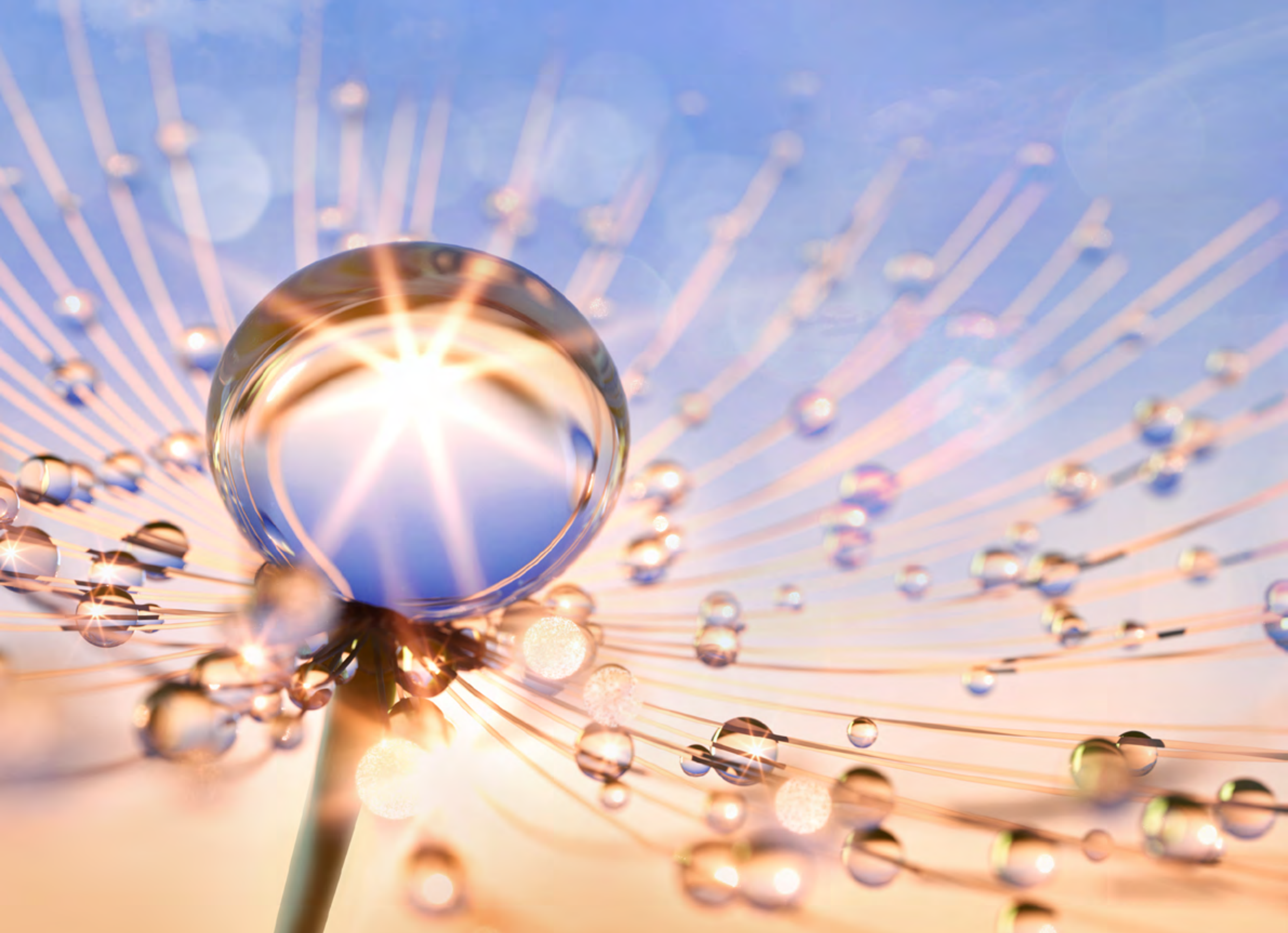
MEMIONTEC

Membrane Ionexchange Technology

FOCUSED CAPABILITIES
INNOVATIVE SOLUTIONS



ANNUAL REPORT 2020

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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 Catalist. 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 Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone: (65) 6636 4201.

FOCUSED CAPABILITIES
INNOVATIVE SOLUTIONS

RIDING ON THE WAVE TO UNLOCK THE SUSTAINABLE GROWTH MEMIONTEC HOLDS, THE DEW CONNOTES OUR DEDICATION TO BRING CLEAN WATER TO ALL THROUGH INNOVATION. WE WILL STAY FOCUSED TO EXPAND OUR CORE COMPETENCIES AND MAKE WISE INVESTMENTS IN THE REGION.

CORPORATE PROFILE

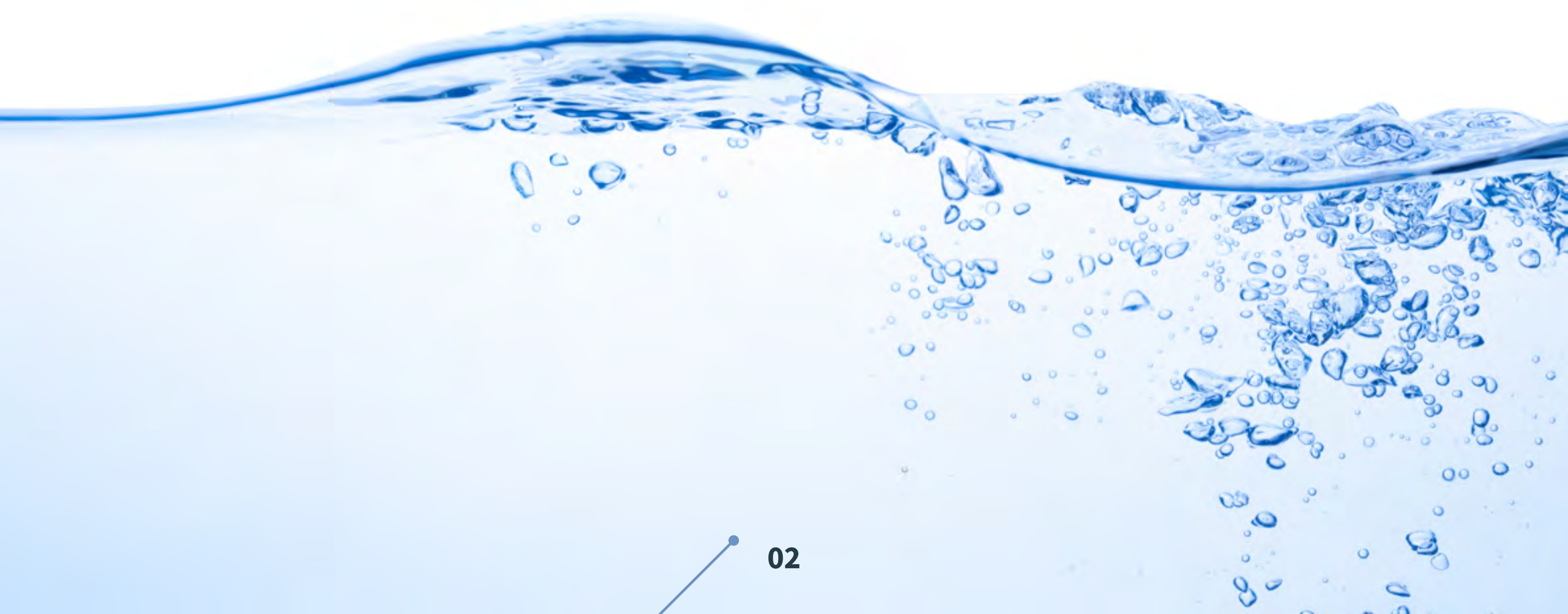
Memiontec Holdings Ltd. ("**Memiontec**") is a one-stop water technology total solutions provider in water management with a proven track record of over 20 years in water industry. Through the use of membrane, ion exchange, physical, chemical and biological processes and leveraging on our in-house design, 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.

Our core business segments are the provision of total solutions with engineering, procurement and construction ("**TSEPC**") services, the operation, maintenance and service of water and wastewater treatment plants ("**OMS**") and the sales and distribution of modular and customised systems and equipment (**"SDS & Trading**"). In 2016, Memiontec diversified its business into the long-term operation and maintenance of water treatment infrastructure and sales of water ("**SOW**") through transfer-own-operate-transfer ("**TOOT**") and build-own-operate-transfer ("**BOOT**") projects, which involve partnerships or joint ventures ("**JV**") with public or private entities, for recurring income.

Memiontec is 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.



CORPORATE MILESTONE

Listed on the SGX Catalist on 5 March 2020

1992
Memiontec was founded in Singapore

2004
Incorporated subsidiaries in Indonesia - PTMP & PTMI[1]

2015
Incorporated a subsidiary in the PRC - MIT Water[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

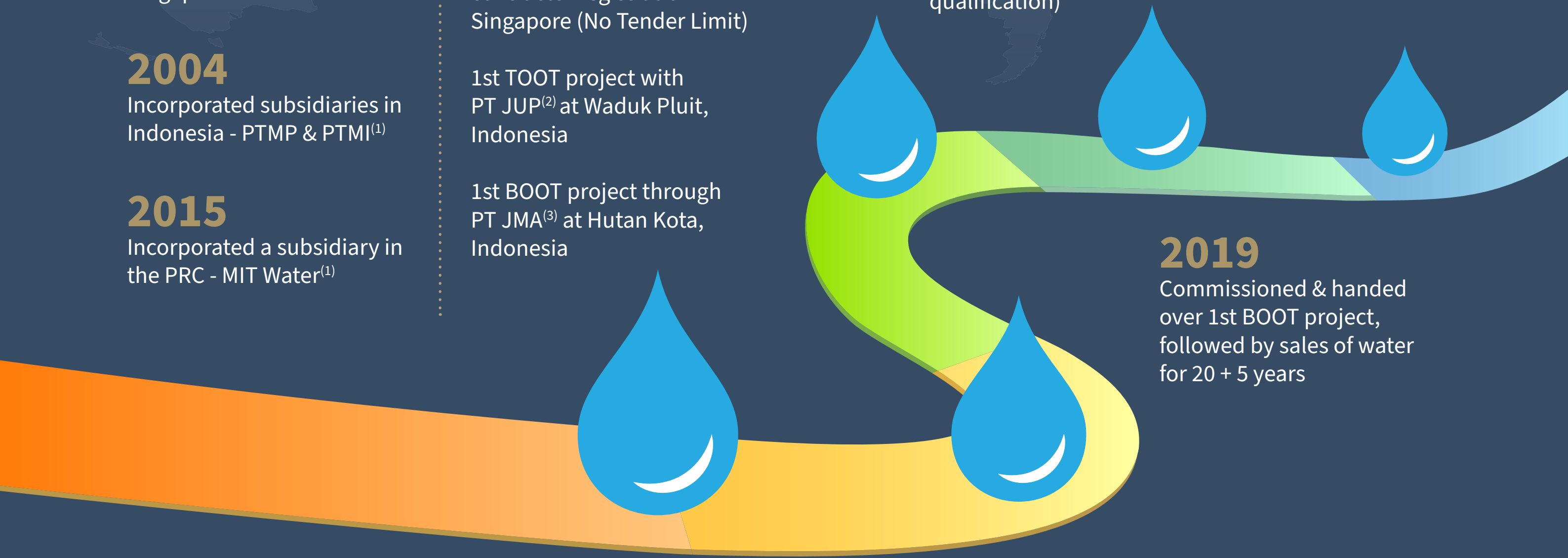
2018
Sales of water at 1st TOOT project for 25 years

Upgraded to B2 contractor in Indonesia (highest qualification)

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

2020
March
Listed on the SGX Catalist on 5 March 2020

December
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 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.

CORPORATE STRUCTURE

MEMIONTEC
Membrane Ionexchange Technology

100%
SINGAPORE
M Water Resources International Pte. Ltd. (M Water)

100%
PRC
MIT Water Technology Co. Ltd. (MIT Water)

100%
SINGAPORE
Memiontec Pte Ltd (MPL)

100%
SINGAPORE
Memiontec Industries Pte. Ltd. (MIPL)

70%
INDONESIA
PT Memiontec Indonesia (PTMI)

98%[1]
INDONESIA
PT Memindo Pratama (PTMP)

30%

15%
INDONESIA
PT PP Tirta Madani (PT PPTM)[3]

40%
INDONESIA
PT Jakpro Memiontec Air (PT JMA)

60%
PT JUP[2]

80%
PT PP[4]

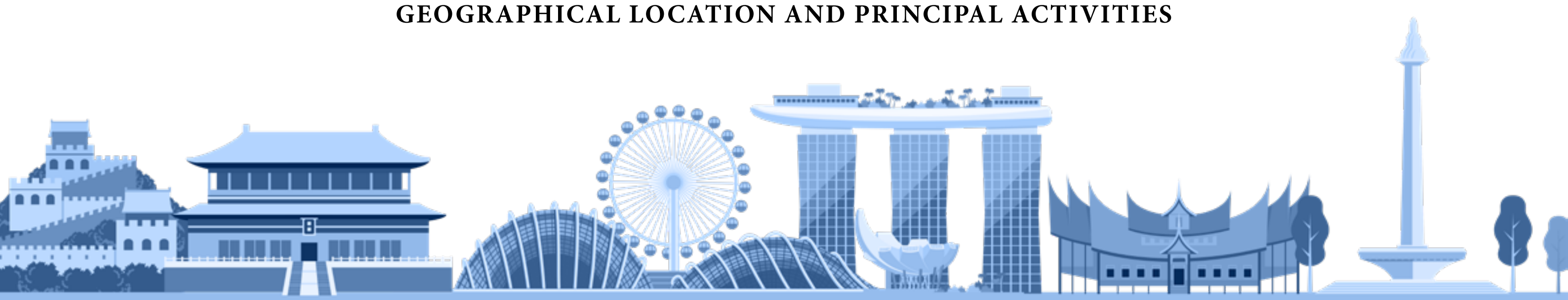
(1) The Company has established effective control over (i) 98.0% of PTMP; and (ii) a further 29.4% of PTMI through PTMP's 30.0% shareholding interest in PTMI, through MIPL, via a set of contractual agreements. Accordingly, PTMI and PTMP are considered a 99.4% subsidiary and 98.0% subsidiary of our Company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

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

GEOGRAPHICAL LOCATION AND PRINCIPAL ACTIVITIES



CHINA

MIT Water • Design, procurement and fabrication of water system and TSEPC

SINGAPORE

MPL • TSEPC and OMS

M Water • Sales and distribution of system, equipment and components / Trading

MIPL • Investment holding in PTMI & PTMP

INDONESIA

PTMI • TSEPC, Water management services, TOOT, BOOT and OMS (including component sales)

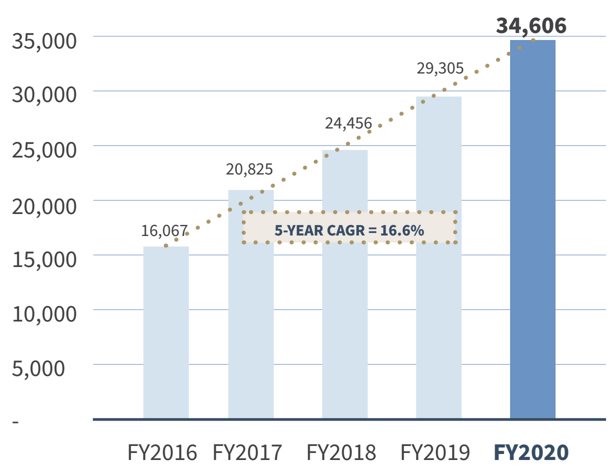
PTMP • SDS & Trading

PT JMA / PT PPTM • Owner of BOOT and sales of water

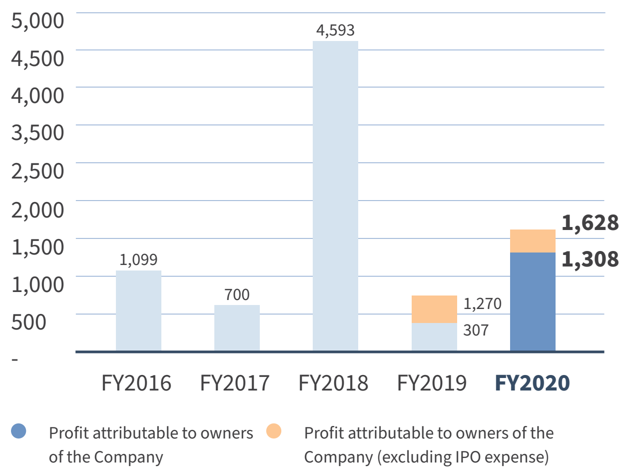
5-YEAR FINANCIAL HIGHLIGHTS

KEY FINANCIAL INFORMATION (S$'000)	FY2020	FY2019	FY2018	FY2017	FY2016
Revenue	**34,606**	29,305	24,456	20,825	16,067
Profit before income tax	**1,687***	567*	5,464	925	1,339
Profit attributable to owners of the Company	**1,308***	307*	4,593	700	1,099
Equity attributable to owners of the Company	**17,078**	8,992	9,162	4,777	5,158
Return on equity (%)	**7.7%**	3.4%	50.1%	14.7%	21.3%
Earnings per share (cents)^	**0.61***	0.17*	2.56	0.39	0.61
Gearing ratio (borrowings and lease liabilities / total equity)	**0.31**	0.09	0.16	0.44	0.35

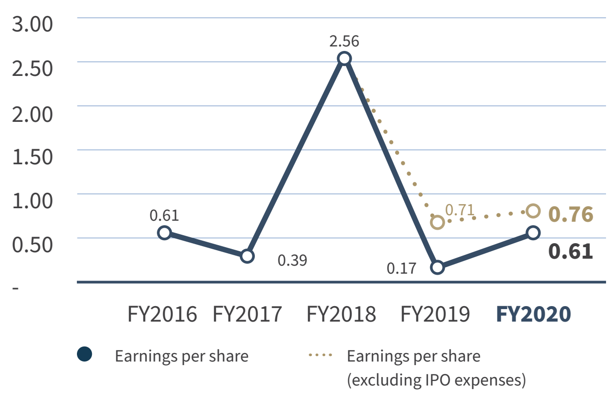
REVENUE (S$'000)



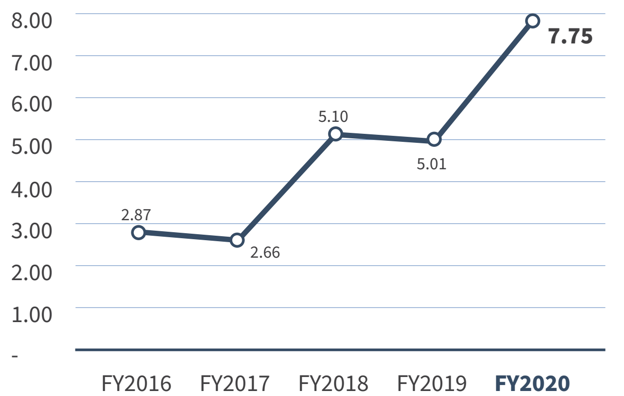
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (S$'000)



EARNINGS PER SHARE (CENTS)



NET ASSET VALUE PER SHARE (CENTS)



* Excluding the one-off listing expenses of S$0.32 million (2019 : S$0.97 million) charged into the statement of profit or loss for the year ended 31 December 2020, our Profit before income tax, Profit attributable to owners and Earnings per share would have been S$2.01 million (2019 : S$1.53 million), S$1.63 million (2019 : S$1.27 milllion) and 0.76 cents (2019 : 0.71 cents) in FY2020 respectively.

^ For FY2016 to FY2019, the earnings per share had been computed based on the the Company's weighted average number of ordinary shares taking into consideration of the enlarged share capital of 179,610,000 shares assuming that sub-division of 3,904,462 shares in the capital of the Company into 179,610,000 shares had been completed as at the end of the respective years in 2016 to 2019.

CHAIRMAN & CEO MESSAGE

"Memiontec shall march into our NEXT LAP to continue to grow rapidly, sustainably and profitably to enhance shareholder value for the mid to long-term."

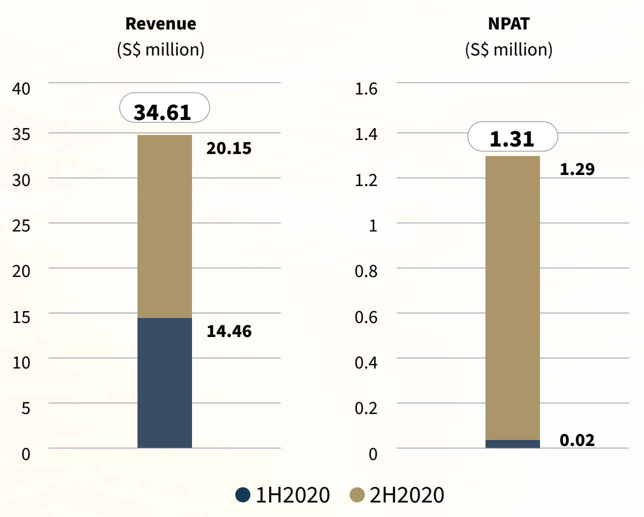
TAY KIAT SENG
Executive Chairman & CEO

Dear Shareholders,

FINANCIAL PERFORMANCE AS ONE YEAR OLD NEWLY MINTED LISTED COMPANY

Memiontec Group has embarked on a transformation journey as a SGX-listed water technology total solution provider. Within a month after our listing, Singapore and Indonesia went into "circuit breaker" or "lockdown" phases to combat the COVID-19 pandemic and it affected our financial results for the first half of the year ended 30 June 2020.

Fortunately, each of our two core markets is classified as an essential service provider for the municipal sectors and we managed to carry out significant amount of works in the second half of 2020. For the financial year ended 31 December ("FY") 2020, the Group recorded revenue of $34.61 million, an increase of 18.1% from FY2019. Our net profit after tax ("NPAT") was $1.31 million in FY2020. If we exclude the one-off listing expenses in connection with our initial public offering ("IPO") of S$0.32 million, our NPAT in FY2020 would have been S$1.63 million, an increase of 27.3% from FY2019.



Our financial performance would have been better if not for the reduction in productivity, increase in costs and delay to projects due to COVID-19 measures.

CONVERTING "OPPORTUNITIES AMIDST THE DANGER (危机)" INTO SECURED ORDERS

During this most eventful and challenging year, the Group managed to reap success out of the groundwork laid earlier and achieved the following in Indonesia:

a) 3 new notable TSEPC projects in Palembang, Jambi and Makassar won jointly with established local state-owned enterprise partners, PT PP (Persero) Tbk and PT Brantas Abipraya (Persero), and are supported by overseas funding.
b) 1 new BOOT investment with 15% equity in Pekan Baru BOOT project with PT PP as our majority joint venture partner. It has a 25-year concessionary agreement, on secured offtake basis, with a local authority supported by Ministry of Finance, Indonesia.
c) For the Pekan Baru BOOT project, the TSEPC work for most of the retrofitting and new water treatment plant will be sub-contracted to our subsidiary.

These bring the Group's total book orders to $81.5 million (not including the long-term OMS works under the 3 TOOT/BOOT agreements) for sales revenue to be recognized over FY2021 and beyond.

BOOK ORDERS
AS AT 31 DECEMBER 2020
$81.5million

CHAIRMAN & CEO MESSAGE

KEY STRATEGIC ACTION PLANS FOR SUSTAINABLE GROWTH IN PROFITABILITY

With our strategic plans established prior to the IPO, the Group has utilized all the net proceeds raised from the IPO of S$5.8 million within a year to expand and extend our business. The Group continues to make strategic investments in BOOT projects, expand sales and distribution of systems and equipment business and ensure sufficient working capital for the smooth execution of our orders.

The Group's subsidiaries in key operating markets have achieved good growth in sales, won TSEPC tenders and delivered the cost saving value chain provided by its detailed engineering, procurement and fabrication capabilities in China. In addition, the Group was also presented with mergers and acquisitions ("M&A") and new business opportunities in the region for the Group to explore the viability of such growth path.

For the near term, the Group shall continue to refine the following strategic action plans to respond to the volatile market environments:

- Further strengthening our capabilities in human capital and information technology resources, streamlining our operations, and achieving cost efficiencies to deliver the secured orders in a timely manner to the satisfaction of our customers and end-users, with improved margins.
- Continue with our business development plans of working collaboratively with leading water technology players and regional local companies in the water and infrastructure industries; forming partnership with cost competitive and reliable suppliers for our potential overseas businesses and potential growth of the Group via M&A.
- Actively seek synergetic and favorable investments in projects that are tied to long term concessionary and business arrangement (such as BOOT projects) for recurring income and formulating the most viable funding options to achieve economic returns.
- Continue to deepen long-term mutually benefiting relationships with our bankers, relevant authorities, private equity and potential strategic investors for financing supports.
- Cooperate with potential key partners in TSEPC work for prudent overall risk management by tapping on their strengths to secure sizable and stable book orders from public tenders.

INDUSTRY PROSPECT AND GOING FORWARD

With the growing population, urbanization, agriculture for food, industrialisation and depletion of water sources, the scarcity of usable water in Singapore, Indonesia and PRC will become more pronounced, creating a continuous increase in demand for water and wastewater treatment services.

The Group believes that it is now in a good position with good track records and competitive advantages to capture a reasonable share of these growing markets. With our ongoing tenders and projects under development, we are confident of winning more tenders, in addition to those already secured, to further strengthen our book orders.

Barring any unforeseen circumstances, the Group is cautiously optimistic of its financial performance in 2021. The Group will remain vigilant and continue to monitor the COVID-19 situation closely to safeguard the safety and wellbeing of our internal and external stakeholders.

APPRECIATION AND PROPOSED DIVIDEND

We would like to express our gratitude to all shareholders for the strong support given to us during this eventful year that witnessed the most volatile market conditions. This demonstrates your commitment as a long-term investor to partake in the growth journey of Memiontec. As a mark of our appreciation and in line with our commitment stated in the Company's offer document in respect of the IPO, the Board has proposed a final cash dividend of 0.185 Singapore cent per share (FY2019: 0.115 Singapore cent per share), representing 25% of our FY2020 NPAT (excluding the one-off IPO expenses).

ACKNOWLEDGEMENT

We also owe our success to the insightful guidance of our Board of Directors and the good cooperation with our sponsor, professional service providers, long-time business partners, customers, suppliers and all stakeholders that have supported us through our growth. We would also like to express our appreciation to all our employees for their hard work and commitment during this turbulent period.

The Board of Directors would like to convey its gratitude to Mr Chua Kern and Mr Lee Dah Khang, who will be retiring from the Board upon conclusion of the forthcoming AGM, for their contribution and dedication since the Company was listed. We wish them all the best in their future endeavours.

In conclusion, we shall march on the right track in our NEXT LAP to continue to grow rapidly, sustainably and profitably, as a significant water player in the region, to enhance shareholder value for the mid to long term.

Tay Kiat Seng
Executive Chairman & CEO
22 March 2021

INDUSTRY & MARKET POTENTIAL

INDUSTRY OUTLOOK & MARKET POTENTIAL

Despite the uncertainties and delays in water infrastructure projects arising from COVID-19, Memiontec firmly believes that there is a strong demand for clean water driven by population and economic growth and governments' accelerated efforts to develop sustainable water supply and accessibility. On top of the demand for potable water, the water industry also sees a surge in the demand for wastewater management / treatment solutions due to growing industrialisation and greater emphasis on environmental protection and ecological conservation.

SINGAPORE MARKET

RECYCLED WATER TO MEET INCREASING DEMAND WITH SUSTAINABLE SUPPLY

Singapore's total water demand is expected to double by 2060 of which up to 55% will be met by NEWater(1). To achieve this, the Singapore government has started implementing the Deep Tunnel Sewerage System since 2017, followed by the Tuas Water Reclamation Plant. Since then, many construction tender packages have been awarded and more are expected over the next few years.

The current and upcoming tenders are more related to MEICA (Mechanical, Electrical, Instrumentation, Computer and Automation) works and these packages are sizable, directly related to water engineering process and technology. Since our Group is qualified to bid directly with PUB, this presents us with opportunities to secure more book orders.

INCREASE IN DESALINATION CAPACITY

Singapore plans to increase its desalination capacity so that desalinated water can meet up to 30% of the total water needs in 2060(1). The additional desalination plant at Marina East has commenced operation recently(2). Our Group is currently involved in the upgrading of UF membranes for the Tuas South Desalination Plant. The Group believes this provides an opportunity for us when additional desalination plants need to be built.

BOOST FOR INDUSTRIAL WATER DEMAND

Industrial and non-domestic demand for treated water is expected to increase from the existing 55% to 70% by 2060(3). The government has made managing industrial water use a priority and organisations are encouraged to adopt the "Reduce, Reuse and Recycle" approach. The government would co-fund cost of implementing water saving technologies which would yield at least 10% reduction in water consumption(4). Many water efficiency projects are currently under implementation. This could increase the water savings by 18 million gallon per day(5) in the future.

Our Group has completed a similar project with a petrochemical company and will continue to seek opportunities in the industrial sector with the recovery of demand from COVID-19.

INCREASE IN WATER CATCHMENT COVERAGE AND MAINTENANCE AND UPGRADE OF WATER INFRASTRUCTURE

With water catchment areas overing 90% of land area by 2060(6), there will be a greater need to maintain and upgrade the existing water network, pumping stations and water treatment plants. Our Group has been involved in the OMS of water treatment plants and pumping stations and will continue to improve our OMS operational efficiency and value-added services.

INDONESIA MARKET

URGENT AND RISING DEMAND FOR CLEAN WATER IN JAKARTA AND OTHER KEY CAPITAL CITIES IN INDONESIA

Nearly 1 in 2 Indonesians lack access to safe water and over 70% of the population in Indonesia relies on potentially contaminated water sources(7). In 2017, clean water needs in Jakarta reached 28 cubic metres per second (m3/s) but were only fulfilled at 18 m3/s(8). It is expected that Jakarta's clean water supply needs in 2030 will reach 41.6 m3/s(8). The Group has completed the construction of a water treatment plant with a capacity of 0.5 m3/s (500 litres per second), located at Hutan Kota, Jakarta. Being the Group's iconic project, it has attracted significant positive publicity and helped to position Memiontec as a total integrated solution provider. Memiontec will leverage on our excellent track record to pursue more TSEPC and OMS (including BOOT investments) opportunities in Jakarta and other capital cities in Indonesia.

INADEQUATE SUPPLY OF WATER SOURCES THROUGHOUT INDONESIA

Compared to many countries in the world, Indonesia has a low water storage (e.g. reservoirs) capacity per capita, indicating a severe shortage of raw water supply. Groundwater is over-exploited and depleted in most urbanised areas. The water quality in most rivers and lakes is poor. The government intends to develop more water containing facilities to increase water supply.

Our Group has recently won three municipal centralised wastewater treatment projects in three capital cities in Indonesia. These projects will reduce pollution and improve water ecological cycle for sustainable supply of water sources. Through our joint venture, PT JMA, the Group has demonstrated our ability to deploy state-of-art membrane technology and Memiontec's own know-how in helping municipals to treat water from polluted and contaminated canals/lakes and process into potable water.

STRONG GOVERNMENT-DRIVEN INITIATIVES TO BOOST WATER SUPPLY IN THE FORM OF BOOT PROJECTS

The Public-Private Partnership ("PPP") Framework was introduced to mobilise private sector investment for the development and maintenance of water supply infrastructure and distribution network. Many of these projects adopt the BOOT model.

Our joint venture with a local civil engineering and infrastructure state-owned enterprise has won a BOOT project in Pekan Bahru for the supply of clean water. In addition to the TSEPC and OMS revenue from the works subcontracted by the joint venture to the Group, our participation in the BOOT project is expected to generate recurring income to the Group in the form of dividends. We will continue to participate in such PPP opportunities.

REFERENCES:

(1) PUB - https://www.pub.gov.sg/watersupply/singaporewaterstory
(2) The Straits Times - https://www.straitstimes.com/singapore/singapores-fourth-desalination-plant-officially-openscan-treat-both-sea-and-reservoir
(3) PUB - https://www.pub.gov.sg/savewater/atwork/WaterEfficiencyBenchmarks
(4) PUB - https://www.pub.gov.sg/savewater/atwork/efficiencymeasures
(5) The Straits Times - https://www.straitstimes.com/singapore/26-million-pub-fund-for-water-intensive-companies-toadopt-on-site-water-solutions
(6) IWA - https://iwa-network.org/city/singapore/
(7) World Bank, "Six Million Indonesians Will Gain Access to Water at Home"
(8) Asia Sentinel – "Indonesia's Growing Water Safety Crisis"

OUR BUSINESS MODEL

"Continuous shareholders' value creation through focusing on our core competencies and developing a sustainable diversified business model that includes long-term investments in recurring income from BOOT & TOOT Projects."

OUR REFINED BUSINESS MODEL

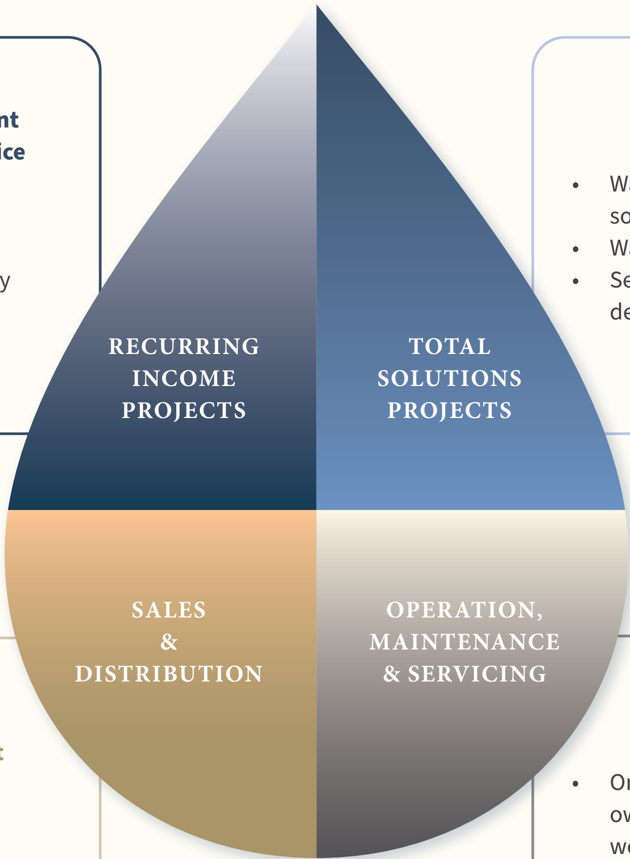
Creating sustainable shareholders' value

Sale of water and investment income from long term service concessionary projects

- Co-owner of BOOT projects with long tenure water supply agreements

TSEPC projects

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



Sale and distribution of systems and equipment

- Modular water systems
- Water treatment equipment
- Chemicals and components

OMS

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

OUR CORE BUSINESS

Total solutions with engineering, procurement and construction (TSEPC) services

Leveraging on the Group's expertise and technological know-how to customise solutions using a combination of physical, chemical and biological processes, Memiontec provides TSEPC services for a wide variety of municipal and industrial applications, including but not limited to: water treatment; wastewater treatment; water recycling treatment; and sea water treatment and desalination.

Contract signing ceremony for TSEPC of wastewater plant at Makassar, Indonesia

TSEPC contributed the bulk or 79.9% (2019: 66.7%) of our total sales revenue of S$34.61 million (2019: S$29.31 million) in FY2020 amounting to S$27.67 million (2019: S$19.56 million). In 2020, the Group has also secured 3 prominent TSEPC projects in Indonesia in Makassar, Jambi and Palembang; and another BOOT project at Pekan Baru where the Group will perform certain TSEPC works.

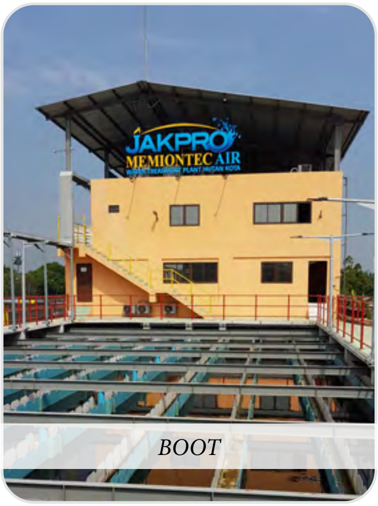
Prospects for the segment are strong in both Singapore and Indonesia, supported by municipal and industrial water demand. Nonetheless, the Singapore market is highly competitive due to margin pressure. Our long-term strategy involves increasing process and cost efficiency and pursuing more TSEPC opportunities in Indonesia via collaboration with prominent civil engineering and infrastructure companies.

Contract signing ceremony for TSEPC of wastewater plant at Jambi, Indonesia

Kick off meeting for BOOT of water & wastewater plant at Pekan Baru, Indonesia

OUR CORE BUSINESS

Sales of water and other related revenues ("SOW") via long term service concessionary arrangements (BOOT and TOOT projects)



BOOT


TOOT

Over the years, the Group has increased our effort in securing more government projects under long-term service concessionary arrangements. We are pleased to increase the number of investments in BOOT and TOOT projects from two (2) in 2019 to three (3) in 2020, shown below, with several other participations currently under tender and negotiation process.

	NAME	LOCATION	TYPE	CAPACITY (LPS)	PROJECT PROGRESS	GROUP'S INTEREST
1	BOOT	Hutan Kota, Indonesia.	Water supply	500	In operations for 20+5 years, from mid Dec 19.	40%
2	TOOT	Waduk Pluit, Indonesia.	Water supply	23-32	In operations for 25 years, from Nov 18.	40%
3	BOOT 2	Pekan Baru, Indonesia.	Water supply	750	Under construction.	15%

Both the BOOT and TOOT plants are our flagship projects under joint venture partnership with PT JUP in 2016 and 2017 respectively. These projects are our important milestone which had attracted significant positive publicity and helped to position Memiontec as a total integrated solution provider, from feasibility studies to the operation and maintenance of the plants. In 2020, Memiontec was also awarded the Pekan Baru BOOT project via our 15%-equity interest in a joint venture (namely, PT PP Tirta Madani). The concessionary agreement is 25 years from commercial operation in 2022 upon completion of the upgrading works.

Revenue from sales of water in FY2020 was derived mainly from the TOOT project, which amounted to $0.16 million and accounted for 0.4% of the total sales revenue with gross profit margin of 60%.

The scarcity of clean water in Indonesia and the significant demand gap has led the Indonesian government to drive more water supply projects, of which the BOOT model is a common form of Public-Private-Partnership ("PPP") coorperation. Memiontec will leverage on our excellent track record to pursue more service concession projects and other collaboration opportunities to increase contribution from recurring income.

OUR CORE BUSINESS

Operation, maintenance and service of water and wastewater treatment plants (OMS)

Under the OMS segment, the services we provide consist of operational, preventive and corrective maintenance works to ensure the smooth running of our customers' operations, in both municipal and private sectors, including the Group's BOOT projects. The duration of these contracts generally ranges from 1 to 3 years for both public and private sectors, and for long concessionary periods of 20 to 25 years for BOOT projects.

In FY2020, the sales revenue contribution from OMS was S$6.22 million, a decrease of S$2.14 million from S$8.36 million in FY2019, due to expiry certain OMS contracts during the year.

We are pursuing improvements in operational efficiency to reduce costs and further improve margins. The OMS segment is synergistic to our TSEPC and Trading segments. Given the long-term need for clean, treated water in Singapore and Indonesia, many opportunities abound for us to render our OMS services.

Sales and distribution of water systems and equipment (SDS & Trading)

Our Group supplies modular and customised water treatment systems, water treatment equipment, components or spare parts, and specialty and/or blended chemicals to our customers. We also supply complete customised skid-mounted water treatment facilities and containerised desalination plants to the region.

In 2020, the sales revenue contributed by Trading is 1.6% or S$0.56 million of the Group's revenue. We will continue to push on with our sales and trading activities in both existing and prospective markets in the regions.

In line with Memiontec's continuous improvement plans to seek cost-effective and innovative ways to overcome the challenging market, the Group has recently invested in machinery system in China for the fabrication of precision pipe racks (which can function as membrane manifolds or other uses) that can be used in our own projects or sales to external customers.

We will continue to expand our SDS & Trading segment by securing new regional sales and staying cost competitive through the following ways: (i) building up our PRC subsidiary's capability through collaboration with established manufacturers and sourcing of economical quality materials; and (ii) synergising with our Singapore head office's resources, network, supply chain management and financing capability.

Machinery system for fabrication of precision of pipe racks at our PRC subsidiary in China

PROJECT PORTFOLIO

TOTAL SOLUTIONS WITH ENGINEERING, PROCUREMENT AND CONSTRUCTION (TSEPC)

Project:
TSEPC for complete replacement of UF Membranes at Tuas South Desalination Plant, Singapore

Type/ Period:
Municipal/ On-going since 2019

Project:
TSEPC for water treatment plant Mookervaart at Daan Mogot, Jakarta, Indonesia

Type/ Period:
Municipal/ 2020 - March 2021

Project:
TSEPC for Palembang City Sewerage Project Package A2 at Palembang, Indonesia

Type/ Period:
Municipal/ On-going since end 2020

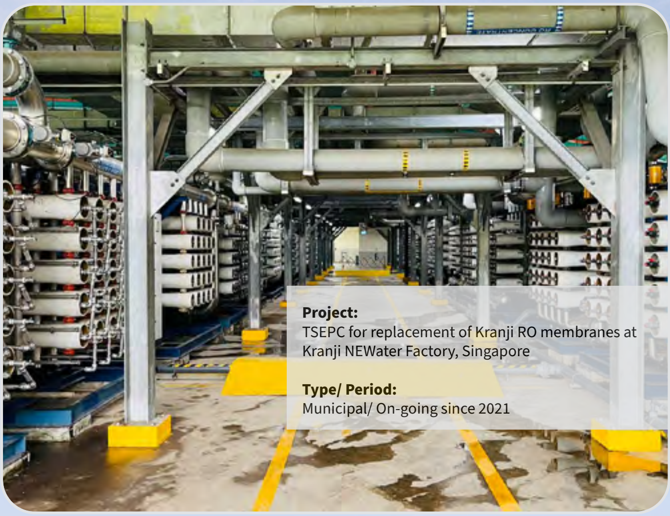
Project:
TSEPC for wastewater treatment plant at Makassar, Indonesia

Type/ Period:
Municipal/ On-going since early 2021

Project:
Design, supply and installation and maintenance of animal life support system to penguin exhibit building at Mandai Bird Park, Singapore

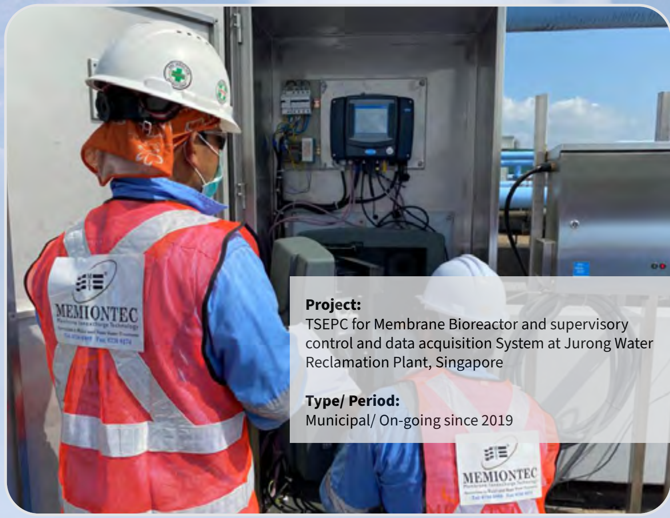
Type/ Period:
Municipal/ On-going since 2018

PROJECT PORTFOLIO



Project:
TSEPC for replacement of Kranji RO membranes at Kranji NEWater Factory, Singapore

Type/ Period:
Municipal/ On-going since 2021



Project:
TSEPC for Membrane Bioreactor and supervisory control and data acquisition System at Jurong Water Reclamation Plant, Singapore

Type/ Period:
Municipal/ On-going since 2019

OPERATION, MAINTENANCE AND SERVICE OF WATER AND WASTEWATER TREATMENT PLANTS (OMS)

Project:
25-year OMS service to water supply system at Hutan Kota, Jakarta, Indonesia, commencing from Dec 2019 (Municipal sector)

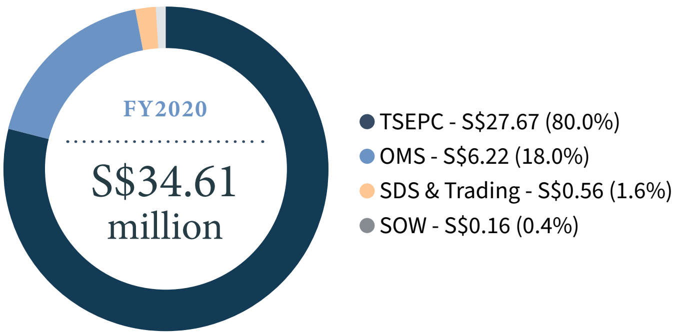
Project:
Servicing and Maintenance of Side Stream Treatment Facility at Changi Water Reclamation Plant from March 2020 (Municipal sector)

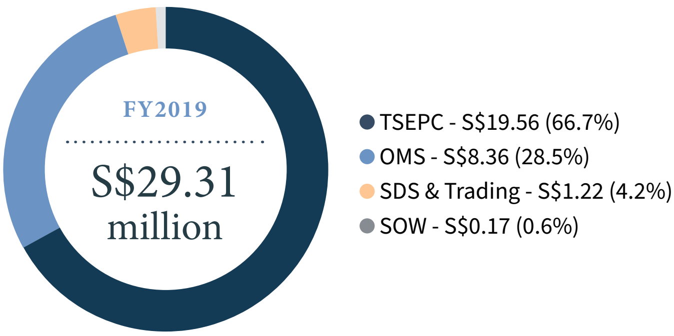
OPERATING & FINANCIAL REVIEW

FINANCIAL PERFORMANCE FOR FY2020

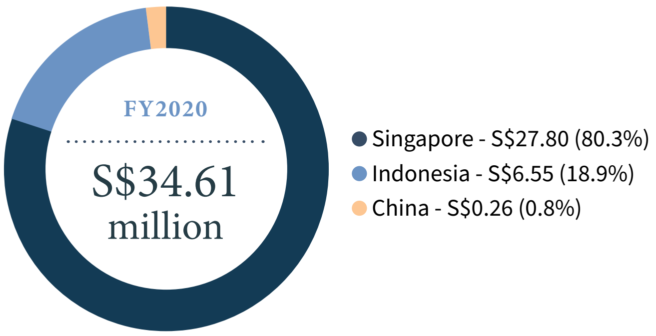
REVENUE	GROSS PROFIT	NET PROFIT FOR THE YEAR
S$34.61 million	**S$5.12 million**	**S$1.31 million**
(FY2019: S$29.31 million)	*(FY2019: S$4.53 million)*	*(FY2019: S$0.31 million)*
S$5.30 million (18%)	*S$0.59 million (13%)*	*S$1.00 million (323%)*

REVENUE BY SEGMENT (S$'M)





REVENUE BY GEOGRAPHY (S$'M)



Despite the challenging market conditions as a result of the COVID-19 pandemic, the Group recorded revenue of S$34.61 million in FY2020, a year-on-year ("y-o-y") increase of S$5.30 million or 18.1% from S$29.31 million in FY2019. The growth in FY2020 revenue was due mainly to higher revenue contributions from the TSEPC division of S$8.11 million, which offset the lower y-o-y contributions from the OMS, SDS & Trading and SOW divisions of S$2.14 million, S$0.66 million and S$0.01 million respectively.

In terms of revenue breakdown by business segments, TSEPC remains the key contributor to the Group's revenue. In FY2020, TSEPC, OMS, SDS & Trading, and SOW accounted for 79.9%, 18.0%, 1.6% and 0.4% of total revenue, compared to 66.7%, 28.5%, 4.2% and 0.6% respectively in FY2019.

Geographically, revenue from Singapore and Indonesia operations grew y-o-y by S$4.86 million or 21.2% and S$0.56 million or 9.3%, respectively while revenue in China decreased by S$0.12 million or 31.6%.

The Group's gross profit margin decreased marginally by 0.7 percentage points from 15.5% in FY2019 to 14.8% in FY2020, attributable to the increase in material and sub-contractor costs, as well as additional costs arising from COVID-19.

Administrative costs grew by S$0.55 million from S$3.47 million in FY2019 to S$4.02 million in FY2020, due mainly to the increase in post-listing compliance costs which aggregated to S$0.34 million and the increase in executive directors and staff costs which amounted to S$0.42 million. The increase is partially offset by the decrease in travelling expenses of S$0.12 million.

OPERATING & FINANCIAL REVIEW

Share of loss from a joint venture increased by S$0.07 million from S$0.02 million in FY2019 to S$0.09 million in FY2020. The loss was mainly due to the lower revenue generated by our 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 Perusahaan Daerah Air Minum ("PDAM"), an Indonesian regional water utility company, the eventual off-taker of the water produced.

Other operating expenses decreased by S$0.48 million, from S$0.96 million in FY2019 to S$0.48 million in FY2020, mainly due to lower listing expenses in the current year.

As a result of the above, the Group recorded profit before income tax of S$1.69 million and profit after tax of S$1.31 million in FY2020. Excluding the one-off IPO expense of S$0.32 million, profit before income tax and profit after tax would have been S$2.01 million and S$1.63 million respectively. Comparing to 2019 on the same basis, this translates into an increase in profit before income tax and profit after tax of 31% and 27% respectively.

FINANCIAL POSITION

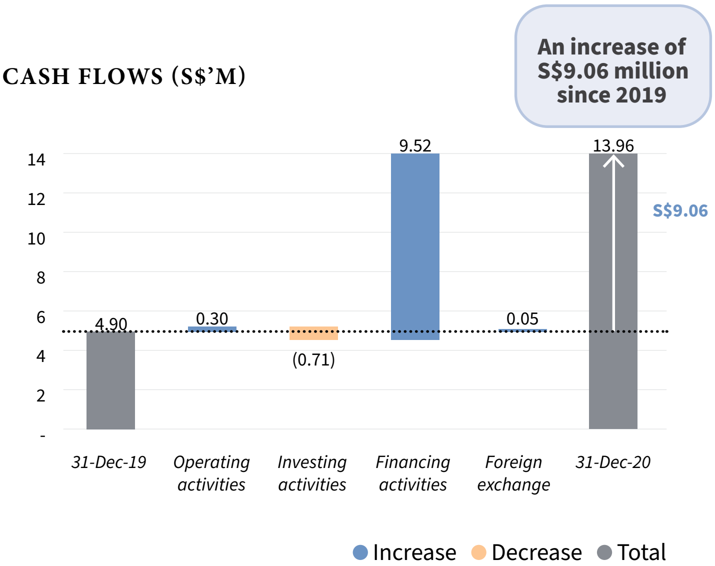
FINANCIAL POSITION	2020 S$'M	2019 S$'M	CHANGES S$'M	CHANGES %
Net current assets	17.14	5.72	+11.42	+200%
Total non-current assets	4.33	3.96	+0.37	+9%
Total non-current liabilities	4.35	0.65	+3.70	+569%

Net current assets increased by S$11.42 million from S$5.72 million as at 31 December 2019 to S$17.14 million as at 31 December 2020, primarily contributed by the increase in cash and bank balances at S$9.63 million from our IPO proceeds and bank borrowings.

Non-current assets increased by S$0.37 million from S$3.96 million as at 31 December 2019 to S$4.33 million as at 31 December 2020, 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$0.45 million; and (iii) additions of plant and equipment and rights-of-use assets amounting to S$0.15 million during the year.

Non-current liabilities increased by S$3.70 million from S$0.65 million as at 31 December 2019 to S$4.35 million as at 31 December 2020, mainly due to the non-current portion of a term loan facility – temporary bridging loan of S$5.00 million procured under the Enterprise Financing Scheme ("EFS") at interest rate of 2.00% per annum ("EFS Temporary Bridging Loan").

CASH FLOWS (S$'M)



In FY2020, the Group generated a positive net cash flow of S$0.30 million from operations and after adjusting for income tax and interest income. Meanwhile, net cash used in investing activities was S$0.71 million due mainly to additional capital contribution into a joint venture, PT JMA, of S$0.44 million, the Pekan Baru JV Investment of S$0.18 million and purchases of plant and equipment of S$0.08 million.

The net cash 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 shares of S$0.54 million (charged directly into equity), placement of term deposits (pledged) of S$0.57 million, distribution of dividends of S$0.25 million and interest payment of S$0.11 million.

As a result, cash and cash equivalents increased from S$4.90 million in FY2019 to S$13.96 million in FY2020.

LIQUIDITY

As at both 31 December 2020 and 2019, the Group is also in a healthy liquidity position.

NET CASH	2020 S$'M	2019 S$'M
Debt (borrowings and lease liabilities)	5.30	0.84
Less: Cash and bank balances	(14.53)	(4.90)
Net cash	9.23	4.06

OVERALL PERFORMANCE

Overall, the Group has achieved improved financial performance and stronger balance sheet and liquidity in FY2020 amidst the uncertainties caused by Covid-19.

BOARD OF DIRECTORS

TAY KIAT SENG
Executive Chairman and CEO

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 31 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 Chairman 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.

SOELISTYO DEWI SOEGIHARTO
Managing Director

First appointed: 6 March 2013
Last re-elected: 29 August 2019

Ms Dewi co-founded Memiontec in 1992 with Executive Chairman 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.

BOARD 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.

JACKSON CHEVALIER YAP KIT SIONG
Lead Independent Director

First appointed: 30 December 2019
Last re-elected: 13 May 2020

Mr Yap is our Lead Independent Director 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.

BOARD OF DIRECTORS

CHUA KERN
Independent Director

First appointed: 30 December 2019
Last re-elected: 13 May 2020

Mr Chua is our Independent Director and was appointed on 30 December 2019. He is currently a Director of Chancery Law Corporation, which he co-founded in 2005. Mr Chua currently sits on the board of SGX-listed TLV Holdings Limited.

Mr Chua practised law at Colin Ng & Partners from 2003 to 2005 as a Senior Associate and earlier from 1998 to 2002. From 2002 to 2003, he was at Khattar Wong & Partners. Mr Chua began his law career in 1997 as an Associate at Peter Chua & Partners following his admission to the Supreme Court of Singapore as an Advocate and Solicitor.

He graduated with a Bachelor of Laws from the University of Bristol, United Kingdom in 1995 and obtained a Diploma in Singapore Law from the National University of Singapore in 1996. He is a member of the Law Society of Singapore and the Singapore Academy of Law.

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 Plastoform Holdings Limited, 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.

LEE DAH KHANG
Independent Director

First appointed: 30 December 2019
Last re-elected: 13 May 2020

Mr Lee Dah Khang is our Independent Director and was appointed on 30 December 2019. Mr Lee is currently the sole proprietor of DK & Co and a Director of Yang Lee Consulting Pte Ltd. He has held these roles since 2004 and 2005 respectively. Mr Lee currently sits on the board of SGX-listed LY Corporation Limited.

Prior to this, Mr Lee was with C C Yang & Associates from 2004 to 2005. He was a Practice Review Manager of the Public Accountants Board in 2003 and a Practice Review Manager of the Institute of Certified Public Accountants of Singapore from 2001 to 2002. From 1999 to 2001, he joined Asia Pulp and Paper and was an Internal Audit Manager when he left. He started his career with Deloitte & Touche LLP in 1995 and left in 1998 as an Audit Senior.

Mr Lee graduated with a Bachelor of Accountancy from the Nanyang Technological University in 1995. He is currently a Practising Management Consultant of the Singapore Business Advisors & Consultants Council, a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants and a Certified Internal Auditor of the Institute of Internal Auditors.

MANAGEMENT TEAM

GOH YEN PENG

Group Financial Controller

Ms Goh joined the Group in September 2020. She is responsible for the overall financial management of the Group including accounting, treasury, risk management and governance framework.

Before joining Memiontec, Ms Goh was the Group VP for Finance Planning & Control at EDMI Limited from 2016 to 2018, Prior to EDMI, she worked at GREIF between 2014 to 2016 as Regional Financial Controller (Southeast Asia) and appointed as Board member of GREIF's subsidiaries in Singapore, Malaysia, Vietnam and Philippines. She was the Head of Finance and Controlling at Rohde & Schwarz Asia from 2005 to 2014. Between 1997 to 2005, she expanded her finance experience at various organisations including Sime Darby, SOXAL and Mandate Advertising.

Ms Goh is currently a fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the institute of Singapore Chartered Accountants. She obtained a Master of Business Administration from University of Strathclyde in 2010.

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 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 Chairman 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tay Kiat Seng
(Executive Chairman and Chief Executive Officer)

Soelistyo Dewi Soegiharto
(Managing Director)

Low Kian Beng
(Executive Director)

Jackson Chevalier Yap Kit Siong
(Lead Independent Director)

Chua Kern
(Independent Director)

Hor Siew Fu
(Independent Director)

Lee Dah Khang
(Independent Director)

AUDIT COMMITTEE

Hor Siew Fu (Chairman)
Chua Kern
Lee Dah Khang
Jackson Chevalier Yap Kit Siong

NOMINATING COMMITTEE

Chua Kern (Chairman)
Hor Siew Fu
Tay Kiat Seng
Jackson Chevalier Yap Kit Siong

REMUNERATION COMMITTEE

Jackson Chevalier Yap Kit Siong (Chairman)
Chua Kern
Hor Siew Fu
Lee Dah Khang

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.
8 Robinson Road #09-00 ASO Building
Singapore 048544

AUDITORS

Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2, #33-00
Singapore 068809
Partner-in-charge: Ronny Chandra
(Appointed since financial year ended
31 December 2018)

SHARE REGISTRAR

**Boardroom Corporate
& Advisory Services Pte. Ltd.**
50 Raffles Place #32-01 Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place UOB Plaza
Singapore 048624

Overseas - Chinese Banking Corporation Limited
65 Chulia Street OCBC Centre
Singapore 049513

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 2020 ("**FY2020**"), 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 FY2020, the Company has complied in all material aspects with the principles and guidelines 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, 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;

(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.

CORPORATE GOVERNANCE REPORT

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 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.

Each of Mr. Low Kian Beng, Mr. Chua Kern, Mr. Hor Siew Fu and Mr. Lee Dah Khang had served as a director of one (1) or more public-listed companies in Singapore previously prior to the Company's listing on the Catalist board of the SGX-ST on 5 March 2020 (the "**Listing**"). Mr. Tay Kiat Seng and Ms. Soelistyo Dewi Soegiharto do not have experience as directors of public-listed companies in Singapore prior to the Listing, and had undertaken and completed the training as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules during FY2020. As it was more than five (5) years since Mr. Jackson Chevalier Yap Kit Siong was a director of a public listed company in Singapore prior to the Listing, he had also undertaken and completed the training as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules during FY2020.

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

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

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

(e) authorisation of banking facilities and corporate guarantees;

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

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

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

(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 in connection with the Listing ("**Offer Document**")) and its associated undertakings to safeguard the Group's interests while ensuring the compliance of Combination Agreements with the prevailing applicable laws of Indonesia.

CORPORATE GOVERNANCE REPORT

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 respective Chairmen of the Board Committees report the outcome of the Board Committees meetings to the Board. 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 of the Company 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.

The table below sets out the number of Board and Board Committee meetings which were convened during FY2020:

	Board	**AC**	**NC**	**RC**
Total number of meetings held	2	3	1	1
Name of Director		**Number of meetings attended**		
Executive Directors:				
Tay Kiat Seng	2	3*	1	1*
Soelistyo Dewi Soegiharto	2	3*	1*	1*
Low Kian Beng	2	3*	1*	1*
Independent Directors:				
Jackson Chevalier Yap Kit Siong	2	3	1	1
Chua Kern	2	3	1	1
Hor Siew Fu	2	3	1	1
Lee Dah Khang	2	3	1*	1

* Attended by invitation.

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.

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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. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

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

At all times, the Board and Board Committees and every Director have separate and independent access to the Management and the Company Secretary. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or his/her representatives have attended the Board and Board Committees meetings convened during FY2020. The appointment and removal of the Company Secretary is decided by the Board as a whole.

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

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

Board Composition and Guidance

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

Provision 2.1 - Strong and Independent Element of the Board

As at the date of this report, the Board comprises seven (7) members, of whom four (4) are Independent Directors. The present Board members and Board Committees members are as follows:

Name of Director	Designation	Board Committee Membership		
		AC	NC	RC
Tay Kiat Seng	Executive Chairman and Chief Executive Officer	-	Member	-
Soelistyo Dewi Soegiharto	Managing Director	-	-	-
Low Kian Beng	Executive Director	-	-	-
Jackson Chevalier Yap Kit Siong	Lead Independent Director	Member	Member	Chairman
Chua Kern	Independent Director	Member	Chairman	Member
Hor Siew Fu	Independent Director	Chairman	Member	Member
Lee Dah Khang	Independent Director	Member	-	Member

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 of 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 the Catalist Rules, an independent director is 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 financial years; or one who does not have an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC.

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There is no policy to prohibit or require the Non-Executive and Independent Directors to hold shares in the Company. Mr. Lee Dah Khang holds 22,000 shares in the Company amounting to 0.01% of the total issued shares in the Company. The RC 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. Save for Mr. Lee Dah Khang, no other 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. The Independent Directors must also confirm whether they consider themselves independent despite having any relationship identified in the Code. As of the date of this report, each of the Independent Directors has confirmed his independence based on the provisions as set out in the Code and the NC has reviewed, determined and confirmed the independence of each Independent Director.

The Board noted that under the amendments to Rule 406(3)(d) of the Catalist Rules which will take effect from 1 January 2022, an independent director will not be considered independent if he has served on the Board for more than nine years and his continued appointment as an independent director has not been sought and approved under a two-tier shareholders voting. There are no Independent Directors who has served on the Board beyond nine 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

Under Provision 2.2 of the Code, the Independent Directors should make up majority of the Board where the Chairman is part of the Management team and is not independent. Under Provision 2.3 of the Code, the Non-Executive Directors should make up a majority of the Board. All the Non-Executive Directors of the Company are Independent Directors. During FY2020, the composition of the Board complies with the requirements of the Code as more than half of the Board (being, four (4) Independent Directors out of a seven (7) member Board) comprises Independent Directors. This proportion of Non-Executive Directors avoids undue influence of Management over the Board and ensures that appropriate checks and balances are in place.

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 seven (7) 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. Also, that the Directors 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 six (6) male Directors and one (1) female Director. Notwithstanding the above, in view of the challenging environment, the Board wishes to undertake the Board Restructuring (further details as set out under Provision 4.3 of this report).

Provision 2.5 - Role 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.

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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 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 year 2020.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making

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

The Executive Chairman, Mr. Tay Kiat Seng, is also the Group's CEO. While the roles of Chairman and CEO are held by Mr. Tay Kiat Seng, the responsibilities of Chairman and CEO are separate and distinct. In accordance with the requirements of the Code where Chairman is not independent, the Independent Directors form the majority of the Board, and the Company has a Lead Independent Director. The Board is of the view that the discharge of responsibilities in the two roles by Mr. Tay will not be compromised as there is strong independence within the Board to ensure an appropriate balance of power, increased accountability and capacity of the Board for independent decision-making. The NC also assesses the performance and effectiveness of Mr. Tay Kiat Seng on his performance as Chairman separately from that of CEO.

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.

As CEO, 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, Mr. Tay Kiat Seng 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, the Chairman encourages constructive relations among the Directors and the Board's interaction with the Management, as well as facilitates effective contribution of Non-Executive Directors. The Chairman's responsibilities in respect of the Board proceedings include:

(a) leading the Board to ensure its effectiveness;
(b) managing the Board's matters, including supervising the work of the Board committees;
(c) setting the agenda (with the assistance of the Management and Company Secretary) and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
(d) ensuring that all agenda items are adequately and openly debated for effective decision making during Board meetings;
(e) ensuring that all Directors receive complete, adequate and timely information;
(f) ensuring effective communication with Shareholders; and
(g) assisting in ensuring that the Group complies with the Code and maintains high standards of corporate governance.

Provision 3.3 - Lead Independent Director

As recommended by the Code, the Board has appointed Mr. Jackson Chevalier Yap Kit Siong, as the Lead Independent Director. As Lead Independent Director, he is the principal liaison on Board issues between the Independent Directors and the Executive Chairman. He is available to Shareholders where they have serious concerns, that could have a material impact on the Group, for which contact through the normal channels of the Executive Chairman and CEO has failed to resolve or is inappropriate. The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the Executive Directors where necessary, and the Lead Independent Director will provide feedback to the Chairman after such meetings. The Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

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 four (4) Directors, three (3) of whom, including the NC Chairman, are independent. The Lead Independent Director is a member of the NC.

Chua Kern	Chairman	Independent Director
Tay Kiat Seng	Member	Executive Chairman and CEO
Jackson Chevalier Yap Kit Siong	Member	Lead Independent Director
Hor Siew Fu	Member	Independent Director

The NC met once in FY2020.

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

(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;

(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.

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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.

At the forthcoming AGM, Ms. Soelistyo Dewi Soegiharto, Mr. Chua Kern and Mr. Lee Dah Khang will be retiring by rotation pursuant to Regulation 96 of the Company's Constitution. Mr. Chua Kern and Mr. Lee Dah Khang (collectively, the "**Retiring Directors**") have informed the NC and the Board that they will not be seeking re-election to the Board at the forthcoming AGM to facilitate the Board Restructuring (as defined herein). Ms. Soelistyo Dewi Soegiharto being eligible for re-election, has offered herself for re-election. The NC has recommended and the Board has agreed that at the forthcoming AGM, Ms. Soelistyo Dewi Soegiharto will be retiring and is nominated for re-election. In making the recommendation, the NC has considered, amongst others, Ms. Soelistyo Dewi Soegiharto's competencies, commitment and overall contribution to the Board (such as attendance, participation, preparedness and candour), as well as her roles and responsibilities in the Group. Please refer to the section entitled "Disclosure of Information on the Director Seeking Re-election" of this report for information on Ms. Soelistyo Dewi Soegiharto.

The Retiring Directors will be retiring upon the conclusion of the forthcoming AGM. Upon retirement as Independent Directors, the Retiring Directors will also cease to be a Chairman/Member of the respective Board Committees held by them. The Board would like to extend its appreciation to the Retiring Directors for their contribution and guidance to the Board and the Group, especially on the success of the Company's Listing and the performance of the Group in FY2020, when the global economy and market were severely affected by the COVID-19 pandemic.

In view of the challenging environment, the Board wishes to undertake certain restructuring (the "**Board Restructuring**"), in particular, to (i) scale down the size of the Board from a current seven (7) member Board, to a six (6) member Board; and (ii) separate the roles of the Chairman and the Chief Executive Officer to be held by separate persons to enhance the Group's corporate governance practices. In connection with the Board Restructuring, the Board is looking to identify a suitable candidate for the appointment of a new Director to fill the vacancy subsequent to the retirement of the Retiring Directors, taking into consideration the expertise and industry experience that the candidate can contribute to the Group's business objectives and strategies. The Company will make further announcements, in compliance with the requirements of the Catalist Rules, as and when appropriate.

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. 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 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 FY2020, 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.

The Board, in concurrence with the NC, is satisfied that, for FY2020, 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

The RC comprises four (4) Directors, all of whom, including the RC Chairman, are independent.

Jackson Chevalier Yap Kit Siong	Chairman	Lead Independent Director
Chua Kern	Member	Independent Director
Hor Siew Fu	Member	Independent Director
Lee Dah Khang	Member	Independent Director

The RC met once in FY2020.

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

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(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 FY2020, 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 FY2020.

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. Executive and Non-Executive Directors and key management personnel are eligible to participate in the PSP in accordance with the rules of the PSP. The PSP is administered by the RC. As at the date of this report, no awards were granted under the PSP. The Company will be seeking Shareholders' approval for the participation of Mr. Tay Kiat Seng (Executive Chairman and CEO of the Company) and Ms. Soelistyo Dewi Soegiharto (Managing Director of the Company), who are the Company's controlling Shareholders, in the PSP at the forthcoming AGM. Mr. Tay Kiat Seng and Ms. Soelistyo Dewi Soegiharto, and their respective associates, shall abstain from voting on the resolutions in respect of the aforementioned matter at the forthcoming AGM.

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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 of an aggregate of up to S$190,000 for the financial year ending 31 December 2021 (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. Directors' fees of an aggregate of up to S$190,000 for FY2020 was approved by Shareholders at the last AGM held on 13 May 2020.

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

Mr. Tay Kiat Seng, the Executive Chairman and CEO of the Company, has a service agreement with the Company for an initial period of three (3) years with effect from the Listing of the Company on 5 March 2020. For further information on the remuneration of Mr. Tay Kiat Seng, please refer to the section entitled "Directors, Executive Officers and Staff - Service Agreements" of the Offer Document.

Remuneration of Individual Directors

A breakdown, showing the level and mix of each individual Director's (including the CEO's) remuneration for FY2020 is as follows:

	FY2020 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 (%)
Mr. Tay Kiat Seng	–	X	89.0	–	–	11.0	100
Ms. Soelistyo Dewi Soegiharto	–	X	87.0	–	–	13.0	100
Mr. Low Kian Beng	–	X	87.4	–	–	12.6	100
Mr. Jackson Chevalier Yap Kit Siong	X	–	–	–	100	–	–
Mr. Chua Kern	X	–	–	–	100	–	–
Mr. Hor Siew Fu	X	–	–	–	100	–	–
Mr. Lee Dah Khang	X	–	–	–	100	–	–

Note:

[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.

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 FY2020, is as follows:

	FY2020 remuneration	Breakdown of Executives' Remuneration			
Name of Executive	**Up to S$250,000**	**Salary (%)**	**Bonus (%)**	**Allowances and other benefits (%)**	**Total (%)**
Ms. Goh Yen Peng [(2)]	X	80.3	6.7	13.0	100
Ms. Wee Yeak Ing [(2)]	X	67.2	16.6	16.2	100
Mr. Lim Wei Kuan	X	76.9	6.5	16.6	100
Ms. Irawati	X	86.2	8.5	5.3	100

Notes:

(1) There are only four (4) employees identified as key management personnel of the Group in FY2020.

(2) Ms. Wee Yeak Ing resigned as Group Financial Controller with effect from 6 September 2020, and was replaced by Ms. Goh Yen Peng who joined the Group on 2 September 2020.

(3) The aggregate total remuneration paid to the top four (4) key management personnel (who are not Directors or the CEO) for FY2020 is S$453,201.

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 FY2020.

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 of the Company or is an immediate family member of a Director, the CEO or a substantial Shareholder of the Company, whose remuneration exceeded S$100,000 in FY2020.

Provision 8.3 - Employee Share Scheme

The Company has adopted the PSP on 30 December 2019, and Executive and Non-Executive Directors as well as key management personnel are eligible to participate in the PSP in accordance with the rules of the PSP. The PSP is administered by the RC. As at the date of this report, no awards were granted under the PSP. The Company will be seeking Shareholders' approval for the participation of Mr. Tay Kiat Seng (Executive Chairman and CEO of the Company) and Ms. Soelistyo Dewi Soegiharto (Managing Director of the Company), who are the Company's controlling Shareholders, in the PSP at the forthcoming AGM. Mr. Tay Kiat Seng and Ms. Soelistyo Dewi Soegiharto, and their respective associates, shall abstain from voting on the resolutions in respect of the aforementioned matter at the forthcoming AGM.

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.

CORPORATE GOVERNANCE REPORT

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

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

As the Group does not have a risk management committee, the AC assumes the responsibility of the risk management function. The AC has reviewed, with the assistance of the internal auditors engaged during the Listing, 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 control and risk management systems.

Provision 9.2 - Assurances to the Board

For FY2020, the Board has received assurance from the CEO and the Group Financial Controller ("**GFC**"):

(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 GFC, 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 2020.

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company 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.

Audit Committee

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

Provisions 10.1 and 10.2 - AC Membership

The AC comprises four (4) Directors, all of whom, including the AC Chairman, are independent.

Hor Siew Fu	Chairman	Independent Director
Jackson Chevalier Yap Kit Siong	Member	Lead Independent Director
Chua Kern	Member	Independent Director
Lee Dah Khang	Member	Independent Director

CORPORATE GOVERNANCE REPORT

The AC met three (3) times in FY2020.

Expertise of AC Members

The Board is of the opinion that two (2) 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 principal responsibilities of the AC include, amongst others:

(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 the external auditors, 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;

(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 Lead Independent Director, 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 GFC 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 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 review scope for subsequent internal audits; 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.

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 yearly 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 FY2020, the AC has reviewed the audit plans and the findings of the external auditors, which included reviews on the accounting and internal control system of the key operating subsidiaries. In addition, the AC has discussed with the Management and the external auditors on significant issues and assumptions that impact the financial statements. The most significant matters have also been included in the Independent Auditor's Report to the Shareholders under "Key Audit Matters", which include revenue recognition and consolidation of PT Memindo Pratama. Following the review, the AC is satisfied that those matters have been properly dealt with and recommended the Board to approve the financial statements.

CORPORATE GOVERNANCE REPORT

Independence of External Auditors

The AC reviews the independence and objectivity of the external auditors, Deloitte & Touche LLP, Singapore ("**Deloitte**"), 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 to the Group's external auditors are as disclosed in the table below:

	2020 S$	2019 S$
Audit fees paid to:		
- Auditors of the Company	91,000	91,000
- Other auditors	42,000	42,874
Non-audit fees paid to auditors of the Company in connection with the Listing of the Company	–[(a)]	324,000[(b)]
	133,000	457,874

Notes:

(a) There were no non-audit fees paid to auditors of the Company in FY2020.

(b) In FY2019, non-audit fees paid to auditors of the Company in connection with the Listing of the Company relates to reporting accountant fees of S$324,000, out of which S$264,208 was expensed off in the profit or loss as transaction costs arising from the Listing of the Company, whereas the remaining S$59,792 was included in "Trade and other receivables – deferred listing expenses" as at 31 December 2019 and subsequently expensed off in FY2020.

For FY2020, 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.

Deloitte has served as the external auditors of the Company since the financial year ended 31 December 2018 in conjunction with the Listing of the Company and was re-appointed as the external auditors of the Company at the last AGM held on 13 May 2020 until the conclusion of the forthcoming AGM. For the audit of the current financial year ending 31 December 2021, Deloitte will not be seeking re-appointment and the AC has recommended to the Board, and the Board has accepted the appointment of Nexia TS Public Accounting Corporation in place of Deloitte as the Group's external auditors, subject to Shareholders' approval at the forthcoming AGM. Further information on the proposed change of external auditors of the Company is set out in the Appendix to the Notice of AGM dated 26 March 2021.

Whistle blowing policy

The Company has in place a whistle blowing policy (the "**Policy**") which provides the mechanism for which staff of the Company may in confidence, raise concerns about possible improprieties of financial reporting or other matters.

The AC oversees the administration of the Policy. This Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting or other matters may be raised by employees and external parties in confidence and in good faith, without fear of reprisal. Details of this Policy have been disseminated and made available to all employees of the Company. All matters which are raised are then independently investigated and appropriate actions taken. The Lead Independent Director and AC ensure that independent investigations and any appropriate follow-up actions are carried out. There were no whistle blowing reports received in FY2020.

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 FY2020, 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 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 FY2020.

On an annual basis, the AC reviews the independence, adequacy and effectiveness of the internal audit function. For FY2020, the AC is satisfied that the internal audit function is independent, adequately resourced, effective and has the appropriate standing within the Group. The AC is also of the view that the internal audit function is adequately staffed with persons with the relevant qualifications and experience and adheres to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

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

To create an environment for open discussion on audit matters, the AC will meet with the external auditors and internal auditors, without the presence of Management, at least once a year. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC. During its meetings related to FY2020, 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 2021.

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**"). 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 announced on SGXNet.

For FY2020, due to the COVID-19 outbreak and the circuit breaker put in place by the Singapore Government, the Company's previous AGM held on 13 May 2020 ("**2020 AGM**") was held by way of electronic means, through "live webcast" and "audio-only means". The notice of AGM was not published on the newspaper, but was instead disseminated to Shareholders through publication on SGXNET and the Company's website, in accordance with the alternative arrangements for holding of the AGM approved by the relevant authorities. The Company had also published a notice to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the 2020 AGM, during the COVID-19 pandemic. Shareholders participated in the AGM via electronic means, voting by appointing the Chairman of the 2020 AGM as proxy and their questions (if any) in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the AGM, and responses to the queries were provided via announcement on SGXNet and the Company's website. The Company did not receive any queries from Shareholders before the 2020 AGM.

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 FY2020. Proxy form is also sent with the notice of general meeting to all Shareholders.

Provision 11.3 - Attendance of Directors and auditors at general meetings

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

CORPORATE GOVERNANCE REPORT

All Directors were present at the 2020 AGM. Save for the 2020 AGM, there were no other general meetings of the Company held during FY2020.

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.

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 2020 AGM held in FY2020 had been published by the Company on its corporate website and on the SGXNet within one (1) month from the date of the 2020 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, with the exception of a minimum of 20% and 25% per cent of the net profit attributable to owners of the Company in respect of FY2019 and FY2020, respectively, as disclosed in the Offer Document. The Board has recommended a proposed first and final dividend of 0.185 Singapore cents tax-exempt (one-tier) per share which will be subject to Shareholders' approval at the forthcoming AGM.

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

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

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

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

(d) 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.

CORPORATE GOVERNANCE REPORT

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 (Chapter 50 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-yearly 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 website https://www.memiontec.com allows the public to have access to information on the Group. Alternatively, Shareholders may contact the Company's investor relations team at IRMR@memiontec.com.

Managing Stakeholders Relationships Engagement With Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2 - Engage with its material stakeholder groups

The Company's stakeholders include employees, sub-contractors and suppliers, 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 the financial year ending 31 December 2021, following its first full financial year of Listing. Although no Sustainability Report will be issued for FY2020, 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.

CORPORATE GOVERNANCE REPORT

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

The Company maintains a current corporate website to communicate and engage with stakeholders at https://www.memiontec.com, where information such as corporate information, our business and services, project references and investors' information.

5. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested person 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 FY2020.

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 FY2020 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2019.

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

The Company was listed on the Catalist board of the SGX-ST on 5 March 2020, and ZICO Capital Pte. Ltd. ("**ZICO Capital**") was the Sponsor and Issue Manager of the Company in respect of the Listing. Pursuant to the Listing, Sponsor and Issue Manager fees of S$140,000 and S$148,500 (excluding GST and out-of-pocket expenses) were paid/payable in cash and shares, respectively, upon completion of the Listing in FY2020, to ZICO Capital. Save as disclosed above, with reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were paid to the Company's Sponsor, ZICO Capital, for FY2020.

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DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Memiontec Holdings Ltd. (the "Company") and its subsidiaries (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 2020.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes of equity of the Company as set out on pages 52 - 117 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2020, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Tay Kiat Seng (Executive Chairman/Chief Executive Officer)
Soelistyo Dewi Soegiharto
Low Kian Beng
Jackson Chevalier Yap Kit Siong
Chua Kern
Hor Siew Fu
Lee Dah Khang

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose objects is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
Ordinary shares of the Company				
Tay Kiat Seng	2,572,716	118,345,033	575,142	26,456,554
Soelistyo Dewi Soegiharto	756,704	34,808,413	–	–
Lee Dah Khang	–	22,000	–	–

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

The directors' interests in the shares of the Company as at 21 January 2021 were the same as at 31 December 2020.

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT COMMITTEE

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

Hor Siew Fu	(AC Chairman)
Jackson Chevalier Yap Kit Siong	
Chua Kern	
Lee Dah Khang	

The AC carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, 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 internal and external auditors;

(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 external 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 external auditors; and

(g) Reviewed the re-appointment of the external auditors of the Company.

The Audit Committee 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 external and internal auditors have unrestricted access to the Audit Committee.

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

DIRECTORS' STATEMENT

6 AUDITORS

The auditors, Deloitte & Touche LLP will not be seeking re-appointment and Nexia TS Public Accounting Corporation ("Nexia") has been nominated to be the auditors of the Company for the ensuing year. The appointment of Nexia is subject to shareholders' approval at the forthcoming 2021 Annual General Meeting.

ON BEHALF OF THE DIRECTORS

....
Tay Kiat Seng

....
Soelistyo Dewi Soegiharto

22 March 2021

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 subsidiaries (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 2020, and the consolidated statement of profit or loss and other 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 year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 - 117.

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 Companies Act, Chapter 50 (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 2020 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 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.

Key Audit Matter

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 matter	How the matter was addressed in the audit
Revenue recognition of total solutions with engineering, procurement and construction ("TSEPC") contracts	
During the financial year ended 31 December 2020, revenue from TSEPC contracts amounted to $27,665,136, which represented 80% of the Group's revenue. The Group is involved in TSEPC contracts with customers for which it applies cost–to–cost 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*. Significant judgement is required from management and project teams to estimate the total contract costs on completion. The uncertainty and subjectivity involved in determining the total cost on completion may result in a significant impact to the revenue recognised during the year. The critical accounting judgements and key source of estimation uncertainty on revenue recognition of TSEPC contracts is disclosed in Note 4 and the accounting policy is disclosed in Note 3.	We have performed the following procedures: • Obtained an understanding and evaluated the design and implementation of relevant controls to address significant risks associated with revenue recognition and cost recognition and total cost estimation; • Reviewed the Group's revenue recognition policy and reviewed the contracts to assess if it is compliant with SFRS(I) 15 *Revenue from contracts with customers*, including the assessment of the Group's efforts or inputs to the projects (i.e. contract costs incurred for work performed) relative to the total expected inputs to the projects (i.e estimated total budgeted contract costs committed for the projects); • Performed substantive tests of details on a sampling basis for the costs incurred during the reporting period and such costs incurred were recorded 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 retrospective review of completed projects 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; • 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 cost incurred plus estimated cost to complete and assessed for foreseeable losses; • Agreed the contract sum or any variation orders to the signed agreements;

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEMIONTEC HOLDINGS LTD.

Key audit matter	How the matter was addressed in the audit
Revenue recognition of TSEPC contracts (cont'd)	• Re-computed the percentage of progress of the contracts based on input method to test the accuracy of the percentage of progress and that revenue was recognised based on the appropriate percentage of progress; and • Assessed the appropriateness and adequacy of the disclosures made in the consolidated financial statements. Based on our audit procedures performed above, we found that the management's judgement in relation to the estimation of construction contracts to be reasonable.
Consolidation of the financial results of PT Memindo Pratama ("PTMP") As disclosed in Note 13(e), the Group consolidates PTMP as a subsidiary even though the Group has no equity ownership interest in PTMP. In 2019, management had assessed that the Group 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 a loan extended to PTMP together with loan securities documents (collectively, "Combination Agreements") and undertaking agreements ("Undertaking Agreements"). In addition, management has obtained legal opinions from Nurjadin Sumono Mulyadi Partners ("NSMP") and Soewito Suhardiman Eddymurthy Kardono ("SSEK"). Management was of the view, taking into account 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 Agreement were legal and enforceable under the prevailing Indonesian laws and regulations ("Relevant Laws") in 2019.	We have performed the following procedures: • Obtained and reviewed the legal opinion from AY&P; • Evaluated AY&P's independence, objectivity and competency; • Involved our internal legal specialist to review the management's internal legal assessment on any changes to the Relevant Laws during the year; • Assessed and evaluated management's accounting treatment on the consolidation of PTMP; and • Reviewed the adequacy and appropriateness of the disclosures made in the financial statements. Based on our procedures performed above, we found that the management's judgement made on their control over PTMP to be reasonable.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEMIONTEC HOLDINGS LTD.

Key audit matter	How the matter was addressed in the audit
Consolidation of the financial results of ("PTMP") (cont'd) In 2020, management has performed internal legal assessment and obtained legal opinion from an Indonesian external legal counsel, Akhmad Yudhi S.H. M.H & Partners ("AY&P"), who reaffirmed that there are no changes in the Relevant Laws during the reporting period. Based on the above assessment, management concluded that there are no changes in the Relevant Laws and accordingly, no change in the Group's control over PTMP during the reporting period. The Group has made disclosures on the key critical judgments on the consolidation of PTMP in Note 4 to the consolidated financial statements.	

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEMIONTEC HOLDINGS LTD.

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:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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.

(e) 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.

(f) 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEMIONTEC HOLDINGS LTD.

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 partner on the audit resulting in this independent auditor's report is Mr. Ronny Chandra.

Deloitte &Touche LLP
Public Accountants and Chartered Accountants
Singapore

22 March 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		Group		Company	
	Note	31 December 2020 $	31 December 2019 $	31 December 2020 $	31 December 2019 $
ASSETS					
Current assets					
Cash and bank balances	7	14,527,456	4,900,872	3,920,314	1,068,877
Trade and other receivables	8	4,284,875	4,567,455	6,606,792	1,099,848
Contract assets	9	14,030,937	7,550,860	–	–
Inventories	10	292,918	1,082,773	–	–
Total current assets		33,136,186	18,101,960	10,527,106	2,168,725
Non-current assets					
Property, plant and equipment	11	1,329,966	1,402,899	2,800	–
Right-of-use assets	12	265,575	345,298	–	–
Investment in subsidiaries	13	–	–	5,906,242	3,939,462
Investment in a joint venture	14	2,520,195	2,181,658	–	–
Financial assets at fair value through other comprehensive income	16	176,887	–	–	–
Deferred tax assets	22	34,693	34,300	–	–
Total non-current assets		4,327,316	3,964,155	5,909,042	3,939,462
Total assets		37,463,502	22,066,115	16,436,148	6,108,187
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	17	13,694,440	11,332,161	4,291,049	1,597,382
Contract liabilities	9	993,595	312,499	–	–
Lease liabilities	18	105,906	150,412	–	–
Borrowings	19	1,077,460	251,285	–	–
Income tax payable		123,290	335,060	40,049	–
Total current liabilities		15,994,691	12,381,417	4,331,098	1,597,382
Non-current liabilities					
Lease liabilities	18	151,710	192,473	–	–
Borrowings	19	3,960,207	247,582	–	–
Retirement benefit obligations	21	234,697	201,620	–	–
Deferred tax liabilities	22	1,142	8,394	–	–
Total non-current liabilities		4,347,756	650,069	–	–
LIABILITIES AND EQUITY					
Capital, reserves and non-controlling interests					
Share capital	23	12,092,480	3,904,562	12,092,480	3,904,562
Translation reserves	24	(455,511)	(343,145)	–	–
Other reserves	25	(913,919)	132,903	–	1,046,822
Retained earnings/ (Accumulated losses)		6,355,274	5,297,743	12,570	(440,579)
Equity attributable to owners of the Company		17,078,324	8,992,063	12,105,050	4,510,805
Non-controlling interests		42,731	42,566	–	–
Total equity		17,121,055	9,034,629	12,105,050	4,510,805
Total liabilities and equity		37,463,502	22,066,115	16,436,148	6,108,187

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 $	2019 $
Revenue	26	34,605,851	29,305,225
Cost of sales		(29,486,754)	(24,770,466)
Gross profit		5,119,097	4,534,759
Other income	27	1,280,942	609,619
General and administrative expenses		(4,021,766)	(3,467,110)
Share of loss of a joint venture		(89,160)	(19,110)
Finance costs	28	(124,751)	(128,389)
Other operating expenses	29	(477,141)	(962,662)
Profit before income tax		1,687,221	567,107
Income tax expense	30	(377,666)	(259,035)
Profit for the year	31	1,309,555	308,072
Other comprehensive income (loss)			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations	21	2,641	(20,873)
Item that may be reclassified subsequently to profit or loss:			
Exchange losses on translation of foreign operations		(113,570)	(32,006)
Other comprehensive loss for the year, net of tax		(110,929)	(52,879)
Total comprehensive income for the year		1,198,626	255,193
Profit for the year attributable to:			
Owners of the Company		1,308,202	306,784
Non-controlling interests		1,353	1,288
		1,309,555	308,072
Total comprehensive income for the year attributable to:			
Owners of the Company		1,198,461	253,735
Non-controlling interests		165	1,458
		1,198,626	255,193
Earnings per share			
Basic and diluted (cents)	32	0.6	0.2

See accompanying notes to the consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2020

Group	Share capital	Translation reserves	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	$	$	$	$	$	$	$
	(Note 23)	(Note 24)	(Note 25)				
Balance at 1 January 2019	60,354	(634,896)	1,500,000	8,236,578	9,162,036	277,281	9,439,317
Total comprehensive income for the year:							
Profit for the year	–	–	–	306,784	306,784	1,288	308,072
Other comprehensive income (loss) for the year	–	(32,301)	–	(20,748)	(53,049)	170	(52,879)
Total	–	(32,301)	–	286,036	253,735	1,458	255,193
Transactions with owners, recognised directly in equity:							
Effects arising from Group's restructuring exercise:							
- Disposal of a subsidiary (Note 34)	–	324,052	(164,274)	–	159,778	(28,959)	130,819
- Dilution of non-controlling interest in a subsidiary	–	–	213,093	–	213,093	(213,093)	–
- Deemed capital contribution (Note 23)	(60,254)	–	1,441,724	–	1,381,470	25,345	1,406,815
- Advance for subscription of shares	–	–	1,046,822	–	1,046,822	–	1,046,822
Issuance of new ordinary shares (Note 23)	3,904,462	–	(3,904,462)	–	–	–	–
Dividends (Note 33)	–	–	–	(3,224,871)	(3,224,871)	(19,466)	(3,244,337)
	3,844,208	324,052	(1,367,097)	(3,224,871)	(423,708)	(236,173)	(659,881)
Balance at 31 December 2019	3,904,562	(343,145)	132,903	5,297,743	8,992,063	42,566	9,034,629

See accompanying notes to the consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2020

Group	Share capital	Translation reserves	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	$	$	$	$	$	$	$
	(Note 23)	**(Note 24)**	**(Note 25)**				
Balance at 1 January 2020	3,904,562	(343,145)	132,903	5,297,743	8,992,063	42,566	9,034,629
Total comprehensive income for the year:							
Profit for the year		–	–	1,308,202	1,308,202	1,353	1,309,555
Other comprehensive income (loss) for the year	–	(112,366)	–	2,625	(109,741)	(1,188)	(110,929)
Total	–	(112,366)	–	1,310,827	1,198,461	165	1,198,626
Transactions with owners, recognised directly in equity:							
Issuance of new ordinary shares (Notes 23 and 25)	8,187,918	–	(1,046,822)	–	7,141,096	–	7,141,096
Dividends (Note 33)	–	–	–	(253,296)	(253,296)	–	(253,296)
	8,187,918	–	(1,046,822)	(253,296)	6,887,800	–	6,887,800
Balance at 31 December 2020	12,092,480	(455,511)	(913,919)	6,355,274	17,078,324	42,731	17,121,055

See accompanying notes to the consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2020

Company	Share capital	Other reserves	Retained earnings (Accumulated losses)	Total
	$	$	$	$
	(Note 23)	(Note 25)		
Balance at 1 January 2019	100	3,904,462	(903,476)	3,001,086
Profit for the year, representing total comprehensive income for the year	–	–	462,897	462,897
Transactions with owners, recognised directly in equity:				
- Issuance of new ordinary shares	3,904,462	(3,904,462)	–	–
- Advance for subscription of shares	–	1,046,822	–	1,046,822
Balance at 31 December 2019	3,904,562	1,046,822	(440,579)	4,510,805
Profit for the year, representing total comprehensive income for the year	–	–	706,445	706,445
Transactions with owners, recognised directly in equity:				
- Issuance of new ordinary shares	8,187,918	(1,046,822)	–	7,141,096
- Dividends (Note 33)	–	–	(253,296)	(253,296)
Balance at 31 December 2020	12,092,480	–	12,570	12,105,050

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Group	
	2020	2019
	$	$
Operating activities		
Profit before income tax	1,687,221	567,107
Adjustments for:		
Depreciation of property, plant and equipment	142,711	163,488
Depreciation of right-of-use assets	143,574	149,490
Retirement benefit obligations	40,243	88,777
Share of loss of a joint venture	89,160	19,110
Interest expense	124,751	128,389
Interest income	(72,304)	(191,663)
Gain on disposal of property, plant and equipment	(134)	(6,172)
Net foreign exchange gain	(23,697)	(98,937)
Operating cash flows before movements in working capital	2,131,525	819,589
Trade and other receivables	282,580	285,840
Contract assets	(6,480,077)	(2,861,352)
Inventories	789,855	(844,937)
Trade and other payables	3,419,354	3,665,895
Contract liabilities	681,096	103,104
Cash generated from operations	824,333	1,168,139
Income tax paid	(599,482)	(520,561)
Interest income received	72,304	191,663
Net cash from operating activities	297,155	839,241
Investing activities		
Purchase of plant and equipment	(83,781)	(64,604)
Additions of right-of-use assets (Note A)	–	(7,290)
Capital contribution into a joint venture	(446,204)	–
Proceeds from disposal of plant and equipment	1,609	6,172
Proceeds from disposal of a subsidiary	–	696,564
Purchase of financial assets at fair value through other comprehensive income	(176,887)	–
Net cash (used in) from investing activities	(705,263)	630,842
Financing activities		
Advances received for subscription of shares	–	1,046,822
Capital contribution in a subsidiary from other parties	–	1,406,815
Interest paid	(104,888)	(83,253)
Proceeds from subscription of shares	7,534,125	–
Payment of transaction cost in connection to the issuance of shares	(541,529)	(107,955)
Dividends paid	(253,296)	(3,244,337)
Repayments paid to directors	(936,001)	(422,072)
Repayments of borrowings	(461,200)	(675,948)
Repayments of lease liabilities	(153,269)	(118,820)
Placement of term deposits pledged	(566,038)	–
Proceeds from bank borrowings	5,000,000	–
Net cash from (used in) financing activities	9,517,904	(2,198,748)
Net increase (decrease) in cash and cash equivalents	9,109,796	(728,665)
Cash and cash equivalents at beginning of the year	4,900,872	5,594,228
Effect of exchange rate changes on the balance of cash held in foreign currencies	(49,250)	35,309
Cash and cash equivalents at end of the year (Note 7)	13,961,418	4,900,872

Notes to the consolidated statement of cash flows:

(A) For the financial year ended 31 December 2020, the Group acquired right-of-use assets amounting to $64,991 (2019 : $183,216) of which $64,991 (2019 : $175,926) was acquired through lease arrangement (Note 12).

See accompanying notes to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

The Company (Registration No. 201305845W) 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 Company was listed on Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 5 March 2020. The consolidated financial statements are expressed in Singapore dollars ("$"), which is also the functional currency of the Company.

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

The principal activities of the subsidiaries, joint venture and joint operation are disclosed in Notes 13, 14 and 15 respectively to the consolidated financial statements.

The consolidated financial statements of the Group for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 22 March 2021.

2. ADOPTION OF NEW STANDARDS AND REVISED STANDARDS

On 1 January 2020, 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 SFRS(I)s in issue but not yet effective

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

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 (i)	*Interest Rate Benchmark Reform – Phase 2*
Amendments to SFRS(I) 3 (ii)	*Reference to the Conceptual Framework*
Amendments to SFRS(I) 1-16(ii)	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to SFRS(I) 1-37(ii)	*Onerous Contracts – Cost of Fulfilling a Contract*
Amendments to SFRS(I) 10 and SFRS(I) 1-28(iii)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to SFRS(I) 1-1(iv)	*Classification of Liabilities as Current or Non-current*
Annual Improvements to SFRS(I)s 2018-2020(ii)	

(i) Effective for annual periods beginning on or after 1 January 2021.
(ii) Effective for annual periods beginning on or after 1 January 2022.
(iii) Effective for annual periods beginning on or after a date to be determined.
(iv) Effective for annual periods beginning on or after 1 January 2023.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF 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 Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

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

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

Fair value for measurement and/or disclosure purposes in these 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 subsidiaries. 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.

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;

3. SUMMARY OF 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: (cont'd)

- 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 begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries 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 subsidiaries 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 subsidiaries 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 subsidiaries are 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 subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries 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 subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, 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 and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Business combinations

Acquisitions of subsidiaries 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporates 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 profit or loss and other comprehensive income include 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.

3.5.1 Financial assets

<u>Classification and measurement</u>

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

Classification and measurement (cont'd)

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

Investments in equity instruments at FVTOCI 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 be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with SFRS(I) 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends, 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 FVTOCI on initial recognition (see Note 16).

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 FVTOCI, 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 updated 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

Impairment of financial assets (cont'd)

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;

- 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

Impairment of financial assets (cont'd)

Definition of default

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

Credit-impaired financial assets

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

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.1 Financial assets (cont'd)

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 FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.5.2 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

3.5.3 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

The Group as lessee (cont'd)

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. 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 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 Inventory

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.

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:

	Number of years
Leasehold property	Over terms of lease of 30 (2019 : 30) years
Water treatment facility	25
Renovation	3 to 10
Machinery and equipment	3 to 5
Office equipment, furniture and fittings	3 to 5
Motor vehicles	4 to 10
Computers	5

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Property, plant and equipment (cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each 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.

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. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Joint venture (cont'd)

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 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 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. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Interests in a joint operation (cont'd)

When a Group entity undertakes its activities under a joint operation, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the SFRS(I)s applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the 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.

<u>Onerous contracts</u>

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue recognition

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.

<u>Revenue from TSEPC projects</u>

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*. The 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.

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. 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.

<u>OMS</u>

Revenue from OMS services is recognised as performance obligation satisfied over time in the accounting period when the services are rendered.

<u>SDS & Trading</u>

Revenue from Trading is recognised at the point in time when the control of the goods is transferred to the customers.

<u>Sales of water ("SOW")</u>

Revenue from sales of potable water is recognised at the point in time based on volume delivered to the customers based on meter readings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue recognition (cont'd)

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3.14 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Retirement benefit costs (cont'd)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out as at each reporting date. Remeasurement, comprising actuarial gains and losses, is reflected immediately in the consolidated statement of financial position with a charge or credit 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (cont'd)

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).

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 dollars, 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 dollars 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Foreign currency transactions and translation (cont'd)

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 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Control over PTMP

As disclosed in Note 13(e), the Group consolidates PTMP as a subsidiary 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. The management has determined that the Group has the ability to direct the relevant activities of the entity by appointment of key management personnel of PTMP, has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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 subcontracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major subcontractors or 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 report period.

As at 31 December 2020, the amount of contract revenue recognised based on input method and the carrying amounts of contract assets and contract liabilities arising from TSEPC contracts are disclosed in Note 26 and Note 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 and contract assets. The Group performs individual assessment for each debtor based on the Group's historical credit loss experiences, and significant judgement is made by management in determining the amount and timing of future cash flows, estimated based on the Group's historical credit loss experiences, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of conditions at the reporting date.

The carrying amounts of trade receivables and other receivables and contract assets of the Group are disclosed in Note 7 and 9 respectively.

(c) Impairment of investments in subsidiaries and joint venture

The Group follows the guidance in SFRS(I) 1-36 *Impairment of Assets* on determining at least on an annual basis whether the Group's investments in any subsidiary and joint venture is impaired.

Management evaluates, among other factors, the market and economic environment in which the subsidiaries and joint venture operate and the financial performance of the subsidiaries and joint venture to determine whether there are indicators of impairment loss 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 subsidiaries and joint venture.

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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

(c) Impairment of investments in subsidiaries and joint venture (cont'd)

The key assumptions for determining the present value of the future cash-flows of the subsidiary are the discount rate, terminal growth rate and the expected changes to business plans and costs during the period.

The discount rate applied to the cash-flows of the subsidiary is 10%. The terminal growth rate applied to the cash flow is 1% per annum.

The carrying amounts of the investment in subsidiaries and joint venture 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	
	2020	2019	2020	2019
	$	$	$	$
Financial assets				
Fair value through other comprehensive income	176,887	–	–	–
At amortised cost (including cash and bank balances)	17,233,794	8,393,633	10,469,131	1,974,177
	17,410,681	8,393,633	10,469,131	1,974,177
Financial liabilities				
At amortised cost	18,236,416	11,586,858	4,266,637	1,597,382
Lease liabilities	257,616	342,885	–	–
	18,494,032	11,929,743	4,266,637	1,597,382

(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.

(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 does 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 year arises from Euro, Chinese Renminbi, Singapore dollars and United States dollars. The Group and the Company does 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.

NOTES TO THE FINANCIAL STATEMENTS

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)

At the end of the reporting period, 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	
	2020	2019	2020	2019
	$	$	$	$
Group				
Chinese Renminbi	(430,511)	–	–	–
Euro	(1,905,940)	(225,948)	–	–
Singapore dollars	(2,930,274)	(1,060,677)	184,334	231,432
United States dollars	(1,334,043)	(1,669,848)	260,897	1,511,745
Company				
United States dollars	–	(1,374,522)	10,854	11,083

The Company has a number of investments in foreign subsidiaries, 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 unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

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:

	2020	2019
	$	$
Group		
Chinese Renminbi	21,526	–
Euro	95,297	11,297
Singapore dollars	137,297	41,462
United States dollars	53,657	7,905
Company		
United States dollars	(543)	68,172

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 year end exposure does not reflect the exposure during the year.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (cont'd)

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

The Group minimises its credit risk via the following:

- For credit risk from customers, the Group trades only with recognised and creditworthy third parties or government authorities. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

- For other financial assets (such as cash and cash equivalents), the Group only deals exclusively with high credit rating counterparties 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 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

Credit risk concentration profile

As at 31 December 2020, 71% (2019 : 73%) of the Group's revenue is derived from 1 customer in Singapore (2019 : 1 customer in Singapore), which represents concentration risk within the geographical location. There is concentration of credit risk as approximately 69% (2019 : 79%) of the Group's trade receivables at the end of the financial year relates to 4 (2019 : 5) customers.

As at 31 December 2020, the Company has amount due from subsidiaries which accounted for 99% (2019 : 100%) of the Company's other receivables.

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

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. Accordingly, management is of the opinion that there is no further loss allowances required.

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. No trade receivables have been written-off.

NOTES TO THE FINANCIAL STATEMENTS

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 following table details the risk profile of trade receivables and contract assets based on the Group's provision matrix.

Group	Not past due	Past due < 30 days	Past due 31-60 days	Past due 61-90 days	Past due > 90 days	Total
	$	$	$	$	$	$
2020						
Trade receivables	1,411,867	395,042	261,647	44,406	221,318	2,334,280
Contract assets	13,777,077	253,860	–	–	–	14,030,937
Less: Loss allowance	–	–	–	–	–	–
Total	15,188,944	648,902	261,647	44,406	221,318	16,365,217
2019						
Trade receivables	1,895,405	483,218	32,507	88,466	676,682	3,176,278
Contract assets	7,550,860	–	–	–	–	7,550,860
Less: Loss allowance	–	–	–	–	–	–
Total	9,446,265	483,218	32,507	88,466	676,682	10,727,138

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, if the full guaranteed amount is claimed by the counterparty to the guarantee is $7,656,556 (2019 : $7,884,637) for guarantees provided to its joint venture (Note 35). Based on expectations at the end of the reporting period, 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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

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 consolidated statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustments	Total
	%	$	$	$	$	$
Group						
31 December 2020						
Non-interest bearing	–	12,898,907	–	–	–	12,898,907
Loan from a director (fixed rate)	7.2%	321,431	–	–	(21,589)	299,842
Lease liabilities (fixed rate)	8.99%	121,370	151,108	14,681	(29,543)	257,616
Borrowings (fixed rate)	2.21%	1,173,074	4,118,238	–	(253,645)	5,037,667
Total		14,514,782	4,269,346	14,681	(304,777)	18,494,032
31 December 2019						
Non-interest bearing	–	10,897,314	–	–	–	10,897,314
Loan from a director (fixed rate)	7.2%	204,406	–	–	(13,729)	190,677
Lease liabilities (fixed rate)	9.11%	171,288	209,847	–	(38,250)	342,885
Borrowings (fixed rate)	6.94%	276,766	260,776	–	(38,675)	498,867
Total		11,549,774	470,623	–	(90,654)	11,929,743
Company						
31 December 2020						
Non-interest bearing	–	266,637	–	–	–	266,637
Loan from a subsidiary	2.00%	4,080,000	–	–	(80,000)	4,000,000
Total		4,346,637	–	–	(80,000)	4,266,637
31 December 2019						
Non-interest bearing	–	1,597,382	–	–	–	1,597,382
Total		1,597,382	–	–	–	1,597,382

NOTES TO THE FINANCIAL STATEMENTS

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 assets

All the financial assets of the Group and the Company as at 31 December 2020 and 2019 are repayable on demand or due within one year from the end of the reporting period.

(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).

	Fair value as at							
	2020		2019					
	Assets	Liabilities	Assets	Liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial assets								
Financial assets at fair value through other comprehensive income:								
Investment in unquoted equity shares	176,887	–	–	–	Level 3	The fair value of the unquoted equity share is based on the net 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)

NOTES TO THE FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(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 year.

6. OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these consolidated financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

	2020	**2019**
	$	**$**
A joint venture		
Sales of goods	–	(983,754)
Director		
Interest expense (Note 28)	58,862	37,681
A Director-controlled company		
Rental of warehouse and office	57,672	28,820

6. OTHER RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of directors and key management personnel

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

	2020 $	2019 $
Short-term benefits	1,477,365	1,063,977
Post-employment benefits	61,622	63,265
Total	1,538,987	1,127,242

7. CASH AND BANK BALANCES

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Cash on hand	4,341	7,733	–	100
Cash at banks	12,885,665	4,004,123	3,920,314	1,068,777
Short-term fixed deposits	1,637,450	889,016	–	–
	14,527,456	4,900,872	3,920,314	1,068,877
Less: Fixed deposits, pledged	(566,038)	–	–	–
Cash and cash equivalents in the consolidated statement of cash flows	13,961,418	4,900,872	3,920,314	1,068,877

The effective interest rates of the fixed deposits ranged from 0.75% to 5.75% (2019 : 6.75% to 7.25%) per annum and for a tenure of 1 month (2019 : 1 month).

Fixed deposits amounting to $566,038 (2019 : $Nil) 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 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Trade receivables:				
- Third parties	1,477,598	2,682,668	–	–
- Joint venture (Note 6)	204,274	36,155	–	–
	1,681,872	2,718,823	–	–
Unbilled revenues [(a)]	652,408	457,455	–	–
Total trade receivables	2,334,280	3,176,278	–	–
Other receivables comprise:				
- Amount due from subsidiaries[(b)]	–	–	6,548,817	905,300
- Amount due from a joint venture (Note 6)	20,725	20,910	–	–
- Grant receivables	411,126	136,215	19,013	–
- Bills receivables	100,000	–	–	–
- Refundable deposits	137,400	70,740	–	–
- Prepayments	680,536	357,714	38,962	–
- Staff loans	40,126	39,752	–	–
- Other tax recoverable	486,875	522,432	–	–
- Deferred listing expenses	–	194,548	–	194,548
- Others	73,807	48,866	–	–
Total other receivables	1,950,595	1,391,177	6,606,792	1,099,848
Total	4,284,875	4,567,455	6,606,792	1,099,848

(a) Unbilled revenues are those accrued revenue of which payment certificates are issued by customers but no billings have been raised to customers at the end of the reporting period.

(b) Amount due from subsidiaries are unsecured, interest free and repayable on demand except for loans to a subsidiary amounting to $2,009,589 (2019 : $Nil) which are unsecured and bears interest at 2.50% (2019 : Nil) 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 (2019 : 30 to 60 days). No interest is charged on the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES (CONT'D)

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) 9. The impairment methodology and the credit risk assessment are set out in Notes 3.5.1 and 5(c)(iii).

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 subsidiaries

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 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 subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the receivables as well as the loss upon default. Management determines the receivables from the subsidiaries are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for amount due from subsidiaries.

Trade receivables past due 90 days are not considered in default as the Group considered such balances could be recovered based on historical experience. Moreover, management of the Group was not aware of any significant change in credit quality of the trade receivables and the expected credit losses are insignificant.

Management considered that the ECL for trade and other receivables is insignificant as at 31 December 2020 and 2019.

9. CONTRACT ASSETS (LIABILITIES)

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

	Group	
	2020	2019
	$	$
Contract assets:		
- Construction contracts	14,030,937	7,550,860
Contract liabilities:		
- Construction contracts	(922,095)	(300,308)
- Sales of goods	(71,500)	(12,191)
Total contract liabilities	(993,595)	(312,499)
	13,037,342	7,238,361

Contract assets and contract liabilities arises from the same contract are presented on net basis.

The changes in contract assets and contract liabilities as at 31 December 2020 and 31 December 2019 are due to the differences between the agreed payment schedule and the progress of the construction works.

Contract assets:

	Group	
	2020	2019
	$	$
Unbilled contract works	13,777,078	6,685,635
Retention sum	253,859	865,225
Total	14,030,937	7,550,860

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.

NOTES TO THE FINANCIAL STATEMENTS

9. CONTRACT ASSETS (LIABILITIES) (CONT'D)

Retention sum is unsecured, interest-free and expected to be received in the normal operating cycle of the Group.

Management considered that the ECL for contract assets is insignificant as at 31 December 2020 and 2019.

Contract liabilities:

	Group	
	2020	2019
	$	$
Excess of milestone billings over contract works	(460,080)	(86,770)
Advances from customers	(533,515)	(225,729)
Total	(993,595)	(312,499)

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.

	2020	2019
	$	$
Construction contracts	300,308	202,854
Sales of goods	12,191	6,541
Total	312,499	209,395

10. INVENTORIES

	Group	
	2020	2019
	$	$
Trading-related inventories	292,918	128,462
Goods-in-transit	–	954,311
	292,918	1,082,773

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property	Water treatment facility	Renovation	Machinery and equipment	Office equipment, furniture and fittings	Motor vehicles	Computers	Total
	$	$	$	$	$	$	$	$
Cost:								
At 1 January 2019	1,966,026	1,099,637	213,699	35,823	240,976	176,852	55,653	3,788,666
Additions	–	3,393	–	25,835	31,936	–	3,440	64,604
Disposals	–	–	–	–	–	(57,846)	–	(57,846)
Disposal of a subsidiary (Note 34)	(1,323,247)	–	(79,249)	–	–	–	–	(1,402,496)
Exchange differences	12,353	10,362	(1,877)	(359)	(2,019)	(2,117)	–	16,343
At 31 December 2019	655,132	1,113,392	132,573	61,299	270,893	116,889	59,093	2,409,271
Additions	–	2,986	–	8,990	35,089	18,980	17,736	83,781
Disposals	–	–	–	–	(1,609)	–	–	(1,609)
Exchange differences	–	(13,868)	1,037	122	493	859	–	(11,357)
At 31 December 2020	655,132	1,102,510	133,610	70,411	304,866	136,728	76,829	2,480,086
Accumulated depreciation:								
At 1 January 2019	759,380	7,359	135,887	18,187	172,906	115,665	30,095	1,239,479
Depreciation	49,405	45,873	10,802	6,428	30,040	11,299	9,641	163,488
Disposals	–	–	–	–	–	(57,846)	–	(57,846)
Disposal of a subsidiary (Note 34)	(309,112)	–	(27,737)	–	–	–	–	(336,849)
Exchange differences	2,628	69	(2,423)	(366)	(2,034)	226	–	(1,900)
At 31 December 2019	502,301	53,301	116,529	24,249	200,912	69,344	39,736	1,006,372
Depreciation	21,838	46,069	7,500	11,392	30,566	14,257	11,089	142,711
Disposals	–	–	–	–	(134)	–	–	(134)
Exchange differences	–	(1,603)	1,057	128	1,478	111	–	1,171
At 31 December 2020	524,139	97,767	125,086	35,769	232,822	83,712	50,825	1,150,120
Carrying amount:								
At 31 December 2020	130,993	1,004,743	8,524	34,642	72,044	53,016	26,004	1,329,966
At 31 December 2019	152,831	1,060,091	16,044	37,050	69,981	47,545	19,357	1,402,899

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

Details of the Group's leasehold property as at the end of reporting period is 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 premise

The leasehold property is mortgaged to banking facilities.

Company	Office equipment, furniture and fittings $
Cost:	
At 1 January and 31 December 2019	–
Additions	3,000
At 31 December 2020	3,000
Accumulated depreciation:	
At 1 January and 31 December 2019	–
Depreciation	200
At 31 December 2020	200
Carrying amount:	
At 31 December 2020	2,800
At 31 December 2019	–

NOTES TO THE FINANCIAL STATEMENTS

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 is one to three (2019 : one to three) years and the average lease term for motor vehicles is three to seven (2019 : three to seven) years.

In addition, as at 31 December 2020 and 2019, the Group made upfront payment in full to secure the right-of-use of leasehold property with carrying amount of $130,993 (2019 : $152,831) which is presented within property, plant and equipment (Note 11).

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 lease.

Right-of-use assets

Group	Warehouse and office $	Motor vehicles $	Total $
Cost:			
At 1 January 2019	119,399	260,596	379,995
Addition	148,013	35,203	183,216
At 31 December 2019	267,412	295,799	563,211
Addition	–	64,991	64,991
Exchange differences	(1,312)	(905)	(2,217)
At 31 December 2020	266,100	359,885	625,985
Accumulated depreciation:			
At 1 January 2019	–	68,423	68,423
Depreciation	99,194	50,296	149,490
At 31 December 2019	99,194	118,719	217,913
Depreciation	82,314	61,260	143,574
Exchange differences	(684)	(393)	(1,077)
At 31 December 2020	180,824	179,586	360,410
Carrying amount:			
At 31 December 2020	85,276	180,299	265,575
At 31 December 2019	168,218	177,080	345,298

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2020	2019
	$	$
Unquoted equity shares, at cost	4,960,732	4,467,075
Less: Impairment losses	(527,613)	(527,613)
Net investment amount	4,433,119	3,939,462
Deemed investment [(a)]	1,473,123	–
Investments in subsidiaries, net	5,906,242	3,939,462

(a) The amount is stated at cost as it is deemed to be part of the Company's equity investments in the subsidiaries, as the amounts are interest-free, payable at discretion of the borrowers when they are able to do so.

Movement in impairment loss:

	2020	2019
	$	$
At beginning of year	527,613	679,000
Utilised during the year	–	(679,000)
Additions during the year	–	527,613
At end of year	527,613	527,613

For the financial year ended 31 December 2019, impairment loss of $527,613 was recognised after management completed its assessment on the recoverable amounts of these investments in the foreseeable future by comparing to the carrying amount of net tangible assets in each subsidiary which approximates the fair value less costs of disposal. For the financial year ended 31 December 2020, no additional impairment loss was recognised as the recoverable amount based on the value-in-use calculation is higher than the net carrying amount.

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Subsidiaries

The details of the Group's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective equity interests of the Group	
			2020	2019
			%	%
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

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by overseas practice of Deloitte Touche Tohmatsu Limited.

(c) Audited by Baker Tilly China Certified Public Accountants China (Chengdu Branch), an affiliated firm of Baker Tilly International.

(d) The subsidiary was acquired by the Group under common control in 2019, as part of the Group's restructuring exercise in preparation for the listing of the Company on the SGX-ST.

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Subsidiaries (cont'd)

Notes (cont'd)

(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 $0.67 million) 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 NSMP and 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 Group complied with the prevailing Indonesian laws and regulations and that the Combination Agreements and Undertaking Agreement were legal and enforceable under the Relevant Laws.

During the year, management has performed internal legal assessment and obtained legal opinion from an Indonesian external legal counsel, Akhmad Yudhi S.H. M.H & Partners ("AY&P"), who reaffirmed that there are no changes in the Relevant Laws during the reporting period. Based on the above assessment, management concluded that there are no changes in the Relevant Laws and accordingly, no change in the Group's control over PTMP during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT IN A JOINT VENTURE

	Group	
	2020	2019
	$	$
Cost of investment in a joint venture	2,167,308	1,721,104
Accumulated share of profits	442,370	531,530
Exchange difference	(89,483)	(70,976)
Carrying amount	2,520,195	2,181,658

During the financial year, the Group increased its investment in a joint venture by $446,204 (2019 : $Nil) in proportionate 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/ operation	Principal activity	Equity interest held by the Group	
			2020	2019
			%	%
Held by PT Memiontec Indonesia				
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 an overseas practice of Deloitte Touche Tohmatsu Limited for sole purpose of inclusion of their financial position and results in the consolidated financial statements of the Group.

On 25 May 2016, PT Memiontec Indonesia entered into a service concession agreement with DKI Jakarta state-owned enterprise (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

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	
	2020	2019
	$	$
Current assets	3,279,288	4,445,389
Non-current assets	11,588,482	10,472,289
Current liabilities	(400,173)	(1,042,717)
Non-current liabilities	(8,167,109)	(8,420,815)

The above amounts of assets and liabilities include the following:

	Group	
	2020	2019
	$	$
Cash and bank balances	273,141	522,820
Current financial liabilities (excluding trade and other payables)	–	(2,390)
Non-current financial liabilities (excluding trade and other payables)	(7,656,556)	(7,884,637)

	Group	
	2020	2019
	$	$
Revenue	2,351,674	1,679,486
Loss for the year, representing total comprehensive loss for the year	(222,899)	(47,775)
Dividends received from the joint venture during the year	–	–

NOTES TO THE FINANCIAL STATEMENTS

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

The above loss for the year includes the following:

	2020	2019
	$	$
Depreciation	21,157	10,338
Interest income	(14,060)	(46,389)
Interest expense	755,337	725,059
Income tax (credit) / expense	(18,609)	48,800

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	
	2020	2019
	$	$
Net assets of the joint venture	6,300,488	5,454,146
Proportion of the Group's ownership interest in the joint venture	40%	40%
Carrying amount of the Group's interest in the joint venture	2,520,195	2,181,658

15. INTERESTS IN A JOINT OPERATION

Details of the Group's joint operation are as follows:

Name of joint operation	Country of operation	Principal activity	Participating interest held by the Group	
			2020	2019
			%	%
Held by PT Memiontec Indonesia				
KSO JUP-MIT	Indonesia	Provision of water management services and supply of potable water.	40	40

The above joint operation is accounted for using the proportionate share of revenue received and bears a proportionate share of the joint operation's expenses in these consolidated financial statements and is audited by an overseas practice of Deloitte Touche Tohmatsu Limited for consolidation of its financial position and results into the consolidated financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

15. INTERESTS IN A JOINT OPERATION (CONT'D)

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 is obligated to perform an upgrade of the water treatment plant to enable the plant to achieve certain productivity. Such upgrade costs are borne by the Group and recognised as property, plant and equipment (Note 11). Upon completion of such upgrade in 2019, the joint operation commenced its operation and maintenance of the water treatment plant, including sales of treated water from 1 November 2018 for a cooperation contractual agreement of 25 years.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	Group	
	2020	**2019**
	$	**$**
Unquoted equity shares, at FVTOCI	176,887	–

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 FVTOCI 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 reporting period.

Details of the Group's financial assets at FVTOCI are as follows:

Name of investment	Country of operation	Principal activity	Participating interest held by the Group	
			2020	**2019**
			%	**%**
Held by PT Memiontec Indonesia				
PT PP Tirta Madani	Indonesia	Provision of water management services and supply of potable water.	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.

NOTES TO THE FINANCIAL STATEMENTS

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Trade payables	8,547,413	5,013,636	–	–
Trade accruals	3,308,894	3,455,235	–	–
Total trade payables	11,856,307	8,468,871	–	–
Other payables:				
- Amount due to subsidiaries [(a)]	–	–	4,014,903	1,484,086
- Amount due to directors [(b)] (Note 6)	299,842	1,208,409	–	–
- Accruals	731,845	802,094	173,719	113,296
- Accrued staff leave	118,938	–	19,880	–
- Deferred grant income	243,974	–	7,283	–
- Other tax payable	182,577	188,328	17,129	–
- Provision for warranty	69,140	55,842	–	–
- Others [(c)]	191,817	608,617	58,135	–
Total other payables	1,838,133	2,863,290	4,291,049	1,597,382
Total	13,694,440	11,332,161	4,291,049	1,597,382

(a) Amount due to subsidiaries are unsecured, interest free and repayable on demand except for loan from a subsidiary of $4,000,000 (2019: $Nil) which is unsecured, bears fixed interest at 2.00% (2019 : Nil) per annum and is repayable on demand upon written notice from the subsidiary.

(b) The balance includes loan from a director amounting to $299,842 (2019 : $190,677) which is unsecured, bears fixed interest rate of 7.20% (2019 : 7.20%) per annum and repayable on demand.

(c) For the financial year ended 31 December 2019, the balance included professional fees in connection to the listing of the Company amounting to $456,000 which had been fully settled in the current financial year.

The credit period on purchases is generally from 30 to 60 days (2019 : 30 to 60 days). No interest is charged on the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS

18. LEASE LIABILITIES

	Group	
	2020	2019
	$	$
Amounts due for settlement within 12 months (shown under current liabilities)	105,906	150,412
Amounts due for settlement after 12 months	151,710	192,473
	257,616	342,885
Maturity analysis:		
Within one year	105,906	150,412
In the second to fifth year inclusive	137,203	192,473
More than five years	14,507	–
Total	257,616	342,885

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 profit or loss and other comprehensive income:

	Group	
	2020	2019
	$	$
Depreciation expense on right-of-use assets	143,574	149,490
Interest expense on lease liabilities (Note 28)	23,955	22,925
Expense relating to short-term leases	201,425	159,577

19. BORROWINGS

	Group	
	2020	2019
	$	$
Secured bank loans	5,037,667	498,867
Less : Amount due for settlement within 12 months (shown under current liabilities)	(1,077,460)	(251,285)
Amount due for settlement after 12 months	3,960,207	247,582

The bank loans bear fixed interests ranging from 2.00% to 7.12% (2019 : 6.25% to 7.12%) per annum and repayable in equal monthly instalments over 4 to 5 (2019 : 4 to 5) years. The bank loans are secured by joint and several guarantees from the directors of the Company in their respective personal capacity, except for an amount of $4,841,254 (2019 : $Nil) which is secured by a corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS

20. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes			
	1 January 2020	Financing cash flows	New leases liabilities	Unpaid interest	Exchange differences	31 December 2020
	$	$	$	$	$	$
Lease liabilities (Note 18)	342,885	(153,269)	68,000[(ii)]	–	–	257,616
Amount due to directors (Note 17)	1,208,409	(936,001)	–	19,863	7,571	299,842
Borrowings (Note 19)	498,867	4,538,800[(i)]	–	–	–	5,037,667
	2,050,161	3,449,530	68,000	19,863	7,571	5,595,125

			Non-cash changes				
	1 January 2019	Financing cash flows	New leases liabilities	Disposal of a subsidiary (Note 34)	Unpaid interest	Exchange differences	31 December 2019
	$	$	$	$	$	$	$
Lease liabilities (Note 18)	278,325	(118,820)	175,926	–	7,454	–	342,885
Amount due to directors (Note 17)	1,650,778	(422,072)	–	(57,979)	37,682	–	1,208,409
Borrowings (Note 19)	1,341,937	(675,948)[(i)]	–	(173,494)	–	6,372	498,867
	3,271,040	(1,216,840)	175,926	(231,473)	45,136	6,372	2,050,161

(i) The cash flows comprise of the amount of proceeds from borrowing and repayments of borrowings in the consolidated statement of cash flows.

(ii) The lease financing of $68,000 is for the commercial motor vehicles purchased under hire purchase arrangement amounting to $64,991 (Note 12) and GST input tax of $3,009, which was not capitalisable as part of "Right-of-use assets" as it was set off against the Group's GST output tax during the year.

NOTES TO THE FINANCIAL STATEMENTS

21. RETIREMENT BENEFITS OBLIGATIONS

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

	Group	
	2020	2019
	$	$
Present value of defined benefit obligations (unfunded)	234,697	201,620

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.

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	
	2020	2019
Discount rate	7.00%	8.00%
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.

NOTES TO THE FINANCIAL STATEMENTS

21. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows.

	2020 $	2019 $
Profit or loss		
Current service cost	35,035	21,685
Past service cost	(9,289)	59,511
Net interest expense	14,497	7,581
Components of defined benefit costs recognised in profit or loss	40,243	88,777
Other comprehensive income		
Remeasurement of defined benefits liability:		
Actuarial (gain) loss from experience adjustment	(25,190)	8,290
Actuarial loss from change in financial assumptions	20,627	13,123
Actuarial (gain) loss from change in demographic assumptions	(483)	6,454
Tax impact	2,405	(6,994)
Components of defined benefit costs recognised in other comprehensive income	(2,641)	20,873
Total defined benefits costs	37,602	109,650

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

	2020 $	2019 $
Opening balance	201,620	84,218
Current service cost	35,035	21,685
Past service cost	(9,289)	59,511
Interest cost	14,497	7,581
Remeasurement (gains) losses:		
Actuarial (gain) loss from experience adjustment	(25,190)	8,290
Actuarial loss from change in financial assumptions	20,627	13,123
Actuarial (gain) loss from change in demographic assumptions	(483)	6,454
Exchange differences	(2,120)	758
Closing balance	234,697	201,620

Significant actuarial assumptions for the determination of the defined obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

NOTES TO THE FINANCIAL STATEMENTS

21. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

Changes in the present value of the defined benefit obligation are as follows: (cont'd)

	Impact on defined benefits obligations	
	2020	2019
	$	$
Change in discount rate		
Increase by 1%	(20,432)	(13,088)
Decrease by 1%	23,482	14,939
Change in expected rate of salary increase		
Increase by 1%	24,359	15,744
Decrease by 1%	(21,549)	(14,021)

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 statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Group expects to contribute approximately $2,492 (2019 : $2,116) to its defined benefit plan in the subsequent financial year.

22. DEFERRED TAX ASSETS (LIABILITIES)

	Statement of financial position			Movements recognised in: Profit or loss		Movements recognised in: Other comprehensive income	
Group	31 December 2020	31 December 2019	1 January 2019	2020	2019	2020	2019
	$	$	$	$	$	$	$
Deferred tax assets:							
Provisions	11,754	9,493	–	(2,261)	(9,493)	–	–
Retirement benefits obligations	51,633	50,405	3,787	(3,633)	(39,624)	2,405	(6,994)
Deferred tax assets	63,387	59,898	3,787				
Set off of tax	(28,694)	(25,598)	–				
Net deferred tax assets	34,693	34,300	3,787				
Deferred tax liabilities:							
Differences in depreciation for tax purposes	(29,836)	(33,992)	(34,462)	(4,156)	(470)	–	–
Foreign-sourced interest income	–	–	(17,672)	–	(17,672)	–	–
Deferred tax liabilities	(29,836)	(33,992)	(52,134)				
Set off of tax	28,694	25,598	–				
Net deferred tax liabilities	(1,142)	(8,394)	(52,134)				
Deferred tax (credit) expense				(10,050)	(67,259)	2,405	(6,994)

22. DEFERRED TAX ASSETS (LIABILITIES) (CONT'D)

Deferred tax assets not recognised arising from tax losses

At the end of the reporting period, the Group has tax losses of approximately $819,000 (2019 : $710,000) 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 2025 (2019 : 2022 and 2024).

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $2,330,000 (2019 : $2,072,000). 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.

23. SHARE CAPITAL

	Group			
	2020	2019	2020	2019
	Number of ordinary shares		$	$
Issued and paid up:				
At beginning of the year [(a)]	3,904,562	600	3,904,562	60,354
Effects arising from Group's restructuring exercise	–	(500)	–	(60,254)
Share sub-division adjustment [(b)]	175,705,438	–	–	–
Issuance of new ordinary shares [(c)]	40,647,000	3,904,462	8,187,918	3,904,462
At end of the year	220,257,000	3,904,562	12,092,480	3,904,562

	Company			
	2020	2019	2020	2019
	Number of ordinary shares		$	$
Issued and paid up:				
At beginning of the year	3,904,562	100	3,904,562	100
Share sub-division adjustment [(b)]	175,705,438	–	–	–
Issuance of new ordinary shares [(c)]	40,647,000	3,904,462	8,187,918	3,904,462
At end of the year	220,257,000	3,904,562	12,092,480	3,904,562

(a) The issued share capital as at 1 January 2019 represents the aggregate amount of the share capital of the Company amounting to $100 and PT Memiontec Indonesia amounting to $60,254.

(b) 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.

(c) On 19 February 2020, the advance for the subscription of the Company's shares of $1,046,822 [note 25(d)] 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 $7,534,125 as part of its placement exercise before deducting listing expenses of $541,529.

On 3 March 2020, the Company allotted and issued 660,000 new ordinary shares for consideration of $148,500 to Zico Capital Pte. Ltd. ("Zico Capital") as part satisfaction of ZICO Capital'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.

NOTES TO THE FINANCIAL STATEMENTS

23. SHARE CAPITAL (CONT'D)

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

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.

24. TRANSLATION RESERVES

The translation reserves represent 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 dollars ("$").

25. OTHER RESERVES

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Capital reserve [a]	1,441,724	1,441,724	–	–
Merger reserve [b]	(2,404,462)	(2,404,462)	–	–
Other reserves [c]	48,819	48,819	–	–
Advance for subscription of shares [d]	–	1,046,822	–	1,046,822
	(913,919)	132,903	–	1,046,822

(a) This represents capital contribution in certain subsidiaries by a controlling shareholder and an unrelated party.

(b) This represents the difference between the consideration and the aggregate nominal amounts of the share capital of the entities under common control at the date when these entities were consolidated as part of the restructuring exercise of the Group.

(c) This represents the following items:

- Deemed gain on acquisition of non-controlling interests of $213,093, 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 subsidiary, PTWT, amounting to $164,274 (Note 34).

(d) On 19 February 2020, the advance was converted into 6,502,000 new ordinary shares in the Company (Note 23).

26. REVENUE

	2020	2019
	$	$
Type of revenue		
Revenue from TSEPC projects	27,665,136	19,556,051
Revenue from OMS services	6,224,476	8,361,666
Revenue from SDS & Trading	561,643	1,221,387
Revenue from sales of water	154,596	166,121
Total	34,605,851	29,305,225
Geographical markets		
Singapore	27,797,614	22,933,977
Indonesia	6,545,055	5,987,155
China	263,182	384,093
Total	34,605,851	29,305,225
Timing of revenue recognition		
Over time:		
Revenue from TSEPC projects	27,665,136	19,556,051
Revenue from OMS services	6,224,476	8,361,666
At a point in time:		
Revenue from SDS & Trading	561,643	1,221,387
Revenue from sales of water	154,596	166,121
Total	34,605,851	29,305,225

The Group derives its revenue from the transfer of goods and services 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.

<u>Transaction price allocated to remaining performance obligations</u>

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2020 is $62,413,368 (2019 : $49,073,682). This will be recognised as revenue by reference to percentage of completion, which is expected to complete over the next one to three (2019 : 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

27. OTHER INCOME

	2020 $	2019 $
Interest income from banks	72,304	191,663
Covid-19 related government subsidies[(a)]	901,731	–
Grant income from government	70,809	183,832
SGX listing grant income	200,000	–
Foreign exchange gain - net	20,716	188,082
Gain on disposal of plant and equipment	134	6,172
Others	15,248	39,870
Total	1,280,942	609,619

(a) In 2020, the Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty to be 17 months commencing from April 2020. JSS grant income of $699,186 was recognised during the year.

Foreign Workers Levy ("FWL") rebate, amounting to $202,545, was aimed to provide support to firms who hire foreign workers to ease the labour costs of such firms caused by Covid-19.

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.

28. FINANCE COSTS

	2020 $	2019 $
Interest expense on:		
- Lease liabilities (Note 18)	23,955	22,925
- Borrowings	41,934	67,783
- Loan from a director (Note 6)	58,862	37,681
Total	124,751	128,389

29. OTHER OPERATING EXPENSES

	2020 $	2019 $
Listing expenses	320,005	962,662
Small value assets expensed off	10,937	–
Others	146,199	–
Total	477,141	962,662

NOTES TO THE FINANCIAL STATEMENTS

30. INCOME TAX EXPENSE

	2020 $	2019 $
Income tax recognised in profit or loss		
Income tax:		
- Current	303,410	316,723
- Under provision in prior years	79,730	9,571
	383,140	326,294
Withholding tax expense on foreign-sourced interest income	4,576	–
Deferred tax (Note 22):		
- Current	(17,255)	(26,060)
- Change of tax rate	7,002	–
- Under (Over) provision in prior years	203	(41,199)
	(10,050)	(67,259)
Income tax expense	377,666	259,035
Income tax recognised in other comprehensive income		
Deferred tax:		
- Retirement benefit obligations	2,405	(6,994)

Income tax for Singapore incorporated companies is calculated at 17% (2019 : 17%) of the estimated assessable income for the year. During the year, there is a change of statutory tax rate in Indonesia from 25% in 2019 to 22% in 2020.

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

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

	2020 $	2019 $
Profit before income tax	1,687,221	567,107
Tax at statutory rate of 17%	286,827	96,408
Effect of different tax rates of companies operating in other jurisdictions	108,789	(44,337)
Tax effect of expenses that are not deductible in determining taxable profit	75,374	191,937
Tax effect of income that are not taxable in determining taxable profit	(158,297)	(33,568)
Effect of tax concessions and partial tax exemptions	(65,591)	(51,329)
Adjustments recognised in the current year in relation to current and deferred tax of prior years	79,933	(31,628)
Deferred tax assets not recognised	27,019	131,360
Share of results of a joint venture	15,157	3,249
Withholding tax expense	4,576	–
Change of tax rate	7,002	–
Others	(3,123)	(3,057)
Income tax expense	377,666	259,035

NOTES TO THE FINANCIAL STATEMENTS

31. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2020 $	2019 $
Audit fees paid/payable to:		
- Auditors of the Company	91,000	91,000
- Other auditors	42,000	42,874
Non-audit fees paid to auditors of the Company in connection with the listing of the Company (Note A)	59,792	264,208
Directors' remuneration	677,882	557,207
Directors' fees	158,333	–
Employee benefits expense (including directors' remuneration) (Note B)	5,527,008	4,872,535
Costs of defined contribution plans (included in employee benefit expense)	390,092	325,329
Unutilised leave expense	118,938	–
Cost of inventories recognised as expense	613,080	804,879
Depreciation of property, plant and equipment (Note 11)	142,711	163,488
Depreciation of rights-of-use assets (Note 12)	143,574	149,490

Note A : In 2019, non-audit fees paid to auditors of the Company in connection with the listing of the Company relates to reporting accountant fees of $324,000, out of which $264,208 was expensed off in the profit or loss as transaction costs arising from the listing of the Company (above), whereas the remaining $59,792 was included in deferred listing expenses (Note 8) and expensed off in 2020.

Note B :

	2020 $	2019 $
Presented in statement of profit or loss and other comprehensive income:		
Cost of sales	3,297,779	2,882,640
General and administrative expenses	2,229,229	1,989,895
Total	5,527,008	4,872,535

32. EARNINGS PER SHARE

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

	Group	
	2020	2019
	$	$
Profit attributable to owners of the Company	1,308,202	306,784
Weighted average number of ordinary shares for purpose of EPS	214,108,743	179,610,000
EPS – basic and diluted (cents)	0.6	0.2

For the financial year ended 31 December 2019, the earnings per share had been computed based on the profit attributable to owners of the Company and the Company's enlarged share capital of 179,610,000 shares assuming that sub-division of 3,904,562 shares in the capital of the Company into 179,610,000 shares had been completed as at the end of 2019. The sub-division exercise was completed in February 2020 (Note 23).

The diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

33. DIVIDENDS

On 3 April 2020, the Company declared tax exempt (one-tier) final dividend of 0.115 Singapore cents per ordinary share amounting to $253,296 in respect of the financial year ended 31 December 2019.

On 19 July 2019, the subsidiary, PTMI declared final dividends of IDR3,098,636 (equivalent to $295) per share amounting to IDR34,085,000,000 (equivalent to $3,244,337) in respect of the financial year ended 31 December 2018 to its then shareholders, being Ms. Soelistyo Dewi Soegiharto ("Ms. Dewi") and Ms. Irawati. The dividends were paid in two tranches on 22 July 2019 and 2 August 2019.

In respect of the current year, the Directors propose that a dividend of 0.185 Singapore cents per share will be paid to shareholders in 2021. 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 is $407,250.

34. DISPOSAL OF A SUBSIDIARY

On 27 May 2019, pursuant to the Group's restructuring exercise on preparation of the listing of the Company on SGX-ST, the Group entered into a sale agreement with a related party, UI Pte Ltd (the "Acquirer"), to dispose of PTWT. PTWT holds 2 leasehold properties without business activities. The disposal was completed on 27 May 2019.

34. DISPOSAL OF A SUBSIDIARY (CONT'D)

Details of the disposal of PTWT are as follows:

	2019 $
Current assets	
Cash and cash equivalents	13,435
Other receivables	338,793
Total current assets	352,228
Non-current assets	
Property, plant and equipment	1,065,647
Total non-current assets	1,065,647
Current liabilities	
Other payables	(665,200)
Borrowings	(102,675)
Total current liabilities	(767,875)
Non-current liabilities	
Borrowings	(70,819)
Total non-current liabilities	(70,819)
Net assets derecognised	579,181
Consideration received	
Cash	710,000
Total consideration received	710,000
Loss on disposal	
Consideration received	710,000
Net assets derecognised	(579,181)
Non-controlling interests derecognised	28,959
Cumulative exchange differences in respect of the net assets of the subsidiary on loss of control of subsidiary	(324,052)
Loss on disposal - Note 25(c)	(164,274)

The loss on disposal of the subsidiary is recorded as part of "Other reserves" in the consolidated statement of changes in equity.

	2019 $
Net cash inflow arising on disposal	
Cash consideration received	710,000
Cash and cash equivalents disposed of	(13,436)
	696,564

NOTES TO THE FINANCIAL STATEMENTS

35. CONTINGENT LIABILITIES

The maximum amount the Group could be forced to settle under financial guarantee contracts, if the full guaranteed amount is claimed by the counterparty to the guarantee is $7,656,556 (2019 : $7,884,637) for guarantees provided to joint venture.

Management has considered and evaluated the fair value of the above financial guarantee contracts to be insignificant as at 31 December 2020 and 2019.

36. SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have 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 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 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 operating maker 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 operating decision makers in resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

36. SEGMENT INFORMATION (CONT'D)

Segment revenue

	Group	
	2020	2019
	$	$
Revenue - TSEPC	27,665,136	19,556,051
Revenue - OMS	6,224,476	8,361,666
Revenue - SDS & Trading	561,643	1,221,387
Revenue - SOW	154,596	166,121
Total	34,605,851	29,305,225

Segment results

	2020	2019
Profit from operations:		
- TSEPC	1,953,122	996,680
- OMS	490,762	803,792
- SDS & Trading	84,247	190,604
- SOW	61,958	64,370
Total	2,590,089	2,055,446
Other income	1,280,942	609,619
General and administrative expenses	(1,492,758)	(987,797)
Share of loss of a joint venture	(89,160)	(19,110)
Finance costs	(124,751)	(128,389)
Other operating expenses	(477,141)	(962,662)
Profit before income tax	1,687,221	567,107
Income tax expense	(377,666)	(259,035)
Profit for the year	1,309,555	308,072

NOTES TO THE FINANCIAL STATEMENTS

36. 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	
	2020	2019
	$	$
Singapore	27,797,614	22,933,977
Indonesia	6,545,055	5,987,155
China	263,182	384,093
Total	34,605,851	29,305,225

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

	Non-current assets	
	2020	2019
	$	$
Singapore	374,636	411,806
Indonesia	3,895,346	3,476,038
China	22,641	42,011
Total	4,292,623	3,929,855

Major customer information

Revenue from the Group's largest customer contributed to 71% (2019 : 73%) of the Group's revenue for the year for the TSEPC and OMS business segments. There is no other customer contributing to more than 10% of the Group's revenue during the year.

STATISTICS OF SHAREHOLDINGS

As at 4 March 2021

Issued and fully paid-up share capital	:	$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	–	0.00	–	0.00
100 - 1,000	11	9.48	10,100	0.00
1,001 - 10,000	20	17.24	130,500	0.06
10,001 - 1,000,000	74	63.80	13,031,800	5.92
1,000,001 AND ABOVE	11	9.48	207,084,600	94.02
TOTAL	**116**	**100.00**	**220,257,000**	**100.00**

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 4 March 2021, approximately 15.49% of the issued ordinary shares of the Company ("**Shares**") was held by the public ("**Public Float**")[(2)] 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)

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Tay Kiat Seng[(3),(4)]	118,345,033	53.73	26,456,554	12.01
Soelistyo Dewi Soegiharto[(3)]	34,808,413	15.80	–	–
Unity Strength Pte. Ltd.[(4)]	26,456,554	12.01	–	–

Notes:

(1) As per the business profile of the Company filed with the Accounting and Corporate Regulatory Authority.

(2) For the avoidance of doubt, for the purpose of computing Public Float, 6,502,000 Shares held by the public but are subject to moratorium (up until 4 March 2021) had been excluded.

(3) Tay Kiat Seng and Soelistyo Dewi Soegiharto are husband and wife.

(4) 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, Chapter 50 of Singapore.

STATISTICS OF SHAREHOLDINGS

As at 4 March 2021

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	59,172,816	26.87
2	TAY KIAT SENG	59,172,517	26.87
3	SOELISTYO DEWI SOEGIHARTO	34,808,413	15.80
4	UNITY STRENGTH PTE. LTD.	26,456,554	12.01
5	YEO KHEE SENG BENNY	10,000,000	4.54
6	ROBIN NG ZHI PENG	7,702,000	3.50
7	NGEW SEW YANG	4,480,200	2.03
8	TAN THIAM BENG	1,756,300	0.80
9	TAN CHYE KIN	1,310,000	0.59
10	DAVIN NG	1,200,000	0.54
11	UOB KAY HIAN PRIVATE LIMITED	1,025,800	0.47
12	SEE CHAI TIAM	935,000	0.42
13	QUEK BENG WEE (GUO MINGWEI)	910,000	0.41
14	LEE KIAM LENG DESMOND (LI JIANLONG DESMOND)	545,000	0.25
15	LEE TIAN HOCK	543,000	0.25
16	CHONG HONG KIT	530,000	0.24
17	ANG AH SOON	500,000	0.23
18	LEE YIA BIA	450,000	0.20
19	CHONG ZHENSHAN (ZHUANG ZHENSHAN)	444,000	0.20
20	LUAI HONG DONG	400,000	0.18
	TOTAL	**212,341,600**	**96.40**

DISCLOSURE OF INFORMATION ON THE DIRECTOR SEEKING RE-ELECTION

Ms Soelistyo Dewi Soegiharto is the only the Director seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 12 April 2021 ("**AGM**") (the "**Retiring Director**").

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

NAME OF DIRECTOR	**MS SOELISTYO DEWI SOEGIHARTO**
Date of first appointment	6 March 2013
Date of last re-appointment (if applicable)	29 August 2019
Age	56
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Soelistyo Dewi Soegiharto as a Director of the Company was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Soelistyo Dewi Soegiharto's qualification, skills, expertise, past experience, commitment, overall contribution and roles and responsibilities since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for the business direction, managing and overseeing the Singapore operations, and supporting the overall management and business operations of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director
Professional qualifications	Bachelor of Engineering in Chemical Engineering, The University of New South Wales, Australia
Working experience and occupation(s) during the past 10 years	2011 to current: Memiontec Pte Ltd - Director March 2013 to Current: Memiontec Holdings Ltd. - Managing Director
Shareholding interest in the listed issuer and its subsidiaries	As at 4 March 2021 Direct Interest – 34,808,413 shares in the Company
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	Soelistyo Dewi Soegiharto holds 34,808,413 shares in the Company as at 4 March 2021. Soelistyo Dewi Soegiharto is the spouse of Tay Kiat Seng (Executive Chairman and CEO of the Company). Soelistyo Dewi Soegiharto 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 Memindo Pratama; 5. PT Universal Energy Investment; 6. UI Pte. Ltd.; and 7. PT Jakpro Memiontec Air (commissioner).

DISCLOSURE OF INFORMATION ON THE DIRECTOR SEEKING RE-ELECTION

NAME OF DIRECTOR	MS SOELISTYO DEWI SOEGIHARTO
Conflict of Interest (including any competing business)	Please refer to the section entitled "Interested Person Transactions" of the Offer Document dated 21 February 2020 in relation to the Company's listing on Catalist.
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Past (for the last 5 years)	Directorships 1. PT Memiontec Indonesia Other Principal Commitment Nil
Present	Directorships 1. Memiontec Pte Ltd 2. M Water Resources International Pte. Ltd. 3. Memiontec Industries Pte. Ltd. 4. PT Memindo Pratama 5. UI Pte. Ltd. 6. PT Universal Energy Investment 7. PT Jakpro Memiontec Air (commissioner) Other Principal Commitment Nil
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.	
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 tvhe time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	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
c) Whether there is any unsatisfied judgment against him?	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
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

DISCLOSURE OF INFORMATION ON THE DIRECTOR SEEKING RE-ELECTION

NAME OF DIRECTOR	MS SOELISTYO DEWI SOEGIHARTO
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
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
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
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
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (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 (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?	No
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

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 Monday, 12 April 2021 at 2.00 p.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 2020, 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$0.00185 per ordinary share (FY2019: S$0.00115 per ordinary share) in the capital of the Company for the financial year ended 31 December 2020 ("**First and Final Dividend**").

   [See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Ms Soelistyo Dewi Soegiharto who is retiring pursuant to Regulation 96 of the Constitution of the Company and who, being eligible, offer herself for re-election as a Director of the Company.

   [See Explanatory Note (ii)] **(Resolution 3)**

4. To note the retirement of Mr Chua Kern who is retiring pursuant to Regulation 96 of the Constitution of the Company.

   Mr Chua Kern, upon his retirement at the conclusion of this AGM, shall cease to be the Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee.

5. To note the retirement of Mr Lee Dah Khang who is retiring pursuant to Regulation 96 of the Constitution of the Company.

   Mr Lee Dah Khang, upon his retirement at the conclusion of this AGM, shall cease to be a member of the Audit Committee and the Remuneration Committee.

6. To approve the payment of Directors' fees of up to S$190,000 (FY2020: S$190,000) for the financial year ending 31 December 2021, to be paid half yearly in arrears.

   (Resolution 4)

7. To appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company in place of Messrs Deloitte & Touche LLP, the retiring Auditors of the Company, and to authorise the Directors of the Company to fix their remuneration.

   [See Explanatory Note (iii)] **(Resolution 5)**

8. 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

9. **Authority to allot and issue shares**

"That pursuant to Section 161 of the Companies Act, Cap. 50 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 (the "**Catalist Rules**"), the Directors of the Company be and are hereby authorised and empowered to:

(a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments shall be based on the number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraph (2)(i) or sub-paragraph (2)(ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provision of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force until: (i) the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments."

[See Explanatory Note (iv)] **(Resolution 6)**

10. **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 shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (v)] **(Resolution 7)**

11. **Proposed Participation of Mr Tay Kiat Seng, being 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 by Mr Tay Kiat Seng, 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 (vi)] **(Resolution 8)**

12. **Proposed Participation of Ms Soelistyo Dewi Soegiharto, being 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 by Ms Soelistyo Dewi Soegiharto, 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 9)**

NOTICE OF ANNUAL GENERAL MEETING

13. **Proposed Adoption of the Share Buyback Mandate**

"That:

(a) for the purposes of the Catalist Rules and the Companies Act, and such other laws and regulations as may for the time being be applicable, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases (each a "**Market Purchase**") transacted through the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of the purchases or acquisitions of Shares; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**"), otherwise than on a securities exchange, in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) 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 26 March 2021 ("**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 adoption 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;

NOTICE OF ANNUAL 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

(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 (viii)] **(Resolution 10)**

By Order of the Board

Ang Siew Koon
Company Secretary

26 March 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Record Date and Payment Date for the First and Final Dividend

Subject to the approval of the shareholders of the Company at this AGM of the Company, notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. (Singapore time) on 19 April 2021 ("**Record Date**") for the purpose of determining shareholders' entitlement to the First and Final Dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd of 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, 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 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 11 May 2021.

(ii) Ms Soelistyo Dewi Soegiharto will, upon re-election as a Director of the Company, remain as the Managing Director of the Company.

Detailed information on Ms Soelistyo Dewi Soegiharto as required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report 2020 under the section entitled "Disclosure of Information on the Director Seeking Re-election".

(iii) Ordinary Resolution 5 in item 7 proposed above is to approve the appointment of Messrs Nexia TS Public Accounting Corporation ("**Nexia**") as the Company's Auditors in place of the retiring Auditors, Messrs Deloitte & Touche LLP ("**Deloitte**"), and to authorise the Directors of the Company to fix their remuneration. In accordance with the requirements of Rule 712(3) of the Catalist Rules:

(a) Deloitte has confirmed to Nexia by way of a letter of professional clearance dated 22 March 2021 that it is not aware of any professional reasons why Nexia should not accept appointment as the new Auditors;

(b) the Company confirms that there are no disagreements with Deloitte on accounting treatments within the last 12 months up to the date of their retirement at the conclusion of this AGM;

(c) the Company confirms that it is not aware of any circumstances connected with the proposed change of auditors that ought to be brought to the attention of the shareholders of the Company which has not been disclosed in the Appendix;

(d) the Company confirms that the specific reasons for the proposed change of auditors are disclosed in Section 4.2 of the Appendix. The proposed change of auditors is neither due to the dismissal of Deloitte nor Deloitte declining to stand for election; and

(e) the Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the proposed appointment of Nexia as its new Auditors.

For more information relating to Ordinary Resolution 5 in item 7 above, please refer to Section 4 of the Appendix.

(iv) The Ordinary Resolution 6 in item 9 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.

(v) The Ordinary Resolution 7 in item 10 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 up to a number not exceeding in aggregate (for the entire duration of the PSP) fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(vi) The Ordinary Resolution 8 in item 11 above, if passed, will approve the participation of Mr Tay Kiat Seng, the Executive Chairman and Chief Executive Officer and also a controlling shareholder of the Company, in the Memiontec Performance Share Plan, on the terms as set out in the Ordinary Resolution and the Appendix. For more information relating to Ordinary Resolution 8 in item 11 above, please refer to Section 3 of the Appendix.

(vii) The Ordinary Resolution 9 in item 12 above, if passed, will approve the participation of Ms Soelistyo Dewi Soegiharto, the Managing Director and also a controlling shareholder of the Company, in the Memiontec Performance Share Plan, on the terms as set out in the Ordinary Resolution and the Appendix. For more information relating to Ordinary Resolution 9 in item 12 above, please refer to Section 3 of the Appendix.

(viii) The Ordinary Resolution 10 in item 13 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 2020 is set out in Section 2.7 of the Appendix. For more information relating to Ordinary Resolution 10 in item 13 above, please refer to Section 2 of the Appendix.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE TO SHAREHOLDERS REGARDING THE CONDUCT OF THE COMPANY'S AGM ON MONDAY, 12 APRIL 2021 AT 2.00 P.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 Monday, 12 April 2021 at 2.00 p.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 2.00 p.m. on 9 April 2021** (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 11 April 2021. 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 11 April 2021. 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, Cap. 50 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 11 April 2021 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 8 April 2021, 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.

Please note that the Company will provide responses to substantial questions and relevant comments from Shareholders, so submitted by Shareholders in advance, prior to the AGM by publishing the responses on SGXNet at www.sgx.com/securities/company-announcements and the Company's corporate website at www.memiontec.com/announcements. Where substantial questions and relevant comments submitted by Shareholders are unable to be addressed prior to the AGM, the Company will address them during the AGM via LIVE WEBCAST and AUDIO ONLY MEANS. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

The Company will publish the minutes of the AGM (including the Company's responses to the substantial questions and relevant comments from Shareholders, which are addressed during 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.

Shareholders, who would have been able to be appointed as proxies by relevant intermediaries under Section 181(1C) of the Companies Act, Cap. 50 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 prior to the AGM and have their substantial questions and relevant comments answered.

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 2.00 p.m. on 9 April 2021** (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.

In view of the current COVID-19 situation and the related safe distancing measures, 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 appointer by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.

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** at least seven (7) working days before the AGM.

NOTICE OF ANNUAL GENERAL MEETING

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 2020 ("**Annual Report 2020**"), the Notice of AGM dated 26 March 2021, the Appendix to the Notice of AGM dated 26 March 2021 and the proxy form for the AGM, have been published by the Company on 26 March 2021 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 Meeting (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 relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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

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

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

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FOCUSED CAPABILITIES

INNOVATIVE SOLUTIONS

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