



MEMIONTEC HOLDINGS LTD.

(Incorporated in the Republic of Singapore on 6 March 2013)
(Company Registration Number: 201305845W)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

This announcement has been prepared by Memiontec Holdings Ltd. (the "Company") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte.Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

Background

Memiontec Holdings Ltd. (the "Company") together with its subsidiaries (the "Group" or "Memiontec"), was listed on the Catalist Board of the SGX-ST on 5 March 2020, pursuant to an initial public offering (the "IPO") exercise.

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

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		Increase / (Decrease) %
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Audited)	
Revenue	34,606	29,305	18.1
Cost of sales	(29,487)	(24,770)	19.1
Gross profit	<u>5,119</u>	<u>4,535</u>	12.9
Other income	1,281	609	110.3
General and administrative expenses	(4,022)	(3,467)	16.0
Share of loss of a joint venture	(89)	(19)	368.4
Finance costs	(125)	(128)	(2.3)
Other operating expenses	(477)	(963)	(50.5)
Profit before income tax ⁽¹⁾	<u>1,687</u>	<u>567</u>	197.5
Income tax expense	(378)	(259)	45.9
Profit for the year ⁽¹⁾	<u><u>1,309</u></u>	<u><u>308</u></u>	325.0
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit obligations	3	(21)	N.M
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange losses on translation of foreign operations	(111)	(32)	250.0
Other comprehensive income for the year, net of tax	<u>(108)</u>	<u>(53)</u>	103.7
Total comprehensive income for the year	<u><u>1,201</u></u>	<u><u>255</u></u>	370.6
Profit for the year attributable to:			
Owners of the Company	1,308	307	326.1
Non-controlling interests	1	1	-
	<u>1,309</u>	<u>308</u>	325.0
Total comprehensive income attributable to:			
Owners of the Company	1,201	254	372.8
Non-controlling interests	-	1	(100.0)
	<u>1,201</u>	<u>255</u>	371.0

N.M denotes Not Meaningful.

Note:

⁽¹⁾ Excluding one-off listing expenses of S\$320,000 (FY2019: S\$963,000), profit before income tax and profit for the year in FY2020 would have been S\$2,007,000 (FY2019: S\$1,530,000) and S\$1,629,000 (FY2019: S\$1,271,000) respectively.

1(a)(ii) Notes to Consolidated Statement of Profit or Loss

The Group's net profit was arrived after crediting / (charging) the following:

	Group		Increase / (Decrease) %	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Audited)		
Depreciation of property, plant and equipment	(143)	(163)	(19.3)	(1)
Depreciation of right-of-use assets	(144)	(149)	(3.4)	
Directors' fees	(158)	-	N.M	(2)
Foreign exchange gain, net	21	188	(88.8)	(3)
Grant income	1,173	184	537.8	(4)
Gain on disposal of plant and equipment	- ⁽⁵⁾	6	(100.0)	
Interest income	72	192	(62.2)	
Listing expenses	(320)	(963)	(66.8)	

N.M denotes Not Meaningful.

Notes:

- (1) The decrease in depreciation of property, plant and equipment was mainly due to the absence of depreciation charges in FY2020 on a leasehold property of a former subsidiary which was disposed in May 2019.
- (2) Directors' fees relate to fees paid to the Company's independent directors, with effect from the date of listing of the Company on Catalist board of the SGX-ST in March 2020.
- (3) The decrease in foreign exchange gain (net) was mainly due to absence of foreign gain recorded by an Indonesian subsidiary arising from appreciation of Indonesian Rupiah against Singapore Dollars during the current year.
- (4) The increase in grant income was mainly due to (a) the SGX listing grant of S\$0.20 million in FY2020; and (b) other government grants of S\$0.78 million in FY2020, mainly from Singapore government subsidies to defray companies' payroll burden during the COVID-19 pandemic (such as Jobs Support Scheme and foreign workers' levy rebates).
- (5) Less than S\$1,000.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 31-Dec-20 S\$'000 (Unaudited)	As at 31-Dec-19 S\$'000 (Audited)	As at 31-Dec-20 S\$'000 (Unaudited)	As at 31-Dec-19 S\$'000 (Audited)
ASSETS				
Current assets				
Cash and bank balances	14,527	4,901	3,920	1,069
Trade and other receivables	4,285	4,567	6,607	1,100
Contract assets	14,031	7,551	-	-
Inventories	293	1,083	-	-
Total current assets	33,136	18,102	10,527	2,169
Non-current assets				
Property, plant and equipment	1,330	1,403	3	-
Right-of use-assets	266	345	-	-
Investment in subsidiaries	-	-	5,906	3,939
Investment in a joint venture	2,520	2,182	-	-
Investment in equity shares (unquoted)	177	-	-	-
Deferred tax assets	35	34	-	-
Total non-current assets	4,328	3,964	5,909	3,939
Total assets	37,464	22,066	16,436	6,108
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	13,695	11,333	4,291	1,597
Contract liabilities	993	312	-	-
Lease liabilities	106	150	-	-
Borrowings	1,077	251	-	-
Income tax payable	123	335	40	-
Total current liabilities	15,994	12,381	4,331	1,597
Non-current liabilities				
Lease liabilities	152	192	-	-
Borrowings	3,960	248	-	-
Retirement benefit obligations	235	202	-	-
Deferred tax liabilities	1	8	-	-
Total non-current liabilities	4,348	650	-	-
Capital, reserves and non-controlling interests				
Share capital	12,092	3,905	12,092	3,905
Translation reserve	(454)	(343)	-	-
Other reserves	(914)	133	-	1,047
Retained earnings	6,355	5,298	13	(441)
Equity attributable to owners of the Company	17,079	8,993	12,105	4,511
Non-controlling interests	43	42	-	-
Total equity	17,122	9,035	12,105	4,511
Total liabilities and equity	37,464	22,066	16,436	6,108

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

	Group			
	As at 31-Dec-20		As at 31-Dec-19	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	36	1,147	42	359
Amount repayable after one year	124	3,988	99	341
Total	160	5,135	141	700

The Group does not have any debt securities as at 31 December 2020 and 31 December 2019.

Details of any collaterals

Lease liabilities of S\$160,000 as at 31 December 2020 (2019: S\$141,000) are secured by charges over leased assets and/ or a personal guarantee from a director of the Company.

1(c) A statement of cash flows (for the group), together with a comparative statement, for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Audited)
Operating activities		
Profit before income tax	1,687	567
Adjustments for:		
Depreciation of property, plant and equipment	143	163
Depreciation of right-of-use assets	144	149
Retirement benefit obligations	36	89
Unutilised leave expense	119	-
Share of loss of a joint venture	89	19
Interest expense	125	129
Interest income	(72)	(192)
Gain on disposal of plant and equipment	-	(6)
Net foreign exchange gain	(24)	(99)
Operating cash flows before movements in working capital	2,247	819
Trade and other receivables	282	286
Contract assets	(6,480)	(2,861)
Inventories	790	(845)
Trade and other payables	3,300	3,666
Contract liabilities	681	103
Cash generated from operations	820	1,168
Income tax paid	(597)	(521)
Interest income received	72	192
Net cash generated from operating activities	295	839
Investing activities		
Purchase of plant and equipment	(84)	(65)
Additions of right-of-use assets	-	(7)
Proceeds from disposal of plant and equipment	-	6
Proceeds from disposal of a subsidiary	-	697
Additional capital contribution into a joint venture	(442)	-
Investment in equity shares (unquoted)	(177)	-
Net cash (used in) generated from investing activities	(703)	631

Note:

⁽¹⁾ Less than S\$1,000.

	Group	
	2020 S\$'000 (Unaudited)	2019 S\$'000 (Audited)
Financing activities		
Proceeds from issuance of new shares from IPO exercise	7,534	-
Advances received for subscription of shares	-	1,047
Capital contribution in a subsidiary from other parties	-	1,407
Payment of transaction cost in connection to issuance of shares	(543)	(108)
Proceeds from term loan	5,000	-
Interest paid	(104)	(84)
Repayments to directors	(936)	(422)
Repayments of borrowings	(461)	(676)
Repayments of lease liabilities	(153)	(119)
Placement of term deposits, pledged	(566)	-
Dividends paid	(254)	(3,244)
Net cash from generated from (used in) financing activities	9,517	(2,199)
Net increase (decrease) in cash and cash equivalents	9,109	(729)
Cash and cash equivalents at beginning of the year	4,901	5,594
Effect of exchange rate changes on the balance of cash held in foreign currencies	(49)	36
Cash and cash equivalents at end of the year (Note A)	13,961	4,901

Note A – Cash and cash equivalents

	2020 S\$'000 (Unaudited)	2019 S\$'000 (Audited)
Cash and bank balances	14,527	4,901
Less: Time deposits pledged for banking facilities purpose	(566)	-
Cash and cash equivalents per consolidated statement of cash flows	13,961	4,901

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

STATEMENT OF CHANGES IN EQUITY

Group	Share capital S\$'000	Translation reserve S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Equity attributable to the owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance as at 1 January 2020	3,905	(343)	133	5,298	8,993	42	9,035
Total comprehensive income for the year:							
Profit for the year	-	-	-	1,308	1,308	1	1,309
Other comprehensive income for the year	-	(111)	-	3	(108)	- ⁽¹⁾	(108)
Total	-	(111)	-	1,311	1,200	1	1,201
<i>Transactions with Owners, recognized directly in equity:</i>							
- Issuance of new ordinary shares	8,187	-	(1,047)	-	7,140	-	7,140
- Dividends	-	-	-	(254)	(254)	-	(254)
Total	8,187	-	(1,047)	(254)	6,886	-	6,886
Balance as at 31 December 2020	12,092	(454)	(914)	6,355	17,079	43	17,122

Note:

⁽¹⁾ Less than S\$1,000.

Group	Share capital	Translation reserve	Other reserves	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2019	60	(635)	1,500	8,237	9,162	277	9,439
Total comprehensive income for the year:							
Profit for the year	-	-	-	307	307	1	308
Other comprehensive income for the year	-	(32)	-	(21)	(53)	-	(53)
Total	-	(32)	-	286	254	1 (1)	255
<i>Transactions with Owners, recognized directly in equity:</i>							
- Effects arising from Group's restructuring	(60)	324	2,538	-	2,802	(217)	2,585
- Issuance of new ordinary shares	3,905	-	(3,905)	-	-	-	-
- Dividends	-	-	-	(3,225)	(3,225)	(19)	(3,244)
Total	3,845	324	(1,367)	(3,225)	(423)	(236)	(659)
Balance as at 31 December 2019	3,905	(343)	133	5,298	8,993	42	9,035

Note:

Less than S\$1,000.

Company	Share capital	Other reserves	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2020	3,905	1,047	(441)	4,511
Total comprehensive income for the year:				
Profit for the year	-	-	708	708
Total	-	-	708	708
<i>Transactions with Owners, recognized directly in equity:</i>				
- Issuance of new ordinary shares	8,187	(1,047)	-	7,140
- Dividends	-	-	(254)	(254)
Total	8,187	(1,047)	(254)	6,886
Balance as at 31 December 2020	12,092	-	13	12,105
Balance as at 1 January 2019	-	3,905	(903)	3,002
Total comprehensive income for the year:				
Profit for the year	-	-	462	462
Total	-	-	462	462
<i>Transactions with Owners, recognized directly in equity:</i>				
- Issuance of new ordinary shares	3,905	(3,905)	-	-
- Advance for subscription of shares	-	1,047	-	1,047
Total	3,905	(2,858)	-	1,047
Balance as at 31 December 2019	3,905	1,047	(441)	4,511

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercises of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Issued and paid up share capital	
	Number of shares	S\$'000
Balance as at 1 January 2020	3,904,562	3,905
Balance as at 1 January 2020, adjusted pursuant to the Sub-division Exercise ⁽¹⁾	179,610,000	3,905
- Issuance of shares to the Pre-IPO investor ⁽²⁾	6,502,000	1,047
- Issuance of shares to the Sponsor and Issue Manager of the IPO as part of satisfaction of issue manager's fees ⁽³⁾	660,000	149
- Issuance of shares pursuant to the IPO exercise ⁽⁴⁾	33,485,000	7,534
- Less: Transaction costs in relation to share issuance	-	(543)
Balance as at 31 December 2020	220,257,000	12,092

Notes:

- (1) On 18 February 2020, the shareholders of the Company approved the sub-division of the existing ordinary shares of 3,904,562 into 179,610,000 ordinary shares in the issued capital of the Company (the "Sub-division Exercise").
- (2) On 19 February 2020, the advance for the subscription of the Company's shares of S\$1,046,822 was converted into 6,502,000 new ordinary shares in the capital of the Company.
- (3) On 3 March 2020, the Company issued 660,000 new ordinary shares to ZICO Capital Pte. Ltd. (the Sponsor and Issue Manager of the IPO) as part satisfaction of management fees in connection with the IPO of the Company.
- (4) On 3 March 2020, the Company allotted and issued 33,485,000 new ordinary shares in the capital of the Company for a consideration of S\$7.53 million as part of its IPO exercise.

The Company did not have any treasury shares, subsidiary holdings or other convertibles as at 31 December 2020 and 31 December 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year

	As at 31 December 2020	As at 31 December 2019
Total number of issued shares excluding treasury shares	220,257,000	3,904,562

The Company did not have any treasury shares as at 31 December 2020 and 31 December 2019.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2019 were not subject to an adverse opinion, qualified opinion or disclaimer opinion issued by the auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group and the Company have consistently applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period reported on, as compared to the most recently audited financial statements for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the new standards, amendments to standards and interpretations that are relevant to the Group and the Company, and which are effective from the annual periods beginning on 1 January 2020. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

- (a) based on the weighted average number of ordinary shares on issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	2020	2019
Profit attributable to owners of the Company (S\$'000)	1,308	307
Weighted average number of ordinary shares	214,108,743 ⁽¹⁾	179,610,000 ⁽²⁾
Earnings per share (basic and diluted ³) (Singapore cents)	<u>0.61</u>	<u>0.17</u>

Notes:

- (1) For FY2020, the earnings per share had been computed based on profit attributable to owners of the Company and the Company's weighted average number of ordinary shares during the year.
- (2) For F2019, the earnings per share had been computed based on profit attributable to the Company and enlarged share capital of 179,610,000 shares subsequent to the Sub-division Exercise in February 2020. The number of ordinary shares in issue used in the computation has been retrospectively adjusted to reflect the Sub-division Exercise, assuming such transactions had occurred in FY2019.
- (3) The diluted earnings per share for the relevant financial years are the same as the basic earnings per share as the Group does not have any dilutive instruments.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	As at 31-Dec-20	As at 31-Dec-19	As at 31-Dec-20	As at 31-Dec-19
Net Assets Value per share (Singapore cents)	7.75	5.01	5.50	2.51
Net Assets Value (S\$'000)	17,079	8,993	12,105	4,511
Number of ordinary shares ⁽¹⁾	220,257,000	179,610,000	220,257,000	179,610,000

Note:

⁽¹⁾ The number of ordinary shares in issue used in the computation of Net Assets Value per ordinary share as at 31 December 2019 has been retrospectively adjusted to reflect the share Sub-division Exercise, assuming such transactions had occurred as at 31 December 2019.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

8.1 REVIEW OF THE GROUP'S PERFORMANCE

Revenue

The Group registered revenue of S\$34.61 million for FY2020, an increase of S\$5.30 million, or 18.09%, compared to revenue of S\$29.31 million in FY2019. The increase was mainly contributed by the increase in revenue from our Total Solutions with Engineering, Procurement and Construction ("TSEPC") segment by S\$8.11 million (41.47% increase from FY2019). The aforesaid increase was partially offset by the decrease in our Operations, Maintenance and Services ("OMS") segment by S\$2.14 million (25.57% decrease from FY2019), as well as Sales and Distribution of Systems and Trading ("SDS") segment by S\$0.66 million (54.00% decrease from FY2019).

The reasons for the variances in the Group's business segments for FY2020, as compared to FY2019, were as follows:

- The increase in revenue from TSEPC segment was due mainly to higher value contracts (such as Project Tuas South Desalination Plant, Project Jurong Water Reclamation Plant and Project Blue Energy at Changi Water Reclamation Plant) secured in FY2019, and substantially carried out during FY2020.
- The decrease in revenue from OMS segment was due mainly to completion of a major OMS contract in the third quarter of FY2020, partially offset by the OMS revenue generated from the long-term OMS service rendered to the water treatment facility operated by our joint venture company, PT Jakpro Memiontec Air ("PT JMA") since its commercial operations in December 2019.
- The slight decrease in SDS was due mainly to absence of revenue from higher value trading contracts in the year.

Cost of sales

Cost of sales increased by S\$4.72 million or 19.04%, to S\$29.49 million in FY2020 from S\$24.77 million in FY2019, largely in line with the increase in revenue as well as the additional costs (including administrative, logistic, staff costs and other incidental costs) incurred to comply with the COVID-19 regulatory requirements and stringent measures at project sites during FY2020.

Gross profit and gross profit margin

The Group generated gross profit of S\$5.12 million (FY2019: S\$4.53 million) and gross profit margin of 14.8% in FY2020 (FY2019: 15.5%). There is no significant change in the sales mix in FY2020. The marginal decrease in gross profit margin was attributable to the increase in material costs and sub-contractor costs, as well as additional costs incurred due to the negative impact of COVID-19 in FY2020.

Other income

Other income increased by S\$0.67 million or 110.3%, mainly due to the increase in grant income of S\$0.98 million, partially offset by (i) the decrease in interest income from fixed deposits of S\$0.12 million due to lower fixed deposit balance, coupled with the effect of lower interest rate as compared to previous corresponding period; and (ii) lower net foreign exchange gain of S\$0.19 million.

Grant income in FY2020 comprises mainly (a) SGX listing grant of S\$0.20 million as the Company successfully list on the Catalist in March 2020; and (b) government grants of S\$0.85 million, mainly from various government subsidies to defray companies' payroll burden during the COVID-19 pandemic, such as Jobs Support Scheme and foreign workers' levy rebates.

General and administrative expenses

General and administrative expenses increased by S\$0.56 million or 16.01%, primarily due to (i) increase in post-listing compliance costs such as listing fee, directors' fees, sponsor fees, etc, which amounted to an aggregate of S\$0.34 million (FY2019: Nil); and (ii) increase in executive directors and staff costs of S\$0.42 million, due mainly to the increase in headcount in Singapore and Indonesia, partially offset by the decrease in travelling expenses of S\$0.12 million due to lower overseas business travelling during the COVID-19 pandemic and by the decrease in other miscellaneous administrative expenses amounting to S\$0.08 million.

Share of loss in a joint venture

Share of loss in a joint venture relates to the Group's 40% interest in PT JMA, which amounted to S\$0.09 million in FY2020 (FY2019: S\$0.02 million). The loss was mainly due to the lower revenue generated by our Build-Operate-Own-Transfer ("BOOT") wastewater and water treatment plant at Hutan Kota as the facility is currently running at Phase 1 capacity of 200 Litres Per Second ("LPS") and is expected to increase to designed capacity of 450 LPS once the distribution piping network for the supply of 300 LPS is completed by the local water authority, the eventual off-taker of water produced. The construction for the distribution piping network was inadvertently delayed by the COVID-19 pandemic and, barring unforeseen circumstances, is expected to be completed in 2021.

Finance costs

Finance costs remained relatively consistent at S\$0.13 million in both FY2020 and FY2019.

Other operating expenses

Other operating expenses decreased by S\$0.48 million or 50.47%, from S\$0.96 million in FY2019 to S\$0.48 million in FY2020, mainly due to lower listing expenses in the current year. The Company was listed on the Catalist in March 2020.

Income tax expense

Income tax expense increased by S\$0.12 million or 45.95%, mainly due to higher estimated chargeable income due to higher profit before tax during the year.

Profit for the year

As a result of the above, profit for the year tax increased by S\$1.00 million or 325.0% from S\$0.31 million in FY2019 to S\$1.31 million in FY2020.

8.2 REVIEW OF GROUP'S FINANCIAL POSITION

Current assets

Current assets increased by S\$15.04 million or 83.1%, from S\$18.10 million as at 31 December 2019 to S\$33.14 million as at 31 December 2020. The increase was due to the increase in cash and cash equivalents of S\$9.63 million and contract assets of S\$6.48 million, partially offset by the decrease in trade and other receivables of S\$0.28 million and inventories of S\$0.79 million.

Cash and bank balances increased by S\$9.63 million, from S\$4.90 million as at 31 December 2019 to S\$14.53 million as at 31 December 2020. Please refer to item 8.3 of this announcement titled "Review of Group's Cash Flows" on the reasons for the increase.

Contract assets relate to our Group's right to consideration for work completed and not billed as the right to consideration is conditional on our Group's subsequent performance in satisfying performance obligation in respect of our TSEPC projects. The increase in contract assets of S\$6.48 million, from S\$7.55 million as at 31 December 2019 to S\$14.03 million as at 31 December 2020, is in line with the increase in the Group's revenue, and was mainly due to works for our TSEPC projects in the municipal sector where the milestone billing cycle falls due only in early 2021. The Group's contract assets balance was largely related to TSEPC projects with Public Utilities Board of Singapore ("PUB").

Trade and other receivables decreased marginally by S\$0.28 million, from S\$4.57 million as at 31 December 2019 to S\$4.29 million as at 31 December 2020. The trade receivables decreased by S\$0.84 million, from S\$3.20 million as at 31 December 2019 to S\$2.36 million, mainly due to repayment of trade receivables during the year. Other receivables increased by S\$0.56 million, from S\$1.37 million as at 31 December 2019 to S\$1.93 million as at 31 December 2020, primarily due to the increase in deposits paid to suppliers, government grant receivable, etc.

Inventories decreased by S\$0.79 million, from S\$1.08 million as at 31 December 2019 to S\$0.29 million as at 31 December 2020. Inventories as of 31 December 2019 mainly comprised water treatment equipment and parts which were on transit from the suppliers' premises as of previous year end, of which such inventories were subsequently deployed in our projects during the year.

Non-current assets

Non-current assets increased by S\$0.37 million or 9.2%, from S\$3.96 million as at 31 December 2019 to S\$4.33 million as at 31 December 2020. The increase was mainly due to (i) the capital investment of S\$0.18 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"); (ii) additional capital contribution to a joint venture, PT JMA, amounting to S\$0.44 million; and (iii) additions of property, plant and equipment and rights-of-use assets amounting to S\$0.13 million during the year. The increase was partially offset by the depreciation charges on property, plant and equipment and rights-of-use assets of S\$0.29 million; and the share of loss of a joint venture of S\$0.09 million during the year.

Current liabilities

Current liabilities increased by S\$3.61 million or 29.2%, from S\$12.38 million as at 31 December 2019 to S\$15.99 million as at 31 December 2020. This was mainly due to increases in trade and other payables of S\$2.36 million, borrowings of S\$0.82 million, contract liabilities of S\$0.68 million; and partially offset by a decrease in income tax payable of S\$0.21 million and lease liabilities of S\$0.04 million.

Trade and other payables increased by S\$2.36 million, from S\$11.33 million as at 31 December 2019 to S\$13.69 million as at 31 December 2020, mainly due to an increase in trade payables of S\$3.39 million attributable to longer credit term given by certain key suppliers. The aforesaid increase was partially offset by the repayments made to directors' advances of S\$0.94 million and the decrease in other payables of S\$0.09 million.

Contract liabilities increased from S\$0.31 million as at 31 December 2019 to S\$0.99 million as at 31 December 2020, mainly due to increase in advanced billings to customers during the year.

Borrowings increased by S\$0.82 million, from S\$0.25 million as at 31 December 2019 to S\$1.07 million as at 31 December 2020, mainly due to the current portion of a term loan facility amounting to S\$0.96 million, partially offset by repayments of borrowings during the year. The term loan facility is a temporary bridging loan of S\$5.00 million procured under the Enterprise Financing Scheme ("EFS"), bearing interest rate at 2.00% and is to be repayable over 60 monthly installments ("EFS Temporary Bridging Loan").

Income tax payable decreased by S\$0.22 million, from S\$0.34 million as at 31 December 2019 to S\$0.12 million as at 31 December 2020, primarily due to substantial settlement of previous years' tax assessments during the year, partially offset by tax provision for current tax period.

Non-current liabilities

Non-current liabilities increased by S\$3.70 million or 568.8%, from S\$0.65 million as at 31 December 2019 to S\$4.35 million as at 31 December 2020. The increase was mainly due to the non-current portion of the abovementioned EFS Temporary Bridging Loan of S\$3.70 million, offset by repayments made during the year.

Total equity

Total equity increased by 89.5% or S\$8.09 million, from S\$9.03 million as at 31 December 2019 to S\$17.12 million as at 31 December 2020. The increase was due to the increase in share capital by S\$8.19 million (refer to Item 1(d)(ii) for more information) and profit for the year of S\$1.31 million. The increase was partially offset by the reduction in capital reserve by S\$1.05 million (refer to Item 1(d)(ii) for more information), distribution of dividends of S\$0.25 million and decrease in translation reserve of S\$0.11 million during the year.

8.3 REVIEW OF GROUP'S CASH FLOWS

Net cash generated from operating activities amounted to S\$0.30 million (2019: S\$0.84 million), comprising operating cash flows before movements in working capital of S\$2.25 million (2019: S\$0.82 million), net working capital outflow of S\$1.43 million (2019: inflow of S\$0.35 million), income tax paid of S\$0.60 million (2019: S\$0.52 million) and interest income received of S\$0.07 million (2019: S\$0.19 million). The positive operating cash flows in FY2020 was due mainly to longer credit terms agreed with certain key suppliers as well as project advance payments received from customers. Net cash generated from operating activities also included one-off payments for IPO related expenses (charged into profit or loss) amounting to S\$0.32 million (2019: S\$0.96 million). Excluding the one-off payments for IPO related expenses (charged into profit or loss portion), the positive operating cash flows in FY2020 would have been S\$0.62 million (2019: S1.80 million).

	FY2020 S\$'000	FY2019 S\$'000
Net cash generated from operating activities	295	839
Add: One-off payments for IPO related expenses (charged to profit or loss)	320	963
	<u>615</u>	<u>1,802</u>

Net cash flow used in investing activities amounted to S\$0.70 million in FY2020, mainly related to the Pekan Baru JV Investment of S\$0.18 million, and additional capital contribution into a joint venture, PT JMA, of S\$0.44 million and purchases of plant and equipment of S\$0.08 million.

Net cash from financing activities in FY2020 of S\$9.52 million was mainly from the proceeds from the issuance of new shares in connection with our IPO exercise of S\$7.53 million and proceeds from EFS Temporary Bridging Loan of S\$5.00 million, partially offset by the repayment of directors' advances of S\$0.94 million, repayment of borrowings and leases of S\$0.61 million, payment of transaction cost in connection to the issuance of share of S\$0.54 million (charged directly into equity), placement of term deposits pledged of S\$0.56, distribution of dividends of S\$0.25 million and interest payment of S\$0.11 million.

Consequently, overall cash and cash equivalents increased by S\$9.11 million to \$13.96 million as at 31 December 2020.

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

The unaudited financial results for FY2020 set out in this announcement are in line with the trend information disclosed in the section entitled "General Information on our Group - Trend Information" of the Offer Document dated 21 February 2020 and also consistent with the market potential and future plans disclosed in the 2019 Annual Report of the Group.

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

The Group is considered to be an essential service provider for the municipal sectors of both Singapore and Indonesia. Despite the challenging market conditions as a result of the COVID-19 pandemic, the Group recorded higher revenue in the second half of 2020 (as compared to the first half of 2020), as it managed to complete/ carry out works under its book orders carried forward from FY2019 and certain new orders secured in FY2020.

The Group increased its investments in BOOT and TOOT projects from two (2) in 2019 to three (3) in 2020, as a result of its participation as a 15%-equity partner in the joint venture (namely, PT Tirta Madani) in the new Pekan Baru BOOT project during the year. The capacity of the Pekan Baru BOOT project is 750 LPS in sixth phases, and the concessionary agreement is 25 years from commercial operation in 2022.

The Group's order book stands at S\$81.5 million as at 31 December 2020. The order book includes the following:

- (i) the three (3) new notable TSEPC projects in Indonesia secured by the Group which are partially supported by overseas funding to local government (details as set out in the Company's announcements released on the SGXNet on 17 December 2020); and
- (ii) the TSEPC work that will be sub-contracted to our subsidiary in the Pekan Baru BOOT project that was won in December 2020 with our joint venture partner, PT Pembangunan Perumahan (Persero), Tbk, a reputable local civil and infrastructural company.

The aforesaid order book does not include recurring income from the Group's operations, maintenance and services (OMS) to the water treatment facility owned by its joint venture, PT JMA, over the contractual concession period of 25 years.

The Group's core subsidiaries in key operating markets have achieved good growth in sales, won TSEPC tenders (either on its own or with new joint consortium and venture partners in Indonesia) and delivered cost saving value chain provided by its detailed engineering and fabrication capabilities in China. In addition, the Group was also presented with mergers and acquisitions, and new business opportunities in the region for the Group to assess viability of such growth path. The Group believes that the water and environmental industries will continue to enjoy growth in the foreseeable future and it will stay focus on its core competencies in water technologies for sustainable growth.

With its rapid growth, the Group is aware of the urgent needs to upgrade and strengthen its capabilities of human capital and information technology resources for higher work productivity and efficient cost management, amidst the volatile work environment.

The Group shall also continue to deepen the long term mutually benefiting relationships with its bankers, relevant authorities and private funding for financial assistance and its key partners in TSEPC work for prudent overall risk management by tapping on the strengths of parties, as it continues to grow its sustainable businesses.

Barring any unforeseen circumstances, the Group is cautiously optimistic of its financial performance in the current financial year ending 31 December 2021, so long as it carries out the works continuously without any unexpected COVID-19 disruptions related to supply chain, manpower availability, customer conditions, potential delay in order fulfilment, etc. Nevertheless, the global economic recovery remains slow and challenging due to resurgence of COVID-19 in certain parts of the world. Due to the fast evolvement of the pandemic, the Company will continue to monitor the COVID-19 situation closely and the Board will provide further updates as and when any material developments arise.

11. Dividend

(a) Any dividend recommended/declared for the current financial period reported on?

The Directors are pleased to propose a tax-exempt one-tier final dividend of 0.185 cents per ordinary share.

Name of dividend	Final
Dividend type	Cash
Dividend amount per ordinary share	0.185 Singapore cents
Tax rate	Tax exempt one-tier

(b) Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

Name of dividend	Final
Dividend type	Cash
Dividend amount per ordinary share	0.115 Singapore cents
Tax rate	Tax exempt one-tier

(c) The date the dividend is payable.

Subject to approval by the shareholders at the forthcoming Annual General Meeting and to be announced at a later date.

(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Subject to approval by the shareholders at the forthcoming Annual General Meeting and to be announced at a later date.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions.

14. Annual confirmation of written undertakings to the SGX-ST

The Board refers to the Company's Offer Document dated 21 February 2020 in relation to the Company's IPO and listing of its shares on the Catalist board of the SGX-ST on 5 March 2020.

Unless otherwise defined herein, all capitalised terms used in this announcement shall bear the same meanings as defined in the Offer Document.

Article 12 of Law Number 25 of 2007 on Investment of Indonesia ("Indonesian Investment Law") imposes certain foreign ownership restrictions on our Indonesian entities, PT Memiontec Indonesia ("PTMI") and PT Memindo Pratama ("PTMP"). Please refer to the section entitled "General Information on our Group – Foreign ownership restrictions on PTMI" and "General Information on our Group – Foreign ownership restrictions on PTMP" of the Offer Document for further information.

Pursuant to the Combination Agreements, our Group consolidates 99.4% of PTMI. For PT MP, although our Group does not own any of the equity shares of PTMP, our Group assessed that it has established control over PTMP on the basis that our 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. Accordingly, our Group consolidates 98.0% of PTMP.

As at 31 December 2020, the Board has performed an internal assessment and confirmed that there is no change in the prevailing Indonesian laws and regulations (the "Relevant Laws") which would affect our basis of consolidation of the accounts of our Indonesian subsidiaries, PT Memiontec Indonesia ("PTMI") and PT Memindo Pratama ("PTMP"), at the Group level for the financial year ended 31 December 2020.

Where there are changes to the Relevant Laws, our Company will obtain a legal opinion from an established law firm and assess whether such changes would affect the basis of consolidation of the accounts of PTMI and PTMP at our Group level. Any material impact to our business and operations arising from the changes in the Relevant Laws will be announced. Where such changes to the Relevant Laws would result in the Combination Agreements being invalid, we will announce the changes in the Relevant Laws, the implications and the proposed actions to be taken by our Company, in a timely manner.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group’s reportable segments are 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.
- Sales of water (“SOW”) – Sales of water and other related recurring revenues under long term service concessionary arrangements.

Business segments

	Group	
	2020 S\$’000	2019 S\$’000
Revenue – TSEPC	27,665	19,556
Revenue – OMS	6,224	8,362
Revenue – SDS & Trading	562	1,221
Revenue - SOW	155	166
	34,606	29,305
	Group	
	2020 S\$’000	2019 S\$’000
Profit from operations:		
- TSEPC	1,851	770
- OMS	471	965
- SDS & Trading	79	256
- SOW	62	64
Total	2,463	2,055
Other income	1,281	609
General and administrative expenses	(1,366)	(1,950)
Share of loss of a joint venture	(89)	(19)
Finance costs	(125)	(128)
Other operating expenses	(477)	-
Profit before income tax	1,687	567
Income tax expense	(378)	(259)
Profit for the year	1,309	308

Geographical segments

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

	Revenue	
	2020 S\$'000	2019 S\$'000
Singapore	27,798	22,934
Indonesia	6,545	5,987
China	263	384
	<u>34,606</u>	<u>29,305</u>

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

	Non-current assets	
	As at 31 December 2020 S\$'000	As at 31 December 2019 S\$'000
Singapore	375	412
Indonesia	3,521	3,080
China	23	28
	<u>3,919</u>	<u>3,520</u>

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by operating segments.

Please refer to Section 8 above.

17. A breakdown of sales as follows:-

	Group		% Increase (Decrease)
	2020 S\$'000	2019 S\$'000	
(a) Sales reported for first half year	14,461	14,100	2.6
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	20	355	(94.4)
(c) Sales reported for second half year	20,145	15,205	32.5
(d) Operating profit (loss) after tax before deducting non-controlling interests reported for second half year	1,289	(47)	2,842.6

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Total Annual Dividend

	FY2020 S\$'000	FY2019 S\$'000
Ordinary	253	3,225
Preference	-	-
Total	253	3,225

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director or chief executive officer or substantial shareholder	Current position and duties, and the year the position was first held	Details of any change in duties and position held, if any, during the year
Ms. Rachel Kwok Xiu Jian	51	Sister of Ms. Soelistyo Dewi Soegiharto (Managing Director and Substantial Shareholder of the Company) Sister-in-law of Mr. Tay Kiat Seng (CEO and Executive Chairman, and Substantial Shareholder of the Company)	Information Technology Manager (since March 2017) Responsible for the IT related matters of the Singapore operations and including Group's website	N.A.

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

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

BY ORDER OF THE BOARD

Tay Kiat Seng
Chairman and Chief Executive Officer

25 February 2021