 Financial liabilities and equity instruments

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 profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases

The Group as lessee

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 underlying 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.

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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any 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:

	<u>Number of years</u>
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 each financial year end, 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 property, plant and equipment 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, 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.

Recoverable amount is the higher of fair value less costs to sell 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 (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 (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, or a portion thereof, 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.

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, or when the investment is classified as held for sale. 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 equity method is discontinued.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 end of the reporting period, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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 recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. 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 categorised as follows:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Retirement benefit costs (cont'd)

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.

Deferred tax is recognised 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. 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 on 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 the end of each reporting period 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 rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off 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 as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items 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 arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore Dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) 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 dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not 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.

3.21 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary. These guarantees financial guarantees as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of its borrowings. Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under Note 3.5.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

Critical judgements in applying the Group's accounting policies (cont'd)

Control over PTMP

As disclosed in Note 13(e) 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 the entity.

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.

(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 2021 and the carrying amounts of contract assets and contract liabilities arising from TSEPC contracts as at 31 December 2021 are disclosed in Notes 26 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 2021 are disclosed in Notes 8 and 9 to the financial statements, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

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.

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 2021 are disclosed in Notes 13 and 14 to the financial statements, respectively.

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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Fair value through other comprehensive income	736	177	-	-
At amortised costs (including cash and bank balances)	22,855	17,233	8,426	11,942
	23,591	17,410	8,426	11,942
Financial liabilities				
At amortised costs	14,840	18,376	2,400	4,247

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group and the Company do not have any financial instruments which are subjected to offsetting, enforceable master netting arrangements or similar netting agreements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Group				
Renminbi	(206)	(431)	5	–
Euro	(108)	(1,906)	–	–
Singapore Dollar	(3,340)	(2,930)	1,504	184
United States Dollar	(585)	(1,334)	463	261
Company				
United States Dollar	–	–	11	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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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:

	2021 \$'000	2020 \$'000
Group		
Renminbi	10	22
Euro	5	95
Singapore Dollar	92	137
United States Dollar	6	54
Company		
United States Dollar	(1)	(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 are restricted to their interest-bearing bank balances and deposits, lease liabilities and borrowings as disclosed in Notes 7, 18 and 19 to the consolidated 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.

(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 Company's maximum exposure to credit risk. The Group and Company do not hold collateral over any of these balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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)

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.

Credit risk concentration profile

As at 31 December 2021, 66% (2020: 71%) of the Group's revenue is derived from 2 customers in Singapore (2020: 1 customer in Singapore), which represents concentration risk within the geographical location. There is concentration of credit risk as approximately 80% (2020: 69%) of the Group's trade receivables at the end of the financial year relates to 5 (2020: 4) customers.

As at 31 December 2021, the Company has amount due from subsidiaries which accounted for 97% (2020: 99%) of the Company's other receivables.

The Group and Company place their bank balances with creditworthy financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

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	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Group				
As at beginning of the financial year	–	–	–	–
Loss allowance measured:				
Lifetime ECL - simplified approach	10	–	79	–
As at end of the financial year	10	–	79	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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				Total \$'000
		< 30 days \$'000	31 - 60 days \$'000	61 - 90 days \$'000	> 90 days \$'000	
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
2020						
Trade receivables (including unbilled revenues)	1,412	395	262	44	221	2,334
Contract assets	13,777	254	–	–	–	14,031
Less: Loss allowance	–	–	–	–	–	–
	15,189	649	262	44	221	16,365

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 \$7,373,000 (2020: \$7,657,000) (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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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.

Group	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Total
	%	\$'000	\$'000	\$'000	\$'000
<u>31 December 2021</u>					
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
<u>31 December 2020</u>					
Non-interest bearing	–	12,780	–	–	12,780
Loan from a director (fixed rate)	7.2%	322	–	–	322
Lease liabilities (fixed rate)	9.0%	121	151	15	287
Borrowings (fixed rate)	2.2%	1,173	4,118	–	5,291
Total		14,396	4,269	15	18,680

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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
<u>Company</u>					
<u>31 December 2021</u>					
Non-interest bearing	–	2,400	–	–	2,400
<u>31 December 2020</u>					
Non-interest bearing	–	247	–	–	247
Loan from a subsidiary corporation	2.0%	4,080	–	–	4,080
Total		4,327	–	–	4,327

(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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2021 Assets \$'000	2020 Assets \$'000				
Financial assets						
<i>Financial asset at fair value through other comprehensive income:</i>						
Investment in unquoted equity shares	736	177	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 Company's overall strategy remains unchanged from prior financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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.

	2021 \$'000	2020 \$'000
<u>A Director</u>		
Interest expense on loan from a director (Note 27)	19	59
<u>Director-controlled company</u>		
Lease payments for warehouse and office	57	58
<u>Joint Venture</u>		
Service Revenue	523	365

Compensation of directors and key management personnel

The remuneration of directors and other members of key management personnel are as follows:

	2021 \$'000	2020 \$'000
Wages, salaries and bonuses	1,617	1,477
Employer's contribution to defined contribution plans	78	62
Total	1,695	1,539

The amount of directors' remuneration for the financial years ended 31 December 2021 and 2020 is disclosed in Note 30.

7. CASH AND BANK BALANCES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash on hand	2	4	-	-
Cash at banks	11,455	12,886	299	3,920
Short-term fixed deposits	3,994	1,637	-	-
Cash and bank balances as per statements of financial position	15,451	14,527	299	3,920
Less: Fixed deposits, pledged	(1,396)	(566)		
Cash and cash equivalents in the consolidated statement of cash flows	14,055	13,961		

The effective interest rates of the fixed deposits ranged from 0.5% to 4.5% (2020: 0.75% to 5.75%) per annum and for a tenure of 1 month (2020: 1 month).

Fixed deposits amounting to \$1,396,000 (2020: \$566,000) 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 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Trade receivables:				
- Non-related parties	5,855	1,478	-	-
- Joint venture	269	204	-	-
	6,124	1,682	-	-
Unbilled revenues ^(a)	914	652	-	-
Less: loss allowance	(10)	-	-	-
Total trade receivables	7,028	2,334	-	-
Other receivables comprise:				
- Amount due from subsidiary corporations ^(b)	-	-	8,127	6,549
- Amount due from a joint venture	21	21	-	-
- Grant receivables	16	411	-	19
- Bills receivables	31	100	-	-
- Refundable deposits	145	137	-	-
- Prepayments	971	681	301	39
- Staff loans	40	40	-	-
- Other tax recoverable	104	487	-	-
- Others	139	74	-	-
Total other receivables	1,467	1,951	8,428	6,607
Total	8,495	4,285	8,428	6,607

(a) Unbilled revenues 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) Amount due from subsidiary corporations are unsecured, interest-free and repayable on demand except for loans to a subsidiary corporation amounting to \$1,740,000 (2020: \$2,010,000) which are unsecured and bears interest at 2.50% (2020: 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 (2020: 30 to 60 days). No interest is charged on the outstanding balances.

Trade receivables

Majority of the Group's trade receivables that are neither past due nor impaired have 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 3.5.1 and 5(c)(iii) to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables (cont'd)

The movement in loss allowance for trade receivables is as follows:

	Group	
	2021	2020
	\$'000	\$'000
As at beginning of the financial year	–	–
Provided during the financial year	10	–
As at end of the financial year	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 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. CONTRACT ASSETS/(LIABILITIES)

The following is the analysis of the contract assets and contract liabilities:

	Group	
	2021	2020
	\$'000	\$'000
Contract assets:		
- Construction contracts	6,088	14,031
Less: Loss allowance	(79)	-
Total contract assets	6,009	14,031
Contract liabilities:		
- Construction contracts	(1,267)	(922)
- Sales of goods	(7)	(72)
Total contract liabilities	(1,274)	(994)
	4,735	13,037

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 2021 and 2020 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	
	2021	2020
	\$'000	\$'000
As at beginning of the financial year	-	-
Provided during the financial year	79	-
As at end of the financial year	79	-

Contract assets:

	Group	
	2021	2020
	\$'000	\$'000
Unbilled contract works	5,626	13,777
Retention sum	462	254
Total	6,088	14,031

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. CONTRACT ASSETS/(LIABILITIES)

Contract assets (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 during the current financial year. ECL for contract assets is insignificant as at 31 December 2020.

Contract liabilities:

	Group	
	2021 \$'000	2020 \$'000
Excess of milestone billings over contract works	–	(460)
Advances from customers	(1,274)	(534)
Total	(1,274)	(994)

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 liability balance at the beginning of the period is as follows:

	2021 \$'000	2020 \$'000
Construction contracts	922	300
Sales of goods	72	12
Total	994	312

10. INVENTORIES

	Group	
	2021 \$'000	2020 \$'000
Trading-related inventories	56	293
Goods-in-transit	90	–
	146	293

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property \$'000	Water treatment facility \$'000	Renovation \$'000	Machinery and equipment \$'000	Office equipment, furniture and fittings \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
<i>Cost:</i>								
At 1 January 2020	655	1,113	133	61	271	117	59	2,409
Additions	–	3	–	9	35	19	18	84
Disposals	–	–	–	–	(2)	–	–	(2)
Exchange differences	–	(14)	1	–	1	1	–	(11)
At 31 December 2020	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
<i>Accumulated depreciation:</i>								
At 1 January 2020	502	52	117	24	201	70	40	1,006
Depreciation	22	46	7	12	31	14	11	143
Exchange differences	–	(1)	1	–	1	–	–	1
At 31 December 2020	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
<i>Carrying amount:</i>								
At 31 December 2021	109	960	210	97	87	48	16	1,527
At 31 December 2020	131	1,005	9	34	72	53	26	1,330

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

As at 31 December 2021, the leasehold property with the carrying amount of \$109,000 (2020: \$131,000) is mortgaged as security for banking facilities.

Company	Office equipment, furniture and fittings \$'000
<i>Cost:</i>	
At 1 January 2020	–
Additions	3
At 31 December 2020 and 2021	3
<i>Accumulated depreciation:</i>	
At 1 January 2020	–
Depreciation	–
At 31 December 2020	–
Depreciation	1
At 31 December 2021	1
<i>Carrying amount:</i>	
At 31 December 2021	2
At 31 December 2020	3

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 (2020: three) years and the average lease term for motor vehicles is three to seven (2020: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. RIGHT-OF-USE ASSETS (CONT'D)

Right-of-use assets

Group	Warehouse and office space \$'000	Motor vehicles \$'000	Total \$'000
<i>Cost:</i>			
At 1 January 2020	267	296	563
Addition	–	65	65
Exchange differences	(1)	–	(1)
At 31 December 2020	266	361	627
Addition	224	103	327
Disposals	(49)	(45)	(94)
At 31 December 2021	441	419	860
<i>Accumulated depreciation:</i>			
At 1 January 2020	99	119	218
Depreciation (Note 18)	83	61	144
Exchange differences	(1)	–	(1)
At 31 December 2020	181	180	361
Depreciation (Note 18)	81	68	149
Disposals	(49)	(44)	(93)
At 31 December 2021	213	204	417
<i>Carrying amount:</i>			
At 31 December 2021	228	215	443
At 31 December 2020	86	180	266

13. INVESTMENT IN SUBSIDIARY CORPORATIONS

	Company	
	2021 \$'000	2020 \$'000
Unquoted equity shares, at cost	4,961	4,961
Less: Impairment losses	(528)	(528)
Net investment amount	4,433	4,433
Deemed investment ^(a)	1,473	1,473
Investment in subsidiary corporations, net	5,906	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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. INVESTMENT IN SUBSIDIARY CORPORATIONS (CONT'D)

Movement in impairment losses:

	Group	
	2021	2020
	\$'000	\$'000
At beginning and end of the financial year	528	528

For the financial year ended 31 December 2021 and 2020, 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
31 December 2021			
MIT Water Technology Chengdu Co. Ltd.	21%	2%	7.3%
31 December 2020			
MIT Water Technology Chengdu Co. Ltd.	23%	2%	7.8%

Sensitivity analysis

The impairment test carried out as at year end has indicated that the recoverable amount of the CGU is higher than the carrying amount by 12% (2020: 8%).

If the estimated 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 still be higher than the net carrying amount as at 31 December 2021 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. INVESTMENT IN SUBSIDIARY CORPORATIONS (CONT'D)

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	
			2021 %	2020 %
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) (e)}	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. INVESTMENT IN SUBSIDIARY CORPORATIONS (CONT'D)

Subsidiary corporations (cont'd)

Notes

- (a) Audited by 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) 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 will be secured by:
 - a pledge of shares given by Ms. Dewi in respect of her 98% shares ("PTMP Shares") in PTMP 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 Agreement, 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.

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 Agreement are legal and enforceable under the prevailing Indonesian laws and regulations. For prior 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.

During the current financial year ended 31 December 2021, there were changes to the Indonesian laws and regulations arising from the Act Number 11 of 2020 on Job Creation, known as the *Omnibus Law*. Management had obtained legal opinions from NSMP that the corporate structure of PTMP and PTMI remains compliant with the *Omnibus Law* and that the Combination Agreements and Undertaking Agreement remain legal and enforceable under the *Omnibus Law*. Based on the above assessment, management concluded that there is no change in the Company's control over PTMP.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT IN A JOINT VENTURE

	Group	
	2021	2020
	\$'000	\$'000
Cost of investment in a joint venture	2,167	2,167
Accumulated share of results	529	442
Exchange difference	(88)	(89)
Carrying amount	2,608	2,520

In 2020, the Group increased its investment in a joint venture by \$446,000 in proportion to the Group's shareholding interest in the joint venture.

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	
			2021	2020
			%	%
<u>Held by PT Memiontec Indonesia</u>				
PT Jakpro Memiontec Air ("PT JMA")	Indonesia	Provision of water management service and supply of potable water.	40	40

The above joint venture is accounted for using the equity method in these consolidated financial statements and is audited by Nexia KPS (a member firm of Nexia International network).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT IN A JOINT VENTURE (CONT'D)

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	
	2021	2020
	\$'000	\$'000
Current assets	1,665	3,279
Non-current assets	13,282	11,588
Current liabilities	(435)	(1,002)
Non-current liabilities	(7,993)	(7,565)

The above amounts of assets and liabilities include the following:

	Group	
	2021	2020
	\$'000	\$'000
Cash and bank balances	57	273
Current financial liabilities (excluding trade and other payables)	(90)	(603)
Non-current financial liabilities (excluding trade and other payables)	(7,283)	(7,054)

	Group	
	2021	2020
	\$'000	\$'000
Revenue	2,744	2,352
Net profit/(loss), representing total comprehensive income/(loss), for the financial year	219	(223)

The above net profit/(loss) for the financial year includes the following:

	2021	2020
	\$'000	\$'000
Depreciation	9	21
Interest income	(1)	(14)
Interest expense	626	755
Income tax expense/(credit)	188	(19)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT IN A JOINT VENTURE (CONT'D)

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	
	2021	2020
	\$'000	\$'000
Net assets of the joint venture	6,519	6,300
Proportion of the Group's ownership interest in the joint venture	40%	40%
Carrying amount of the Group's interest in the joint venture	2,608	2,520

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	
			2021	2020
			%	%
<u>Held by PT Memiontec Indonesia</u>				
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	–
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	–

(a) The above joint operations are audited by Nexia KPS (a member firm of Nexia International network) 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) During the financial year, the Group entered into joint arrangements with third parties to establish joint operating consortiums to exclusively carry out certain TSEPC projects in Indonesia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. FINANCIAL ASSET, AT FVOCI

	Group	
	2021	2020
	\$'000	\$'000
Unquoted equity shares	736	177

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	
			2021	2020
			%	%
<u>Held by PT Memiontec Indonesia</u>				
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 \$560,000 (2020: \$177,000) in PPTM during the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Trade payables – Non-related parties	4,570	8,547	–	–
Trade accruals	3,202	3,309	–	–
Total trade payables	7,772	11,856	–	–
Other payables:				
- Amount due to subsidiary corporations ^(a)	–	–	1,997	4,015
- Amount due to directors ^(b)	176	300	–	–
- Other accruals	1,240	732	350	174
- Deferred grant income	–	244	–	7
- Other tax payables	460	183	15	17
- Refundable deposit	69	–	–	–
- Others	357	192	53	58
Total other payables	2,302	1,651	2,415	4,271
Provisions:				
- Provision for staff leave	119	119	20	20
- Provision for warranty ^(c)	119	69	–	–
	238	188	20	20
Total	10,312	13,695	2,435	4,291

(a) Amount due to subsidiary corporations are unsecured, interest free and are repayable on demand. In the prior financial year, the balance included a loan from a subsidiary corporation of \$4,000,000 which was unsecured, bore fixed interest at 2.00% per annum and was repayable on demand upon written notice from the subsidiary corporation. The loan was settled during the financial year.

(b) The amount relates to loan from a director amounting to \$176,000 (2020: \$300,000) which is unsecured, bears fixed interest rate of 7.20% (2020: 7.20%) per annum and is repayable on demand.

(c) An additional provision of \$93,000 (2020: \$43,000) was made, offset by \$27,000 (2020: \$30,000) utilised during the year and a reversal of \$16,000 (2020: Nil) provision made in prior year.

The credit period on purchases is generally from 30 to 60 days (2020: 30 to 60 days). No interest is charged on the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. LEASE LIABILITIES

	Group	
	2021	2020
	\$'000	\$'000
<i>Current</i>		
Amounts due for settlement within 12 months	198	106
<i>Non-current</i>		
Amounts due for settlement after 12 months	307	152
	505	258

	Group	
	2021	2020
	\$'000	\$'000
Maturity analysis:		
Within one year	198	106
In the second to fifth year inclusive	279	137
More than five years	28	15
Total	505	258

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	
	2021	2020
	\$'000	\$'000
Depreciation expense on right-of-use assets (Note 12)	149	144
Interest expense on lease liabilities (Note 27)	17	24
Short-term lease expenses	167	201

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. BORROWINGS

	Group	
	2021	2020
	\$'000	\$'000
Secured bank loans		
<i>Current:</i>		
Amount due for settlement within 12 months	1,155	1,077
<i>Non-current:</i>		
Amount due for settlement after 12 months	3,566	3,960
	4,721	5,037

The bank loans bear fixed interests ranging from 2.00% to 2.75% (2020: 2.00% to 7.12%) per annum, are repayable in equal monthly instalments over 5 (2020: 4 to 5) years and secured by corporate guarantees from the Company.

20. RETIREMENT BENEFITS OBLIGATIONS

The amount recognised in the consolidated statement of financial position in respect of the Group's defined benefit retirement benefit plan is as follows:

	Group	
	2021	2020
	\$'000	\$'000
Present value of defined benefit obligations (unfunded)	331	235

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. RETIREMENT BENEFITS 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	
	2021	2020
	%	%
Discount rate	7.25	7.00
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.

	2021	2020
	\$'000	\$'000
<u>Profit or loss</u>		
Current service cost	49	35
Past service cost	–	(9)
Net interest expense	19	14
Components of defined benefit costs recognised in profit or loss	68	40
<u>Other comprehensive income</u>		
Remeasurement of defined benefits liability:		
Actuarial loss/(gain) from experience adjustment	38	(25)
Actuarial (gain)/loss from change in financial assumptions	(8)	21
Actuarial gain from change in demographic assumptions	–	(1)
Tax impact	(7)	2
Components of defined benefit costs recognised in other comprehensive income	23	(3)
Total defined benefits costs	91	37

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2021	2020
	\$'000	\$'000
At beginning of the financial year	235	202
Current service cost	49	35
Past service cost	–	(9)
Interest cost	19	14
Remeasurement losses/(gains):		
Actuarial loss/(gain) from experience adjustment	38	(25)
Actuarial (gain)/loss from change in financial assumptions	(8)	21
Actuarial gain from change in demographic assumptions	–	(1)
	30	(5)
Exchange differences	(2)	(2)
At end of the financial year	331	235

Significant actuarial assumptions for the determination of the defined 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	
	2021	2020
	\$'000	\$'000
Change in discount rate		
Increase by 1%	(28)	(20)
Decrease by 1%	32	23
Change in expected rate of salary increase		
Increase by 1%	35	24
Decrease by 1%	(31)	(22)

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 \$3,000 (2020: \$2,000) to its defined benefit plan in the subsequent financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

21. DEFERRED TAX ASSETS/(LIABILITIES)

	Consolidated statement of financial position		Movements recognised in			
			Profit or loss		Other comprehensive income	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
<u>Deferred tax assets:</u>						
Provisions	29	12	(17)	(2)	–	–
Retirement benefits obligations	73	52	(15)	(4)	(7)	2
Deferred tax assets	102	64				
Set off of tax	(41)	(29)				
Net deferred tax assets	61	35				
<u>Deferred tax liabilities:</u>						
Differences in depreciation for tax purposes	(41)	(30)	11	(4)	–	–
Deferred tax liabilities	(41)	(30)				
Set off of tax	41	29				
Net deferred tax liabilities	–	(1)				
Deferred tax (credit)/expense (Note 29)			(21)	(10)	(7)	2

Deferred tax assets not recognised arising from tax losses

At the end of the financial year, the Group has tax losses of approximately \$1,090,000 (2020: \$819,000) 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 2022 and 2026 (2020: 2022 and 2025).

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 \$3,323,000 (2020: \$2,330,000). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. SHARE CAPITAL

	Group and Company			
	2021	2020	2021	2020
	Number of ordinary shares		\$'000	\$'000
<i>Issued and paid up:</i>				
At beginning of the financial year	220,257,000	3,904,562	12,092	3,905
Share sub-division adjustment ^(a)	–	175,705,438	–	–
Issuance of new ordinary shares ^(b)	–	40,647,000	–	8,187
At end of the financial year	220,257,000	220,257,000	12,092	12,092

(a) On 18 February 2020, the shareholders of the Company approved the sub-division of the existing issued ordinary shares of 3,904,562 into 179,610,000 ordinary shares in the issued capital of the Company, resulting in a sub-division adjustment of 175,705,438 shares.

(b) On 19 February 2020, the advance for the subscription of the Company's shares of \$1,047,000 was converted into 6,502,000 new ordinary shares in the issued capital of the Company.

On 3 March 2020, the Company allotted and issued 33,485,000 new ordinary shares for a consideration of \$7,534,000 as part of its placement exercise before deducting transaction cost in connection to the issuance of shares of \$542,000.

On 3 March 2020, the Company allotted and issued 660,000 new ordinary shares for consideration of \$148,000 to Zico Capital Pte. Ltd. ("ZCPL") as part satisfaction of ZCPL's management fee as the Sponsor and Issue Manager in connection with the listing of the Company.

The new ordinary shares rank pari passu in all respects with the existing issued shares.

On 5 March 2020, 220,257,000 ordinary shares of the Company were admitted to the official list of SGX Catalyst.

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.

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 ("S\$"). The translation reserve is non-distributable.

24. OTHER RESERVES

	Group		Company	
	2021	2020	2021	2020
	\$'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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

24. OTHER RESERVES (CONT'D)

(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

	2021 \$'000	2020 \$'000
Type of revenue		
- Revenue from TSEPC projects	41,604	27,665
- Revenue from OMS services	3,371	6,225
- Revenue from SDS & Trading	456	562
- Revenue from sales of water	214	154
Total	45,645	34,606
Geographical markets		
- Singapore	31,619	27,798
- Indonesia	13,985	6,545
- People's Republic of China ("PRC")	41	263
Total	45,645	34,606
Timing of revenue recognition		
Over time:		
- Revenue from TSEPC projects	41,604	27,665
- Revenue from OMS services	3,371	6,225
At a point in time:		
- Revenue from SDS & Trading	456	562
- Revenue from sales of water	214	154
	45,645	34,606

The Group derives its revenue from the transfer of goods and service over the 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 2021 is \$68,753,000 (2020: \$62,413,000). This will be recognised as revenue by reference to percentage of completion, which is expected to complete over the next one to three (2020: one to three) years. The amount disclosed above does not include any estimated amounts of variable consideration that is constrained.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

26. OTHER INCOME

	2021 \$'000	2020 \$'000
Gain on disposal of right-of-use assets	4	-
Grant income:		
- COVID-19 related government subsidies ^(a)	321	902
- SGX listing grant income	-	200
- Other government grants	57	71
	378	1,173
Foreign exchange gain - net	42	21
Interest income from banks	127	72
Others	9	15
Total	560	1,281

(a) In both 2021 and 2020, 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 (2020: \$699,000) was recognised during the 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 (2020: \$203,000) was recognised during the financial year.
- Job Growth Incentive ("JGI") was aimed to support employers to expand local hiring. JGI income of \$70,000 (2020: Nil) was recognised during the 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.

27. FINANCE COSTS

	2021 \$'000	2020 \$'000
Interest expense on:		
- Borrowings	104	42
- Lease liabilities (Note 18)	17	24
- Loan from a director (Note 6)	19	59
Total	140	125

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. OTHER OPERATING EXPENSES

	2021 \$'000	2020 \$'000
Listing expenses	–	320
Loss allowance on trade receivables and contract assets	89	–
Small value assets expensed-off	20	11
Others	26	146
Total	135	477

29. INCOME TAX EXPENSE

	2021 \$'000	2020 \$'000
<u>Income tax recognised in profit or loss</u>		
Income tax:		
- Current	510	303
- Under-provision in prior financial years	50	80
	560	383
Withholding tax expense on foreign-sourced interest income	6	5
Deferred tax (Note 21):		
- Current	(6)	(17)
- Change of tax rate	–	7
- Over-provision in prior financial years	(15)	–
	(21)	(10)
Income tax expense	545	378
<u>Income tax recognised in other comprehensive income</u>		
Deferred tax:		
- Retirement benefit obligations	7	2

Income tax for Singapore incorporated companies is calculated at 17% (2020: 17%) of the estimated assessable income for the financial year. Statutory tax rate in Indonesia is 22% (2020: 22%).

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

29. INCOME TAX EXPENSE (CONT'D)

The total expense for the financial year can be reconciled to the accounting profit as follows:

	2021 \$'000	2020 \$'000
Profit before income tax	2,086	1,687
Share of results of joint venture	(87)	89
	1,999	1,776
Tax at statutory rate of 17% (2020: 17%)	340	302
Effect of different tax rates of companies operating in other jurisdictions	177	109
Tax effect of expenses that are not deductible in determining taxable profit	20	75
Tax effect of income that are not taxable in determining taxable profit	(24)	(158)
Effect of tax concessions and partial tax exemptions	(27)	(66)
Adjustments recognised in the current year in relation to current and deferred tax of prior years	35	80
Deferred tax assets not recognised	46	27
Withholding tax expense	6	5
Change of tax rate	-	7
Others	(28)	(3)
Income tax expense	545	378

30. PROFIT FOR THE FINANCIAL YEAR

Profit for the financial year has been arrived at after charging:

	2021 \$'000	2020 \$'000
Employee benefits (Note B);		
- Directors' remuneration	1,114	678
- Wages and salaries	5,103	4,459
- Employer's contribution to defined contribution plans	387	390
	6,604	5,527
Audit fees paid/payable to:		
- Auditors of the Company	78	91
- Other auditors	31	42
Non-audit fees paid to auditors of the Company in connection with the listing of the Company (Note A)	-	60
Directors' fees	148	158
Unutilised leave expense	-	119
Cost of inventories recognised as expense	582	613
Depreciation of property, plant and equipment (Note 11)	166	143
Depreciation of rights-of-use assets (Note 12)	149	144

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. PROFIT FOR THE FINANCIAL YEAR (CONT'D)

Note A: In 2019, non-audit fees paid to predecessor auditors of the Company in connection with the listing of the Company relates to reporting accountant fees of \$324,000, out of which \$264,000 was expensed-off in profit or loss in 2019, and the remaining \$60,000 was subsequently expensed-off in 2020.

Note B:

	2021 \$'000	2020 \$'000
Presented in the consolidated statement of comprehensive income:		
Cost of sales	4,069	3,298
General and administrative expenses	2,535	2,229
Total	6,604	5,527

31. EARNINGS PER SHARE

The calculation of the Earnings Per Share ("EPS") attributable to the owners of the Company is based on the following:

	Group	
	2021	2020
Profit attributable to owners of the Company (\$'000)	1,533	1,308
Weighted average number of ordinary shares for purpose of EPS (units)	220,257,000	214,108,743
EPS – basic and diluted (Singapore cents)	0.70	0.61

There are no dilutive potential ordinary shares during the financial year.

32. DIVIDENDS

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 2020. The dividend was subsequently paid out on 11 May 2021.

On 3 April 2020, the Company declared tax exempt (one-tier) final dividend of 0.115 Singapore cents per ordinary share amounting to approximately \$253,000 in respect of the financial year ended 31 December 2019. The dividend was subsequently paid out on 29 May 2020.

In respect of the current financial year, the Directors proposed that a dividend of 0.209 Singapore cents per share will be paid to shareholders in 2022. 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 \$460,000 will be accounted for in shareholder's equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. CONTINGENT LIABILITIES

The maximum amount the Group could be forced to settle under financial guarantee contracts provided to its joint venture is \$7,373,000 (2020: \$7,657,000) (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 2021 and 2020.

As at 31 December 2021, the Company has issued corporate guarantee amounting up to \$5,844,000 (2020: \$5,000,000) to banks for borrowings of its subsidiary corporation. These bank borrowings of the subsidiary corporation amounted to \$4,721,000 (2020: \$4,841,000) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. SEGMENT INFORMATION (CONT'D)

Segment revenue

	Group	
	2021	2020
	\$'000	\$'000
Revenue:		
- TSEPC	41,604	27,665
- OMS	3,371	6,225
- SDS & Trading	456	562
- SOW	214	154
Total	45,645	34,606

Segment results

	Group	
	2021	2020
	\$'000	\$'000
Profit from operations:		
- TSEPC	2,930	1,953
- OMS	493	491
- SDS & Trading	209	84
- SOW	109	62
Total	3,741	2,590
Other income	560	1,281
General and administrative expenses	(2,116)	(1,493)
Share of profit/(loss) of a joint venture	87	(89)
Finance costs	(140)	(125)
Other operating expenses	(46)	(477)
Profit before income tax	2,086	1,687
Income tax expense	(545)	(378)
Net profit for the financial year	1,541	1,309

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. SEGMENT INFORMATION (CONT'D)

Segment results (cont'd)

Geographical segments

The Group's information about the segment revenue by geographical location is detailed below:

	Revenue	
	2021	2020
	\$'000	\$'000
Singapore	31,619	27,798
Indonesia	13,985	6,545
PRC	41	263
Total	45,645	34,606

The Group's information about the segment assets by geographical location is detailed below:

	Non-current assets	
	2021	2020
	\$'000	\$'000
Singapore	763	375
Indonesia	4,470	3,895
PRC	81	23
Total	5,314	4,293

Major customer information

Revenue from the Group's 2 (2020: 1) largest customers contributed to an aggregate of 66% (2020: 71%) of the Group's revenue for the financial year and these revenues are attributable to the TSEPC and OMS business segments in Singapore. There is no other customer contributing to more than 10% of the Group's revenue for other business segments during the financial years ended 31 December 2021 and 31 December 2020.

35. SUBSEQUENT EVENTS

Proposed Share Split

On 23 March 2022, the Company announced a proposed share split of 1 to 3 shares. The completion of the share split will result in an additional 440,514,000 shares being allotted and issued, thereby the Company will have an issued and paid-up share capital of S\$12,634,009 (before capitalisation of transaction costs) comprising 660,771,000 Shares. SGX had, by way of a listing and quotation notice issued on 30 March 2022, granted its in-principle approval for the listing of and quotation for the 440,514,000 new shares on the Catalist board of SGX. The proposed share split is subject to the approval of Shareholders in the forthcoming AGM.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2022

Issued and fully paid-up share capital	:	S\$12,634,009 ⁽¹⁾
Number of issued shares	:	220,257,000
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	21	16.41	15,100	0.01
1,001 - 10,000	33	25.78	194,000	0.09
10,001 - 1,000,000	63	49.22	9,942,300	4.51
1,000,001 and above	11	8.59	210,105,600	95.39
Total	128	100.00	220,257,000	100.00

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 18 March 2022, approximately 18.45% 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 Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Tay Kiat Seng ^{(2), (3)}	118,345,033 ⁽⁴⁾	53.73	26,456,554	12.01
Soelistyo Dewi Soegiharto ⁽²⁾	34,808,413	15.80	–	–
Unity Strength Pte. Ltd. ⁽³⁾	26,456,554	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 118,343,033 Shares through a nominee account with HSBC (Singapore) Nominees Pte Ltd.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2022

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	118,378,433	53.75
2	SOELISTYO DEWI SOEGIHARTO	34,808,413	15.80
3	UNITY STRENGTH PTE. LTD.	26,456,554	12.01
4	YEO KHEE SENG BENNY	10,000,000	4.54
5	ROBIN NG ZHI PENG	7,872,500	3.57
6	NGEW SEW YANG	5,940,000	2.70
7	QUEK BENG WEE (GUO MINGWEI)	1,757,300	0.80
8	TAN THIAM BENG	1,500,000	0.68
9	TAN CHYE KIN	1,183,400	0.54
10	DAVIN NG	1,170,000	0.53
11	DBS NOMINEES (PRIVATE) LIMITD	1,039,000	0.47
12	TANG SOOK KENG	846,700	0.38
13	LEE TIAN HOCK	724,400	0.33
14	ANG AH SOON	541,000	0.25
15	CHONG HONG KIT	500,000	0.23
16	CHONG ZHENSHAN (ZHUANG ZHENSHAN)	496,400	0.23
17	LEE KIAM LENG DESMOND (LI JIANLONG DESMOND)	495,000	0.22
18	SEE CHAI TIAM	488,600	0.22
19	LEE YIA BIA	450,000	0.20
20	GOH YING XUAN	350,000	0.16
TOTAL		214,997,700	97.61

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Tay Kiat Seng and Mr Loh Eu Tse Derek are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 April 2022 (“AGM”) (collectively, the “Retiring Directors” and each, a “Retiring Director”).

Pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst (“Catalist Rules”), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules:

NAME OF DIRECTOR	MR TAY KIAT SENG	MR LOH EU TSE DEREK
Date of first appointment	6 March 2013	1 July 2021
Date of last re-appointment (if applicable)	13 May 2020	NA
Age	60	56
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Tay Kiat Seng as a Director of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Tay Kiat Seng’s qualifications, skills, expertise, experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Loh Eu Tse Derek as a Director of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Loh Eu Tse Derek’s qualifications, skills, expertise, experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for overseeing the Group’s business performance and direction as well as formulating, developing and overseeing the execution of business strategies for growth and expansion	Independent Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer, as well as a member of the Nominating Committee	Independent Director, Chairman of the Nominating Committee, as well as a member of the Audit Committee and the Remuneration Committee
Professional qualifications	Bachelor of Engineering in Mechanical Engineering, University of Strathclyde, United Kingdom	Master of Arts (M.A.), Law (Honours), University of Cambridge, United Kingdom
Working experience and occupation(s) during the past 10 years	1996 to Current: Memiontec Pte Ltd - Executive Director March 2013 to Current: Memiontec Holdings Ltd. - Executive Director and Chief Executive Officer December 2019 to June 2021: Memiontec Holdings Ltd. - Chairman	2001 to Current: TSMP Law Corporation - Executive Director

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	MR TAY KIAT SENG	MR LOH EU TSE DEREK
Shareholding interest in the listed issuer and its subsidiaries	<u>As at 18 March 2022</u> Direct Interest – 118,345,033 shares in the Company Deemed Interest – 26,456,554 shares in the Company	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 of any of its principal subsidiaries	Tay Kiat Seng holds the following shares in the Company as at 18 March 2022: 1. Direct Interest – 118,345,033 shares 2. Deemed Interest – 26,456,554 shares Tay Kiat Seng is the spouse of Soelistyo Dewi Soegiharto (Managing Director of the Company). Tay Kiat Seng is a director and a controlling shareholder of Unity Strength Pte. Ltd., a substantial shareholder of the Company. Tay Kiat Seng sits on the boards of the following subsidiaries of the Company: 1. Memiontec Pte Ltd; 2. M Water Resources International Pte. Ltd.; 3. Memiontec Industries Pte. Ltd.; 4. PT Memiontec Indonesia; and 5. MIT Water Technology (Chengdu) Co. Ltd.	NIL
Conflict of Interest (including any competing business)	Please refer to the section entitled “Interested Person Transactions” of the offer document dated 21 February 2020 issued by the Company in relation to the Company’s listing on the Catalist Board of the SGX-ST.	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Past (for the last 5 years)	<u>Directorship</u> 1. Memiontec (Wuxi) Co., Ltd <u>Other Principal Commitment</u> Nil	<u>Directorships</u> 1. Metech International Limited 2. DISA Limited 3. K2 F&B Holdings Limited (listed on the Hong Kong Stock Exchange) 4. Vietnam Enterprise Investments Limited (listed on the London Stock Exchange) 5. Kitchen Culture Holdings Ltd. 6. Federal International (2000) Ltd <u>Other Principal Commitment</u> Nil

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	MR TAY KIAT SENG	MR LOH EU TSE DEREK
Present	<u>Directorships</u> 1. Memiontec Pte Ltd 2. M Water Resources International Pte. Ltd. 3. Memiontec Industries Pte. Ltd. 4. MIT Water Technology (Chengdu) Co. Ltd. 5. PT Memiontec Indonesia 6. PT Jakpro Memiontec Air (Commissioner) 7. PT Universal Energy Investment 8. UI Pte. Ltd. 9. Unity Strength Pte. Ltd. <u>Other Principal Commitment</u> Nil	<u>Directorships</u> 1. Adventus Holdings Limited 2. Vibrant Group Limited 3. Kingsmen Creatives Ltd. 4. Camembert Holdings Pte. Ltd. 5. TSMP Law Corporation <u>Other Principal Commitments</u> 1. St. Joseph's Institution International Elementary School Ltd. 2. St. Joseph's Institution International Ltd. 3. St. Joseph's Institution Philanthropic Fund For The Lasallian Mission Ltd.

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

NAME OF DIRECTOR	MR TAY KIAT SENG	MR LOH EU TSE DEREK
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	MR TAY KIAT SENG	MR LOH EU TSE DEREK
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	No	Yes to (j)(i).
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or		Please refer to Explanatory Note 1 for more details.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or		No to (j)(ii) to (j)(iv).
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or		
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,		
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Yes
		Please refer to Explanatory Note 2 for more details.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Explanatory Notes for Mr Loh Eu Tse Derek (“Mr Loh”):

- 1 (i) Mr Loh was an independent director of Flextech Holdings Ltd (now known as Dragon Group International Limited (“**DGIL**”) from 15 January 2004 to 28 April 2011. Following Mr Loh’s resignation, DGIL and its board of directors (“**DGIL Board**”) both present and past (including Mr Loh) were called for questioning by the Commercial Affairs Department (“**CAD**”) in respect of a technical non-compliance of the Companies Act 1967 of Singapore for a transaction during the period when Mr Loh served on DGIL Board. As there was no dishonesty or fraud on the part of DGIL Board and there were full disclosures made and external professionals appointed for the transaction in question, no charges were proceeded with and the relevant members of DGIL Board (including Mr Loh) received a warning from the CAD in relation to the aforementioned incident.

(ii) Mr Loh is an independent director of Vibrant Group Limited (“**Vibrant**”) since 5 November 2003. A special auditor was appointed on 21 August 2018 to investigate into irregularities as well as the assets and accounting records of Blackgold International Holdings Pty Ltd (“**Blackgold**”) and its subsidiaries (collectively, “**Blackgold Group**”). Blackgold was listed on the Australian Securities Exchange (“**ASX**”) in 2011 and became Vibrant’s wholly-owned subsidiary following Vibrant’s acquisition in July 2017 and delisted from the ASX thereafter. On 14 August 2020, the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) issued a regulatory announcement after its review of the special audit report received on 24 January 2019 which uncovered (i) potential significant misstatements in Blackgold Group’s financial statements; and (ii) Blackgold management may have potentially falsified accounting records and announced false financial information on ASX when Blackgold was listed. In its announcement, the SGX-ST stated that (i) it has reported the accounting irregularities in Blackgold Group and conduct of Blackgold’s statutory auditors to the relevant authorities; and (ii) it is concerned about the findings of the special audit relating to Blackgold management and SGX-listed companies are therefore required to consult it before the appointment of any Blackgold management as a director or key management. Mr Loh was at no time a subject of the special audit. Mr Loh, together with his fellow members of the audit committee and board of directors of Vibrant, oversaw the special audit.
- 2 Mr Loh was an independent director of Flextech Holdings Ltd (now known as DGIL) from 15 January 2004 to 28 April 2011. Following Mr Loh’s resignation, DGIL and DGIL Board both present and past (including Mr Loh) were called for questioning by the CAD in respect of a technical non-compliance of the Companies Act 1967 of Singapore for a transaction during the period when Mr Loh served on DGIL Board. As there was no dishonesty or fraud on the part of DGIL Board and there were full disclosures made and external professionals appointed for the transaction in question, no charges were proceeded with and the relevant members of DGIL Board (including Mr Loh) received a warning from the CAD in relation to the aforementioned incident.

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, 29 April 2022 at 9.00 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 2021, 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\$0.00209 per ordinary share (FY2020: S\$0.00185 per ordinary share) in the capital of the Company for the financial year ended 31 December 2021 (“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 Tay Kiat Seng (Retiring under Regulation 96)

(Resolution 3)

(b) Mr Loh Eu Tse Derek (Retiring under Regulation 100)

(Resolution 4)

[See Explanatory Note (ii)]

4. To note the retirement of Mr Low Kian Beng who is retiring pursuant to Regulation 96 of the Constitution of the Company.

Mr Low Kian Beng, upon his retirement at the conclusion of this AGM, shall cease to be an Executive Director of the Company.

5. To approve the payment of Directors’ fees of up to S\$150,000 (FY2021: up to S\$190,000) for the financial year ending 31 December 2022, to be paid half yearly in arrears.

(Resolution 5)

6. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company, and to authorise the Directors of the Company to fix their remuneration.

(Resolution 6)

7. To transact any other ordinary business which may be properly transacted at an AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

Ordinary Resolutions

8. 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.

NOTICE OF ANNUAL GENERAL MEETING

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 (iii)]

(Resolution 7)

9. 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 (iv)]

(Resolution 8)

10. 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,

NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalyst 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 8 April 2022 (“**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;
- (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

NOTICE OF ANNUAL GENERAL MEETING

- (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 (v)]

(Resolution 9)

11. Proposed share split of every one (1) existing ordinary share in the capital of the Company into three (3) ordinary shares

“That:

- (a) on and with effect from the record date to be determined by the Directors of the Company, every one (1) existing ordinary share in the capital of the Company be split into three (3) ordinary shares in the capital of the Company (the “**Proposed Share Split**”); and
- (b) the Directors of the Company (or their authorised representative) and each of them be and are hereby authorised and empowered to do all acts and things as they or he/she may consider necessary or expedient to give effect to the Proposed Share Split, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and ratified.”

[See Explanatory Note (vi)]

(Resolution 10)

12. Proposed participation of Ms Rachel Kwok Xiu Jian, an associate of a controlling shareholder of the Company, in the Memiontec Performance Share Plan

“That:

- (a) pursuant to Rule 852 of the Catalist Rules, approval be and is hereby given for the participation of Ms Rachel Kwok Xiu Jian, an associate of a controlling shareholder of the Company, in the Memiontec Performance Share Plan; and
- (b) the Directors of the Company and each of them be and are hereby authorised to implement, effect, complete and do all such acts and things (including without limitation executing all such documents as may be required) as the Directors of the Company or any of them may consider necessary, desirable or expedient for the purposes of or in connection with and to give effect to this resolution as they or he may think fit.”

[See Explanatory Note (vii)]

(Resolution 11)

NOTICE OF ANNUAL GENERAL MEETING

13. 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:

Date of grant of the Award	:	6 May 2022
Number of Shares which are the subject of the Award	:	Up to 300,000 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 2022, as determined by the Remuneration Committee administering the Memiontec Performance Share Plan

- (b) the Directors 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 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 12)

14. 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:

Date of grant of the Award	:	6 May 2022
Number of Shares which are the subject of the Award	:	Up to 180,000 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 2022, as determined by the Remuneration Committee administering the Memiontec Performance Share Plan

- (b) the Directors 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

NOTICE OF ANNUAL GENERAL MEETING

- (c) the Directors 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 13)

15. 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) subject to and contingent upon the passing of Ordinary Resolution 11 above, 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:

Date of grant of the Award	:	6 May 2022
Number of Shares which are the subject of the Award	:	Up to 16,250 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 2022, as determined by the Remuneration Committee administering the Memiontec Performance Share Plan

- (b) the Directors 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 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 (x)]

(Resolution 14)

By Order of the Board

Ang Siew Koon
Company Secretary

8 April 2022

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 9 May 2022 (“**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 of 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 31 May 2022.

(ii) Mr Tay Kiat Seng will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer of the Company, as well as a member of the Nominating Committee of the Company.

Mr Loh Eu Tse Derek will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, Chairman of the Nominating Committee, as well as a member of the Audit Committee and the Remuneration Committee of the Company. There are no relationships (including immediate family relationships) between Mr Loh Eu Tse Derek and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Mr Loh Eu Tse Derek is considered by the Board of Directors of the Company to be independent for the purpose of Rule 704(7) of the Catalyst Rules.

Detailed information on each of the abovementioned Directors of the Company as required pursuant to Rule 720(5) of the Catalyst Rules can be found in the Annual Report 2021 under the section entitled “Disclosure of Information on Directors Seeking Re-election”.

(iii) The Ordinary Resolution 7 in item 8 above, 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.

(iv) The Ordinary Resolution 8 in item 9 above, 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.

(v) The Ordinary Resolution 9 in item 10 above, 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 2021 is set out in Section 2.6 of the Appendix. For more information relating to Ordinary Resolution 9 in item 10 above, please refer to Section 2 of the Appendix.

NOTICE OF ANNUAL GENERAL MEETING

- (vi) The Ordinary Resolution 10 in item 11 above, if passed, will empower the Directors of the Company to do all acts and things as they or he/she may consider necessary or expedient to give effect to the Proposed Share Split on the terms as set out in the Appendix. For more information relating to Ordinary Resolution 10 in item 11 above, please refer to sections 3 and 4 of the Appendix.
- (vii) The Ordinary Resolution 11 in item 12 above, if passed, will approve the participation of Ms Rachel Kwok Xiu Jian, an associate of a controlling shareholder of the Company, in the Memiontec Performance Share Plan, 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 in item 12 above, please refer to Section 5 of the Appendix.
- (viii) The Ordinary Resolution 12 in item 13 above, if passed, will empower the Directors of the Company to grant an Award of up to 300,000 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 12 in item 13 above, please refer to Section 6 of the Appendix.
- (ix) The Ordinary Resolution 13 in item 14 above, if passed, will empower the Directors of the Company to grant an Award of up to 180,000 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 13 in item 14 above, please refer to Section 6 of the Appendix.
- (x) Subject to and contingent upon the passing of Ordinary Resolution 11 in item 12 above, the Ordinary Resolution 14 in item 15 above, if passed, will empower the Directors of the Company to grant an Award of up to 16,250 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 14 in item 15 above, please refer to Section 6 of the Appendix.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE TO SHAREHOLDERS REGARDING THE CONDUCT OF THE COMPANY'S AGM ON FRIDAY, 29 APRIL 2022 AT 9.00 A.M.

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 wishes to inform shareholders of the Company (the "Shareholders") that it will conduct its annual general meeting on Friday, 29 April 2022 at 9.00 a.m. ("AGM") by way of electronic means. **The Company will not accept any physical attendance by Shareholders.**

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; and/or
- (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM.

Details of the steps for pre-registration, pre-submission of questions and voting at the AGM by Shareholders are set out below.

1. Pre-registration for the LIVE WEBCAST or AUDIO ONLY MEANS

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 by 9.00 a.m. on 26 April 2022 (being not less than seventy-two (72) hours before the time fixed for the AGM) (the "**Registration Deadline**") to enable the Company to verify the Shareholders' status. After the verification process, a unique link will be sent to authenticated Shareholders before end-of-the-day on 28 April 2022. The link will be used by Shareholders to observe the proceedings of the AGM by accessing the LIVE WEBCAST.

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 **Registration Deadline** to enable the Company to verify the Shareholders' status. After the verification process, an email confirmation containing details of the AUDIO ONLY MEANS will be sent to authenticated Shareholders before end-of-the-day on 28 April 2022. The details contained in the email confirmation will be used by Shareholders to listen to the proceedings of the AGM via the AUDIO ONLY MEANS.

Shareholders who wish to attend the AGM via LIVE WEBCAST or AUDIO ONLY MEANS 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 authorized to attend the LIVE WEBCAST or AUDIO ONLY MEANS. Recording of 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 participate in the AGM via LIVE WEBCAST or AUDIO ONLY MEANS.

Shareholders who register by the Registration Deadline but do not receive an email response before end-of-the-day on 28 April 2022 may contact the Company at IRMR@memiontec.com for assistance.

NOTICE OF ANNUAL GENERAL MEETING

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 9.00 a.m. on 16 April 2022 (the "Cut-Off Time")**, by email to IRMR@memiontec.com. 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.

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 **9.00 a.m. on 24 April 2022**. 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, should 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 and have their substantial and relevant questions addressed.

3. Proxy Voting

A Shareholder will not be able to vote through LIVE WEBCAST and AUDIO ONLY MEANS and voting at the AGM is by proxy ONLY. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as your proxy to vote on your behalf by completing 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. Shareholders should specifically indicate how they wish to vote for or vote against (or abstain from voting on) the resolutions set out in the Notice of AGM, in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Shareholders must submit the completed and signed proxy form appointing the Chairman of the AGM as proxy (i) **by email to IRMR@memiontec.com**; or (ii) **by post to the registered address of the Company at 20 Woodlands Link #04-30/31 Singapore 738733, by 9.00 a.m. on 26 April 2022** (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.

Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

The proxy form must be under the hand of the appointor or of his 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 appointor 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.

NOTICE OF ANNUAL GENERAL MEETING

For SRS investors who wish to appoint the Chairman of the AGM as their proxy, they should approach their respective SRS Operators to submit their votes **by email to IRMR@memiontec.com or post to the registered address of the Company at 20 Woodlands Link #04-30/31 Singapore 738733 by 5.00 p.m. on 19 April 2022.**

4. 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 2021 ("**Annual Report 2021**"), the Notice of AGM dated 8 April 2022, the Appendix to the Notice of AGM dated 8 April 2022 and the proxy form for the AGM, have been published by the Company on 8 April 2022 and is available for access and download from (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.**

The Company also seeks Shareholders' understanding and cooperation to adhere to the measures taken by the Company in light of the COVID-19 situation. Shareholders are advised to check on the Company's announcement(s) on SGXNet at www.sgx.com/securities/company-announcements or the Company's corporate website at www.memiontec.com/announcements for any changes or updates on this AGM, should there be any further measures recommended by the relevant authorities.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) submitting details for the 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) 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.

*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 Catalyst.*

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. Goh Mei Xian, 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 FOR ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The Annual General Meeting ("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. 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.
2. 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, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM.
3. A member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. Please read the notes overleaf to this proxy form.

I/We, _____ (Name), _____ (*NRIC/Passport/Co. no.)
of _____ (Address)

being a member/members of MEMIONTEC HOLDINGS LTD. (the "Company"), hereby appoint the Chairman of the Annual General Meeting of the Company (the "Meeting") as *my/our proxy to vote for *me/us on *my/our behalf at the Meeting to be held by electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Friday, 29 April 2022 at 9.00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the Meeting as indicated hereunder.

If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as *my/our proxy will be treated as invalid.

No.	Resolutions relating to:	For**	Against**	Abstain**
AS ORDINARY BUSINESS				
1	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 December 2021, 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\$0.00209 per ordinary share in the capital of the Company for the financial year ended 31 December 2021 (FY2020: S\$0.00185 per ordinary share)			
3	Re-election of Mr Tay Kiat Seng as a Director of the Company			
4	Re-election of Mr Loh Eu Tse Derek as a Director of the Company			
5	Payment of Directors' fees of up to S\$150,000 for the financial year ending 31 December 2022, to be paid half yearly in arrears (FY2021: up to S\$190,000)			
6	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company, and authority to Directors of the Company to fix their remuneration			
AS 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 Share Split			
11	Proposed participation of Ms Rachel Kwok Xiu Jian, an associate of a controlling shareholder of the Company, in the Memiontec Performance Share Plan			
12	Proposed grant of an award to Mr Tay Kiat Seng, a controlling shareholder of the Company, under the Memiontec Performance Share Plan			
13	Proposed grant of an award to Ms Soelistyo Dewi Soegiharto, a controlling shareholder of the Company, under the Memiontec Performance Share Plan			
14	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 _____, 2022

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

* 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" each resolution. If you mark an "X" in the abstain box for a particular resolution, you are directing your proxy, who is the Chairman of the Meeting, not to vote on that resolution.

IMPORTANT: Please read the notes overleaf before completing this Proxy Form

Notes:-

1. Please insert the total number of shares in the capital of the Company (“**Shares**”) held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting as a proxy shall be deemed to relate to all the Shares held by you.
2. A member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) should give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. This duly executed proxy form appointing the Chairman of the Meeting as proxy, 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 9.00 a.m. on 26 April 2022 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting).

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.

Members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

5. This proxy form must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as a proxy 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. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as a proxy 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 the Chairman of the Meeting as a proxy. 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 the Chairman of the Meeting as a proxy 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 appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
7. 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 appoint the Chairman of the Meeting to act as their proxy should approach their respective SRS Operators to submit their votes by 5.00 p.m. on 19 April 2022.
8. A Depositor shall not be regarded as a member of the Company entitled to proxy the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting unless his/her name appears on the Depository Register seventy-two (72) hours before the time appointed for holding the Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the Meeting and/or any adjournment thereof, a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2022.

SEIZING OPPORTUNITIES



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