

MEMIONTEC
Membrane Ionexchange Technology

MEMIONTEC HOLDINGS LTD.

(Company Registration No.: 201305845W)
(Incorporated in the Republic of Singapore on 6 March 2013)

**A one-stop integrated total
solution provider in the water
treatment industry**

**Placement in respect of 33,485,000 Placement Shares at
S\$0.225 each by way of placement, payable in full on application.**

OFFER DOCUMENT DATED 21 FEBRUARY 2020

(Registered by the Singapore Exchange Securities Trading Limited (the "SGX-ST") acting as agent on behalf of the Monetary Authority of Singapore (the "Authority") on 21 February 2020)

This document is important. Before making any investment in the securities being offered, you should consider the information provided in this document carefully, and consider whether you understand what is described in this document. You should also consider whether an investment in the securities being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser(s). You are responsible for your own investment choices.

ZICO Capital Pte. Ltd. ("ZICO Capital" or the "Sponsor and Issue Manager") has made an application to the SGX-ST for permission to deal in, and for the listing and quotation of, all the ordinary shares (the "Shares") in the capital of Memiontec Holdings Ltd. (the "Company") already issued, the new Shares ("Placement Shares") which are the subject of this Placement, the new Shares to be issued and allotted to ZICO Capital by our Company as part satisfaction of ZICO Capital's management fee as the Sponsor and Issue Manager (the "ZC Shares") and the new Shares which may be issued from time to time under the Plan (the "Award Shares") on Catalist.

Acceptance of applications for the Placement Shares will be conditional upon, *inter alia*, the issue of the Placement Shares and permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares, the Placement Shares, the ZC Shares and the Award Shares on Catalist. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us, the Sponsor and Issue Manager and the Placement Agent. The dealing in, and quotation of, our Shares, the Placement Shares, the ZC Shares and the Award Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Placement is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally

review the application for admission but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has, in any way, considered the merits of our Shares, the Placement Shares, the ZC Shares or the Award Shares.

The registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the Catalist Rules, have been complied with. After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

Investing in our Shares involves risks which are described in the section entitled "RISK FACTORS" of this Offer Document.

Sponsor and Issue Manager



ZICO Capital Pte. Ltd.

(Company Registration No.: 201613589E)
(Incorporated in the Republic of Singapore)

Placement Agent

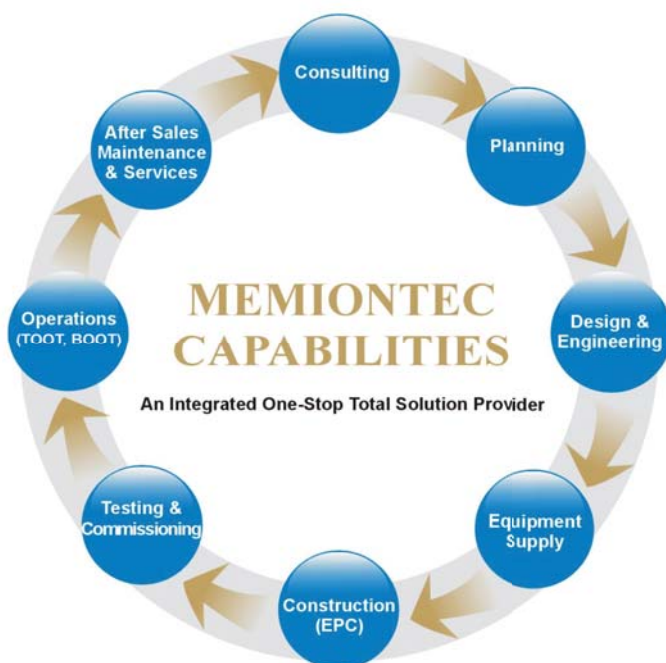


UOB Kay Hian Private Limited

(Company Registration No.: 197000447W)
(Incorporated in the Republic of Singapore)

CORPORATE PROFILE

Memiontec Holdings Ltd. (“**Memiontec**”) is a one-stop integrated total solution provider in the water treatment industry 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 2016, we diversified our business into long-term operation and maintenance of water treatment facilities and supplying water 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.



BUSINESS OVERVIEW

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

- Provision of a range of solutions in water treatment, wastewater treatment, water recycling treatment and sea water treatment and desalination.
- Customers include municipalities and industrial companies in the agro-industry, food and beverage, power, petrochemical, palm oil, chemical, semiconductor, and real estate.

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

- Provision of ongoing service, technical support and consultation for maintenance of water treatment equipment, facilities and infrastructure.

Sales and distribution of systems and equipment

- Supply of modular and customised water treatment systems, water treatment equipment, chemicals and components.

Sales of water

- Sale of treated water delivered through pipes to residential and commercial buildings or through truck sales.

By participating in TOOT and BOOT projects, the Group generates revenue through providing TSEPC services, OMS and sales of water.



Hutan Kota Plant

Nature	BOOT project
Concession Period	20 + 5 years from December 2019
JV Partnership	Between Memiontec (40%) and government-owned PT Jakarta Utilitas Propertindo (60%)

Waduk Pluit Plant

Nature	TOOT project
Concession Period	25 years from 1 November 2018
Joint Operation Arrangement	Between Memiontec (40%) and government-owned PT Jakarta Utilitas Propertindo (60%)

COMPETITIVE STRENGTHS

One-stop integrated total solution provider in the water treatment industry

- We provide customised solutions, leveraging on our technical knowledge and our in-house capabilities in design, sourcing and fabrication of systems.
- We integrate third party technologies with our proprietary knowhow to provide a suite of services that span across the value chain in the water industry.

Diversified revenue stream

- We derive revenue from multiple business segments, different parts of the water industry value chain and different geographical locations.
- We participated in TOOT and BOOT projects in Indonesia in 2016 to tap into potential growth in demand for clean water in Indonesia and to ensure a more stable income stream.

Strong regional presence in the water treatment industry

- Reputation as a Singapore-based water treatment group providing technologically sound, reliable and good quality services.

- We have a long-standing presence in Indonesia and are well-positioned to meet the growing demand for water resources and infrastructure in Indonesia.
- Our PRC operations supply cost-competitive, customised and standardised water and wastewater treatment package systems for use in our TSEPC projects.

Proven track record of over 20 years with an established and diverse customer base

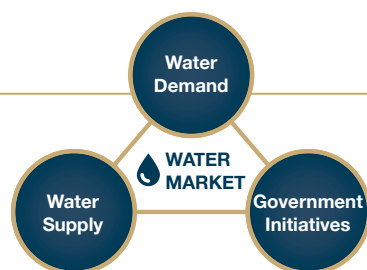
- We have a track record of successful public tenders and have successfully completed large-scale municipal and industrial projects for government agencies and multinational corporations.
- We have the relevant licences to tender for public sector projects in Singapore relating to mechanical engineering works with no tendering limits and to carry out water treatment projects in Indonesia in the medium to high range for risk, technology and/or cost.

Qualified, experienced and competent management team

- Executive Chairman and CEO, Mr. Tay; Managing Director, Ms. Dewi; and Executive Director, Mr Low each have over 28 years of relevant experience and are supported by a team of experienced executive officers.

PROSPECTS

INDONESIA



Water Demand

Nearly one (1) in two (2) Indonesians lack access to safe water, with more than 70% of Indonesia's 260 million people relying on potentially contaminated sources.

Clean water needs in Jakarta is expected to rise from 28 cubic metres per second (m³/s) in 2017 to 41.6 m³/s in 2030².

Present and Future Water demand in Indonesia (m³/s)³

	190 (2015)	260 (2030)
Urban Domestic Demand	190 (2015)	260 (2030)
Rural Demand	110 (2015)	100 (2030)
Industrial Demand	14 (2013)	29 (2030)
Irrigation for Agriculture	1,500 (2013)	6,000 (2030)
Energy Production	90 (2012)	737 (2050)

Water Supply

Indonesia has a low ratio of water storage per capital of about 52.55 m³ per capita, which has been declining against population increase⁴.

Groundwater has been over exploited and depleted in most urbanised areas due to water companies being unable to provide adequate coverage.

The water quality of rivers and lakes in Indonesia is poor, with more than half of the river water samples not meeting the Class Two criteria⁴.

45% of groundwater in Jakarta is contaminated by fecal coliform and 80% by Escherichia coli³.

The Indonesia government has identified a need to increase the supply of raw water by developing the water containing facilities⁵.

Government Initiatives

The Public-Private Partnership ("PPP") Framework

This was introduced by the Indonesia government to mobilise private sector investment needed for the development and maintenance of appropriate water supply infrastructure and distribution network to overcome challenges faced by local, government-owned utility companies ("PDAM").

Private sector participation is intended to fill the 36.5%⁶ funding gap and also share knowledge and expertise.

As at February 2019, there were a total of five (5) solicited projects either in operation, under construction or in progress with an additional three (3) private sector-initiated projects⁷ and seven (7) prospective projects⁸ involving water supply. A common form of the water supply projects is the BOOT model.

SINGAPORE

Singapore's water demand is currently about 430 million gallons a day ("mgd"), and it is expected that this could almost double by 2060⁹, while its sources include local catchment, imported water, NEWater and desalinated water.



Collecting water from local water catchment areas



Recycling used water



Desalination

Municipal Sector

Collecting water from local water catchment areas

- Singapore's water catchment area is expected to increase to 90%¹⁰ of land area in 2060 and the government will continue to upgrade and expand the catchment network and existing water treatment plants.

Recycling used water

- There are five (5) NEWater plants in Singapore, which by 2060 is expected to meet up to 55% of Singapore's future water demand from the current 40%¹¹.

- The Deep Tunnel Sewerage System ("DTSS") Phase 2, which will be completed by 2025, will comprise a series of tunnels and sewers as well as the Tuas Water Reclamation Plant ("TWRP").

- The National Environmental Agency will site its Integrated Waste Management Facility ("IWMF") next to TWRP to harness potential synergies and achieve cost savings.

- A total of more than S\$5 billion worth of tender packages are expected to be awarded with over S\$2 billion under 11 construction tender packages for TWRP and over S\$3 billion under three (3) EPC tender packages, and one (1) build tender contract for the IWMF¹².

Desalination

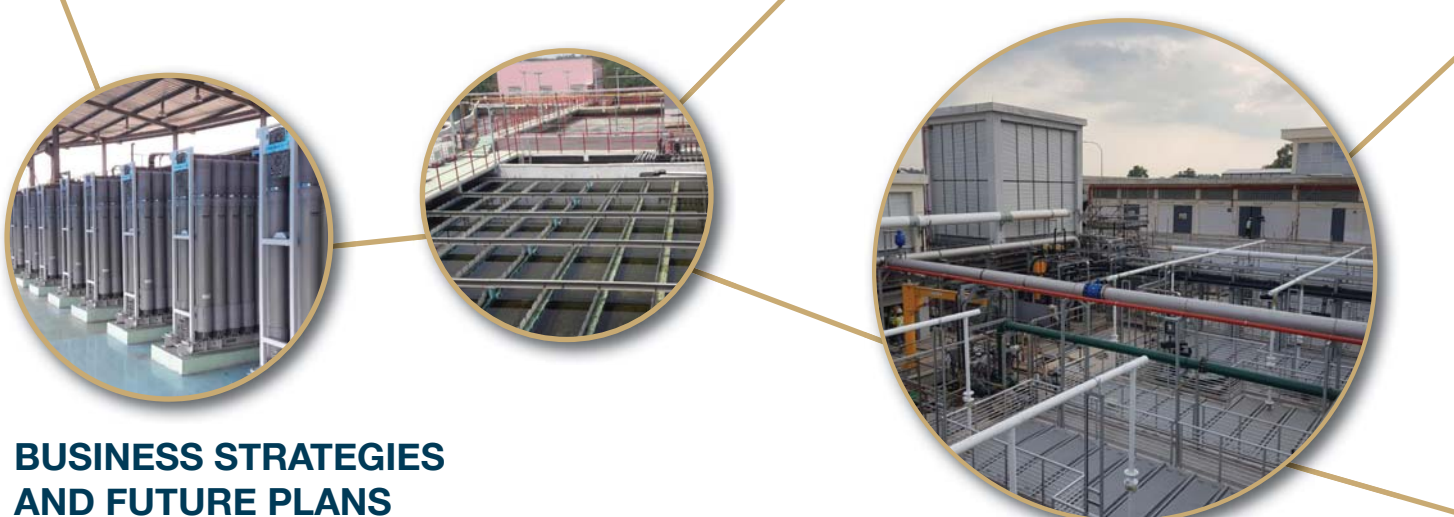
- By 2020, Singapore will add another two (2) desalination plants to its existing three (3) which are supplying a total capacity of 130 mgd¹³.

- The Singapore government plans to increase desalination capacity in order to continue meeting up to 30% of Singapore's water needs in 2060¹⁴, while also exploring low-energy desalination.

Industrial Sector

Water supply channelled to the non-domestic sector is expected to increase from the existing 55% to 70% by 2060¹⁴.

On 3 June 2019, PUB announced a S\$26 million fund for firms in water-intensive industries to increase industrial water savings by three (3) million mgd every year¹⁵, through using water saving technologies. PUB has helped to implement 22 water-efficiency projects, with another 13 to be completed by 2021 and an additional 34 in the pipeline¹⁵.



BUSINESS STRATEGIES AND FUTURE PLANS

Expanding and extending our businesses in existing markets

- Singapore – Continue to focus on public tenders for larger scale projects and industrial projects in TSEPC and OMS services.
- Indonesia – Continue to pursue TSEPC projects across industries and participate in TOOT and BOOT projects.
- PRC – Continue to provide systems and equipment to our Singapore and Indonesia subsidiaries and pursue TSEPC projects.
- Distribute our own brand of water treatment chemicals and components for use in our own plant and other customers' plant.

Expansion into new geographical markets

- To expand our business, including sales and distribution of systems and equipment, into overseas markets in Southeast Asia.

Expansion through mergers and acquisitions ("M&A")

- Through M&A opportunities, we may gain access to new markets, strengthen our market position and/or develop our supply chain more cost effectively.

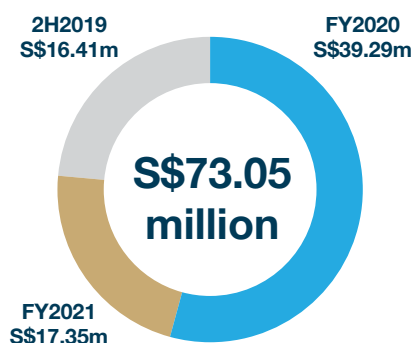
Invest in more BOOT and TOOT projects

- To generate recurring and potentially, stable income streams.
- Invite strategic investors and partners to co-invest in such projects.

Further advancement of our water and wastewater treatment technologies

- Look at innovative, cost effective and space-efficient products that will improve water production yield and reduce energy and chemical consumption.
- Collaborate with renowned water treatment companies and research institutes to conduct piloting of plants using new technologies.
- Develop some proprietary knowhow and co-own patents with our collaboration partners.

ORDER BOOK



Total Order Book - \$73.05 million as at the Latest Practicable Date (for TSEPC, OMS, sales and distribution of systems and equipment and sales of water revenue segments)¹⁶.

BOOT project - Approximately IDR17.74 billion (approximately \$1.74 million) per annum from the operation, maintenance and service of the project for 20 + 5 years, starting December 2019.

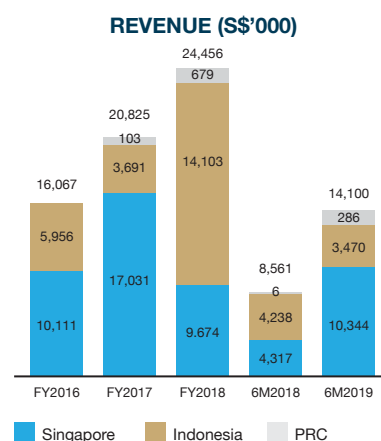
DIVIDEND POLICY

Intend to distribute a minimum of 20% of profit for the year attributable to owners of the Company for FY2019 and 25% for FY2020.

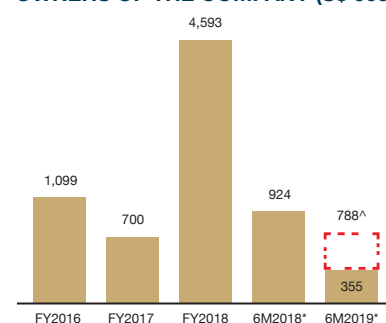
20%
FY2019

25%
FY2020

FINANCIAL HIGHLIGHTS



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



*Unaudited

^Excluding the one-off listing expenses, profit for the period attributable to owners of the Company would have been \$80.79 million

¹ The information was extracted from the press release titled "Six Million Indonesians Will Gain Access to Water at Home" of the World Bank at <https://www.worldbank.org/en/news/press-release/2018/06/06/six-million-indonesians-will-gain-access-to-water-at-home>, last accessed on 2 December 2019.

² The information was extracted from an article titled "Indonesia's Growing Water Safety Crisis" written by Muhammad Zulfikar Rakhmat and published on the Asia Sentinel at <https://www.asiasentinel.com/society/indonesia-growing-water-safety-crisis/>, last accessed on 2 December 2019.

³ The information was extracted from the internet publication titled "Indonesia - Country Water Assessment" of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/no-water-assessment.pdf>, last accessed on 2 December 2019.

⁴ Water that can be used for water recreation, fish cultivation, animal husbandry, water plants or other uses requiring similar quality.

⁵ The information was extracted from the Long-Term National Development Plan of 2005 - 2025, downloaded from the Kementerian PPN/Bappenas website at <https://www.bappenas.go.id/index.php?cID=11314>, last accessed on 2 December 2019.

⁶ The information was extracted from the publication titled "Public-Private Partnership - Infrastructure Projects Plan in Indonesia 2019" issued by Kementerian PPN/BAPPENAS at <http://kpsrb.bappenas.go.id/?page=pppbook>, last accessed on 2 December 2019.

⁷ The information was extracted from a presentation given by Reghi Perdana, Deputy Director of Public-Private Partnerships and Financial Engineering, Ministry of National Development Planning / National Development Planning Agency accessed on the Jakarta Berketahanan website at <http://jakberketahanan.org/wp-content/uploads/2019/03/PPT-BAPPENAS-Public-Private-Partnership-1.pdf>, last accessed on 2 December 2019.

⁸ The information was extracted from the publication titled "Public-Private Partnership - Infrastructure Projects Plan in Indonesia 2019" issued by Kementerian PPN/BAPPENAS at <http://kpsrb.bappenas.go.id/?page=pppbook>, last accessed on 2 December 2019.

⁹ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/singaporewaterstory>, last accessed on 2 December 2019.

¹⁰ The information was extracted from the internet website of the MEWR at <https://www.mewr.gov.sg/topic/reservoirs>, last accessed on 2 December 2019.

¹¹ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fournationaltaps/newwater>, last accessed on 2 December 2019.

¹² The information was extracted from an article entitled "\$26 million fund for water-intensive companies to adopt on-site water solutions" published by the Straits Times at <https://www.straitstimes.com/singapore/26-million-pub-fund-for-water-intensive-companies-to-adopt-on-site-water-solutions>, last accessed on 2 December 2019.

¹³ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fournationaltaps/desalinatedwater>, last accessed on 2 December 2019.

¹⁴ The information was extracted from the internet publication entitled "Our Water, Our Future" of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>, last accessed on 2 December 2019.

¹⁵ The information was extracted from an article entitled "\$26 million fund for water-intensive companies to adopt on-site water solutions" published by the Straits Times at <https://www.straitstimes.com/singapore/26-million-pub-fund-for-water-intensive-companies-to-adopt-on-site-water-solutions>, last accessed on 2 December 2019.

¹⁶ based on unfulfilled orders from signed contracts, confirmed variation orders and letters of awards obtained during the period from 1 July 2019 to the Latest Practicable Date.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Tay Kiat Seng (<i>Executive Chairman and Chief Executive Officer</i>) Soelistyo Dewi Soegiharto (<i>Managing Director</i>) Low Kian Beng (<i>Executive Director</i>) Jackson Chevalier Yap Kit Siong (<i>Lead Independent Director</i>) Chua Kern (<i>Independent Director</i>) Hor Siew Fu (<i>Independent Director</i>) Lee Dah Khang (<i>Independent Director</i>)
COMPANY SECRETARY	:	Ang Siew Koon, ACS
REGISTERED OFFICE	:	20 Woodlands Link #04-30/31 Singapore 738733
SHARE REGISTRAR	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
SPONSOR AND ISSUE MANAGER	:	ZICO Capital Pte. Ltd. 8 Robinson Road #03-00 ASO Building Singapore 048544
PLACEMENT AGENT	:	UOB Kay Hian Private Limited 8 Anthony Road #01-01 Singapore 229957
INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	Deloitte & Touche LLP 6 Shenton Way OUE Downtown 2 #33-00 Singapore 068809 Partner-in-charge: Ronny Chandra (a member of the Institute of Singapore Chartered Accountants)
SOLICITORS TO THE PLACEMENT AND LEGAL ADVISERS TO OUR COMPANY ON SINGAPORE LAW	:	Bird & Bird ATMD LLP 2 Shenton Way #18-01 SGX Centre 1 Singapore 068804
LEGAL ADVISERS TO OUR COMPANY ON INDONESIAN LAW	:	Nurjadin Sumono Mulyadi & Partners Indonesia Stock Exchange Building Tower I 26 th Floor Sudirman Central Business District Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190 Indonesia

CORPORATE INFORMATION

INDONESIAN LEGAL CONSULTANTS	:	Roosdiono & Partners The Energy 32 nd Floor SCBD Lot 11A Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190 Indonesia
INDONESIAN LEGAL CONSULTANTS	:	Soewito Suhardiman Eddymurthy Kardono 14 th Floor Mayapada Tower Jl. Jend. Sudirman Kav. 28 Jakarta 12920 Indonesia
LEGAL ADVISERS TO OUR COMPANY ON PRC LAW	:	Allbright Law Offices 11, 12/F, Shanghai Tower No. 501 Yincheng Middle Road Pudong New Area Shanghai 200120 People's Republic of China
PRINCIPAL BANKER	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624
RECEIVING BANKER	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

DEFINITIONS

In this Offer Document and the accompanying Application Form, the following definitions apply where the context so admits:

Group Companies and Associated Companies

“Company” : Memiontec Holdings Ltd.. The terms “we”, “our”, “our Company” or “us” have correlative meanings

“Group” : Our Company and our subsidiaries as at the date of this Offer Document

Subsidiaries

“MIT Water” : MIT Water Technology Co. Ltd.

“MIPL” : Memiontec Industries Pte. Ltd.

“MPL” : Memiontec Pte Ltd

“M Water” : M Water Resources International Pte. Ltd.

“PTMI” : PT Memiontec Indonesia

“PTMP” : PT Memindo Pratama

Associated Company

“PT JMA” : PT Jakpro Memiontec Air

Other Corporations and Agencies

“ACRA” : The Accounting and Corporate Regulatory Authority of Singapore

“Authority” : The Monetary Authority of Singapore

“BCA” : The Building and Construction Authority of Singapore

“CDP” : The Central Depository (Pte) Limited

“CPF” : The Central Provident Fund

“CPIB” : The Corrupt Practices Investigation Bureau

“Independent Auditor and Reporting Accountant” : Deloitte & Touche LLP

“NSMP” : Nurjadin Sumono Mulyadi & Partners

“Placement Agent” or “UOBKH” : UOB Kay Hian Private Limited

“PT JUP” : PT Jakarta Utilitas Propertindo

“PTWT” : PT MIT Water Technologies (now known as PT Universal Energy Investment)

“PUB” : Public Utilities Board

“R & P” : Roosdiono & Partners

“SGX-ST” : Singapore Exchange Securities Trading Limited

DEFINITIONS

<i>“Share Registrar”</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<i>“SSEK”</i>	:	Soewito Suhardiman Eddymurthy Kardono
<i>“Unity Strength”</i>	:	Unity Strength Pte. Ltd.
<i>“Sponsor and Issue Manager”, “Sponsor”, “Issue Manager” or “ZICO Capital”</i>	:	ZICO Capital Pte. Ltd.
General		
<i>“6M”</i>	:	The six (6)-month financial period ended 30 June
<i>“Application Form”</i>	:	The printed application form to be used for the purpose of the Placement and which forms part of this Offer Document
<i>“Application List”</i>	:	The list of applications for the subscription of the Placement Shares
<i>“Associate”</i>	:	(a) In relation to any director, CEO, substantial shareholder or controlling shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
<i>“Audit Committee”</i>	:	The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Award”</i>	:	An award of Shares granted pursuant to the Plan
<i>“Award Shares”</i>	:	The Shares which may be transferred or new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards which may be granted under the Plan
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“business trust”</i>	:	Has the same meaning as in Section 2 of the Business Trusts Act (Chapter 31A) of Singapore
<i>“Catalist”</i>	:	The Catalist Board of the SGX-ST

DEFINITIONS

<i>“Catalist Rules”</i>	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<i>“CEO”</i>	:	Chief Executive Officer
<i>“Companies Act” or “Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<i>“Constitution”</i>	:	The constitution of our Company, as amended or modified from time to time
<i>“Controlling Shareholder”</i>	:	As defined in the Catalist Rules: (a) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) a person who in fact exercises control over our Company
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“EPC”</i>	:	Engineering, procurement and construction
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
<i>“FY”</i>	:	Financial year ended or ending 31 December, as the case may be
<i>“GST”</i>	:	Goods and services tax
<i>“Independent Directors”</i>	:	The non-executive independent directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Investment Term Sheet”</i>	:	The investment term sheet dated 20 December 2019 entered into between the Pre-IPO Investor and our Company
<i>“Latest Practicable Date”</i>	:	17 December 2019, being the latest practicable date prior to the lodgement of this Offer Document with the SGX-ST acting as agent on behalf of the Authority
<i>“Listing”</i>	:	The listing of our Company and the quotation of our Shares on Catalist
<i>“Management and Sponsorship Agreement”</i>	:	The management and sponsorship agreement dated 21 February 2020 entered into between our Company and ZICO Capital in connection with the Placement and the Listing, the details of which are set out in the section entitled “Sponsorship, Management and Placement Arrangements” of this Offer Document

DEFINITIONS

<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	:	Net asset value
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Document”</i>	:	This offer document dated 21 February 2020 issued by our Company in respect of the Placement
<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The period which comprises FY2016, FY2017, FY2018 and 6M2019
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Placement Price, subject to and on the terms and conditions of this Offer Document
<i>“Placement Price”</i>	:	S\$0.225 for each Placement Share
<i>“Placement Shares”</i>	:	The 33,485,000 new Shares which are the subject of the Placement
<i>“Plan”</i>	:	The performance share plan of our Company known as the “Memiontec Performance Share Plan” which was approved by our Shareholders on 30 December 2019, the details of which are set out in “Appendix H – Rules of the Memiontec Performance Share Plan” of this Offer Document
<i>“Placement Agreement”</i>	:	The placement agreement dated 21 February 2020 entered into between our Company and UOBKH, the details of which are set out in the section entitled “Sponsorship, Management and Placement Arrangements” of this Offer Document
<i>“PRC”</i>	:	The People’s Republic of China, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
<i>“Pre-IPO Investor”</i>	:	The investor under the Investment Term Sheet, being Robin Ng Zhi Peng
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Placement, as described in the section entitled “Restructuring Exercise” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account

DEFINITIONS

<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and each of (i) our Executive Chairman and CEO, Mr. Tay; (ii) our Managing Director, Ms. Dewi; and (iii) our Executive Director, Mr. Low, as described in the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<i>“SFRS(I)”</i>	:	Singapore Financial Reporting Standards (International)
<i>“SGXNET”</i>	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
<i>“Share Split”</i>	:	The sub-division of 3,904,562 Shares in the issued share capital of our Company (prior to the investment by the Pre-IPO Investor) into 179,610,000 Shares
<i>“Shareholders”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Shares”</i>	:	Ordinary shares in the capital of our Company
<i>“Singapore Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers
<i>“Substantial Shareholder”</i>	:	A person who has an interest in our Shares, the total votes attached to which is not less than 5.0% of the total votes attached to all the voting shares (excluding treasury shares) in our Company
<i>“ZC Shares”</i>	:	The 660,000 new Shares (after the Share Split) to be issued and allotted to ZICO Capital by our Company as part satisfaction of ZICO Capital’s management fee as the Sponsor and Issue Manager
Name used in this Offer Document	:	Name in National Registration Identity Card / Passport
Mr. Tay	:	Tay Kiat Seng
Ms. Dewi	:	Soelistyo Dewi Soegiharto
Mr. Low	:	Low Kian Beng
Mr. Chua	:	Chua Kern
Mr. Hor	:	Hor Siew Fu
Mr. Lee	:	Lee Dah Khang
Mr. Yap	:	Jackson Chevalier Yap Kit Siong

DEFINITIONS

Ms. Wee : Wee Yeak Ing

Mr. Lim : Lim Wei Kuan

Ms. Irawati : Irawati

Currencies, Units and Others

“GBP” : Pound Sterling, the lawful currency of the United Kingdom

“RMB” : PRC Renminbi, the lawful currency of the PRC

“Rp” or “IDR” or “Rupiah” : Indonesian Rupiah, the lawful currency of Indonesia

“S\$” and “cents” : Singapore dollars and cents, respectively, the lawful currency of Singapore

“USD” : United States dollars, the lawful currency of the United States of America

“m” : Metre

“sq m” : Square metre

“%” or “per cent.” : Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**entity**” shall have the same meaning ascribed to it in Section 2 of the SFA, while the terms “**associated company**”, “**related corporation**”, “**related entity**” and “**subsidiary**” shall have the same meanings ascribed to them respectively in Paragraph 1 of the Fourth Schedule of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Form to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules, the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 or any statutory modification thereof and used in this Offer Document and the Application Form shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules, the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 or any statutory modification thereof, as the case may be.

Any reference in this Offer Document and the Application Form to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document and the Application Form shall be a reference to Singapore time, unless otherwise stated.

Any reference to “we”, “us”, “our”, “ourselves” or other grammatical variations thereof in this Offer Document is a reference to our Company, our Group or any member of our Group as the context requires.

DEFINITIONS

Any references in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively of this Offer Document.

Any discrepancies in the tables included herein between the total sum of amounts listed and the totals shown are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Where applicable, figures and percentages are rounded off.

The information on our website or any website directly or indirectly linking to such websites does not form part of this Offer Document and should not be relied on.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides an explanation and description of certain technical terms and abbreviations used in this Offer Document. The terms and abbreviations and their assigned meanings may not correspond to standard industry meanings or common meanings or usage, as the case may be, of these terms.

Activated carbon filters	:	The removal of chlorine, organic carbon, odour, colour and impurities by passing the liquid through a bed of highly adsorptive carbon media
Activated sludge process	:	A type of wastewater treatment process for treating sewage or industrial wastewaters where a bacterial biomass suspension is used to remove pollutants
Biofouling	:	The accumulation of microorganisms, plants, algae, or animals on wet surfaces
Build-own-operate-transfer or BOOT	:	A project model in which our Company may partner with a public or private sector entity to finance, design, construct, own, and operate a water or wastewater treatment facility during a concessionary time period
Biological oxygen demand or BOD	:	A measurement of the amount of dissolved oxygen required to break down organic material present in a given water sample and is a measure of the quality of water and wastewater
Brackish Water	:	Water that has more salinity than freshwater, but not as much as sea water
BWRO	:	Brackish Water Reverse Osmosis
Centrifuge	:	A sludge dewatering centrifuge which uses fast rotations of a cylindrical bowl to separate wastewater liquid from solids
Clarification	:	The process which makes water clear by removing all kinds of particles, sediments, oil, natural organic matter and colour
Clarifier	:	Tanks or basins which hold water or wastewater for a period sufficient to allow the floc and other suspended materials to settle to the bottom
Coagulation	:	The process of agglomeration of minute charged particles into larger particles which can be removed by settling and/or filtration
Chemical oxygen demand or COD	:	A measurement of the amount of oxygen required to chemically oxidise organic water contaminants and is a measure of the quality of water and wastewater
Colloid	:	A substance microscopically dispersed evenly throughout another substance
Dissolved Air Flotation or DAF	:	A system designed to remove suspended solids, biochemical oxygen demand, and oils and greases from influent water
Degasifier	:	A system for removing dissolved gases in water

GLOSSARY OF TECHNICAL TERMS

Demineralise or Deionise	:	The process of removing dissolved ionised minerals and salts from a solution
Denitrification	:	The process of removing of nitrogen or nitrogen compounds
Desalination	:	The process of removing excessive salt and minerals from sea water to make it potable
Electro-Chlorination or ECS	:	The process of producing hypochlorite by running an electric current through salt water. Hypochlorite is used to disinfect water
Electro-Deionisation or EDI	:	The process that utilises electricity, ion exchange, membranes and resin to deionise water and separate dissolved ions from water
Filter Press	:	A machine that separates liquids and solids using pressure filtration
Floc	:	A mass formed by the aggregation of fine suspended particles
Flocculation	:	The process in which colloids come out of suspension in the form of floc, either spontaneously or due to the addition of chemicals
Ion exchange process	:	A water treatment process where one or more undesirable contaminants are removed from water by exchange with another non-objectionable, or less objectionable substance to produce pure and ultrapure water
Membrane	:	A selective barrier which allows some things to pass through but stops others
Membrane Bioreactor or MBR	:	The integration of biological treatment process such as the activated sludge process with separation of microorganism performed by membrane filtration processes such as microfiltration and ultrafiltration ensuring a high effluent quality
Microfiltration or MF	:	A separation process using membranes with pore sizes in the range of 10 to 0.1 micron
Mixed Bed Demineraliser	:	A system which uses cation and anion resin for removal of all ionised minerals and salts from a solution
Modular water systems	:	Prefabricated compact and transportable water treatment systems which can be tailored, designed and/or scaled up to suit the needs of the customer and assembled at designated project sites
Moving bed biofilm reactor or MBBR	:	A wastewater treatment process which consists of an aeration tank, with speciality floating carrier medium or house for maximum contact with the wastewater, air and bacteria to increase efficiency of the process and minimise the size of the tank. This process is used for the removal of organic substances, such as BOD and COD, ammonia, nitrification and denitrification. The aeration tank keeps the floating carrier

GLOSSARY OF TECHNICAL TERMS

		medium or house with activated sludge in motion and only the extra amount of bacteria growth, and the excess sludge will be separated from the floating carrier medium or house and will flow with the treated water towards the final separator
Nano Filtration or NF	:	A separation process using membranes with pore sizes of up to 0.001 micron
Nitrification	:	The biological oxidation of ammonia or ammonium to nitrite followed by the oxidation of the nitrite to nitrate
pH	:	An expression of the acidity of a solution. A pH of 1 is very acidic; pH 7 is neutral; pH 14 is very alkaline
Reverse Osmosis or RO	:	The process by which a solution under pressure is forced through a semi-permeable membrane from a more concentrated to a less concentrated solution
Sand Filter	:	Filtration through a sand bed that can remove particles
Scaling	:	The deposition of particles on a membrane, causing it to plug
Sludge Thickener	:	A system whereby sludge is thickened to increase its solids content and reduce the volume of water
SWRO	:	Sea Water Reverse Osmosis
Transfer-own-operate-transfer or TOOT	:	A project model in which our Company may partner with a public or private sector entity to take over an existing water or wastewater treatment facility to finance, refurbish, own, and operate such facility during a concessionary time period
Total Organic Carbon or TOC	:	The amount of carbon found in an organic compound
Ultrafiltration	:	A separation process using membrane with pore sizes in the range of 0.1 to 0.002 micron

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers, our employees or authorised persons acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar words and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, trend information, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) expected growth in demand;
- (c) expected industry trends and development;
- (d) anticipated expansion plans and development plans; and
- (e) other matters discussed in this Offer Document regarding matters that are not historical facts,

are only predictions. These forward-looking statements reflect our current views with respect to future events and are not guarantees of future performance.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

- (a) changes in political, social, economic, business and financial conditions and stock or securities market conditions and the regulatory environment in Singapore and other countries in which we conduct our business or expect to conduct business;
- (b) changes in currency exchange or interest rates;
- (c) our inability to implement our business strategies and future plans;
- (d) our inability to realise our anticipated growth strategies and expected internal growth;
- (e) changes in the availability and prices of our products and services;
- (f) changes in customers' preferences;
- (g) changes in competitive conditions and our ability to compete under these conditions from time to time;
- (h) changes in our future capital needs and the availability of financing and capital to fund these needs;
- (i) the factors described under the section entitled “Risk Factors” of this Offer Document; and
- (j) other factors beyond our control.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in the sections entitled “Risk Factors”, “Dividend Policy”, “General Information on our Group” and “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document. All forward-looking statements made by or attributable to us, the Sponsor and Issue Manager, and the Placement Agent or persons acting on our or their behalf, contained in this Offer Document are expressly qualified in their entirety by such factors.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Offer Document, we advise you not to place undue reliance on those statements which apply only as at the date of this Offer Document. Neither our Company, the Sponsor and Issue Manager, the Placement Agent nor any other person represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements. These forward-looking statements are applicable only as at the date of this Offer Document.

The sections entitled “General Information on our Group - Prospects” and “General Information on our Group - Trend Information” of this Offer Document as well as other parts of this Offer Document may (to the extent applicable) contain data, information, financial analysis, forecast, figures and statements (including market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications) which are forward-looking and based on certain assumptions and projections. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Neither we, the Sponsor and Issue Manager, the Placement Agent, nor person(s) acting on our or their behalf have conducted an independent review or verified the accuracy or veracity of such data, information, financial analysis, forecast, figures and statements, assumptions and projections (the “**Experts’ Data**”). No representation is made by us, the Sponsor and Issue Manager, the Placement Agent or any person(s) acting on our or their behalf in respect of any of the Experts’ Data and neither we, the Sponsor and Issue Manager, the Placement Agent, nor person(s) acting on our or their behalf take any responsibility for any of the Experts’ Data.

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Further, our Company, the Sponsor and Issue Manager and the Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Placement, we become aware of (a) a false or misleading statement or matter in this Offer Document; (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority which would have been required by Section 243 of the SFA to be included in this Offer Document, if it had arisen before this Offer Document was lodged, and that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor and Issue Manager, and the Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority.

SELLING RESTRICTIONS

SINGAPORE

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws of such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Sponsor and Issue Manager and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Sponsor and Issue Manager or the Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

By accepting this Offer Document, you agree to be bound by the foregoing limitations. No part of this Offer Document may be (i) copied, photocopied or duplicated in any form by any means, or (ii) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

DETAILS OF THE PLACEMENT

LISTING ON CATALIST

The Sponsor and Issue Manager has applied to the SGX-ST for permission to deal in, and for the listing and quotation of, all our existing issued Shares, the Placement Shares, the ZC Shares and the Award Shares on Catalist. Such permission will be granted when our Company has been admitted to Catalist. Our acceptance of applications for the Placement Shares will be conditional upon, *inter alia*, the issue of the Placement Shares and permission being granted by the SGX-ST to deal in, and for the listing and quotation of, all our existing issued Shares, the Placement Shares, the ZC Shares and the Award Shares on Catalist. Monies paid in respect of any application accepted will be returned to the applicant, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, if the completion of the Placement does not occur because the said permission is not granted, or if the admission, listing and trading of all our Shares do not proceed for any reason, and the applicant will not have any claims whatsoever against us, the Sponsor and Issue Manager or the Placement Agent.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

The Placement is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of our existing issued Shares, the Placement Shares, the ZC Shares and the Award Shares being offered for investment.

A copy of this Offer Document has been lodged with and registered by the SGX-ST acting as agent on behalf of the Authority. Registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority, does not imply that the SFA or any other legal or regulatory requirements or requirements under the Catalist Rules, have been complied with. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Offer Document. Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our existing issued Shares, the Placement Shares, the ZC Shares and the Award Shares.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

We are subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Placement, we become aware of:

- (a) a false or misleading statement in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA or the Catalist Rules; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority which would have been required by Section 243 of the SFA to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

DETAILS OF THE PLACEMENT

and that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor and Issue Manager and the Placement Agent, lodge a supplementary or replacement offer document pursuant to Section 241 of the SFA.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued to the applicants, we shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, pay to the applicants all monies the applicants have paid on account of their applications for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk; or
- (b) where the Placement Shares have been issued to the applicants, we shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in; or
 - (iii) treat the issue of the New Shares as void, in which case the issue shall be deemed void and we shall within (7) seven days from the date of lodgement of the supplementary or replacement offer document, pay to the applicants all monies paid by them for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk.

DETAILS OF THE PLACEMENT

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, return to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares, to us, whereupon we shall, within seven (7) days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk and the issue of those Placement Shares shall be deemed to be void.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the “**Stop Order**”) to our Company, directing that no or no further Shares to which this Offer Document relates, be allotted or issued. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority’s opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority’s opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been allotted and issued to the applicants, the applications for the Placement Shares pursuant to the Placement shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, return the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or
- (b) where the Placement Shares have been allotted and issued to the applicants, the allotment and issue of the Placement Shares pursuant to the Placement shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, return the applicants all monies the applicants have paid for the Placement Shares.

Where monies are to be returned to applicants for the Placement Shares, it shall be paid to the applicants without any interest or share of revenue or benefit arising therefrom at the applicants’ own risk, and the applicants will not have any claim against our Company, the Sponsor and Issue Manager or the Placement Agent.

No representation, warranty or covenant, expressed or implied, is made by us, the Sponsor and Issue Manager, the Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offer Document is, or shall, to the extent permitted by law, be relied upon as a promise, representation or covenant by us, the Sponsor and Issue Manager, the Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Neither our Company, the Sponsor and Issue Manager, the Placement Agent, nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal, financial or tax advice regarding an investment in our Shares. Each prospective investor should consult his own legal, financial, tax or other professional adviser regarding an investment in our Shares. The Placement Shares are offered for subscription solely on the basis of the information contained and the representations made in this Offer Document.

DETAILS OF THE PLACEMENT

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Sponsor and Issue Manager or the Placement Agent. Neither the delivery of this Offer Document and the Application Form nor any document relating to the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will promptly make an announcement of the same to the SGX-ST and if required, a supplementary or replacement offer document will be issued and made available to the public after a copy thereof has been lodged with the SGX-ST acting as agent on behalf of the Authority. All applicants should take note of any such announcement, and/or supplementary or replacement offer document and, upon the release of such an announcement, and/or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company, or our subsidiaries.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Notification under Section 309B of the SFA: The Shares are prescribed capital market products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Copies of this Offer Document and the Application Form may be obtained on request, subject to availability, during office hours from:

ZICO Capital Pte. Ltd.
8 Robinson Road
#03-00 ASO Building
Singapore 048544

UOB Kay Hian Private Limited
8 Anthony Road
#01-01
Singapore 229957

An electronic copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

The Application List will open immediately upon the registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority and will remain open until 12.00 noon on 3 March 2020 or for such further period or periods as our Directors may, in consultation with the Sponsor and Issue Manager and the Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for applications to subscribe for the Placement Shares are set out in “Appendix L – Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Placement and trading in our Shares is set out below for your reference:

Indicative Date and Time	Event
21 February 2020 immediately upon registration of this Offer Document	Application List opens
3 March 2020, 12.00 noon	Close of Application List
5 March 2020, 9.00 a.m.	Commence trading on a “ready” basis
9 March 2020	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative and is subject to change at our discretion as it assumes that the date of closing of the Application List is 3 March 2020, the date of admission of our Company to Catalist is 5 March 2020, the SGX-ST’s shareholding spread requirement will be complied with and the Placement Shares will be issued and fully paid-up prior to 5 March 2020. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification as the SGX-ST may in its discretion decide, including the decision to permit commencement of trading on a “ready basis” and the commencement date of such trading.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>; and
- (b) in major English language newspaper(s) in Singapore.

We will provide details of the results of the Placement (including the level of subscription and the basis of allotment of the Placement Shares), as soon as practicable after the closure of the Application List through the channels described in (a) and (b) above.

Investors should consult the SGX-ST announcement of the “ready” trading date on the internet (at the SGX-ST website <http://www.sgx.com>) or newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

OFFER DOCUMENT SUMMARY

The information contained in this summary is derived from and should be read in conjunction with the full text of this Offer Document. As it is a summary, it does not contain all the information that potential investors should consider before investing in the Shares of our Company. Potential investors should read this entire Offer Document carefully, especially the matters set out in the “Risk Factors” section of this Offer Document, before deciding to invest in our Shares.

OVERVIEW OF OUR GROUP

Our Business

We are a water treatment company with more than 20 years of experience in the field of water and wastewater management services. We are able to provide customised total solutions and services to customers in a cost-effective manner. As part of our growth strategy, our Group diversified our business in 2016 to include a TOOT project and BOOT project with PT JUP through a joint operation arrangement and a joint venture respectively.

Our Group’s business segments in Singapore, Indonesia and the PRC are as follows:

- Total solutions with engineering, procurement and construction (“**TSEPC**”) services
- Operation, maintenance and service of water and wastewater treatment plants (“**OMS**”)
- Sales and distribution of systems and equipment
- Sales of water

Revenue from TSEPC services is on a project basis, revenue from sales and distribution of systems and equipment is on a transaction basis, while revenue from OMS and sales of water are on a periodic basis over the duration of the respective contracts.

Further details are set out in the section entitled “General Information on our Group – Business Overview” of this Offer Document.

Our Competitive Strengths

Our competitive strengths are as follows:

- We are a one-stop integrated total solution provider in the water treatment industry
- We have a diversified revenue stream
- We have a strong regional presence in the water treatment industry
- We have a proven track record of over 20 years with an established and diverse customer base
- We have a qualified, experienced and competent management team

Further details are set out in the section entitled “General Information on our Group – Competitive Strengths” of this Offer Document.

Our Business Strategies and Future Plans

Our business strategies and future plans are as follows:

- Expanding and extending our businesses in existing markets
- Expansion into new geographical markets
- Expansion through mergers and acquisitions

OFFER DOCUMENT SUMMARY

- Investing in more BOOT and TOOT projects
- Further advancement of our water and wastewater treatment technologies

Further details are set out in the section entitled “General Information on our Group - Business Strategies and Future Plans” of this Offer Document.

FINANCIAL HIGHLIGHTS

You should read the following summary financial information in conjunction with the full text of this Offer Document, including the “Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years ended 31 December 2016 and 2017”, the “Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Year ended 31 December 2018”, the “Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period ended 30 June 2019” and the “Independent Auditor’s Assurance Report and the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2018 and the Six Months Period ended 30 June 2019” as set out in Appendices A to D of this Offer Document and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” section of this Offer Document.

Selected items from the Combined Statements of Profit or Loss and Comprehensive Income

(\$'000)	← Audited →			← Unaudited →	
	FY2016	FY2017 (Restated)	FY2018	6M2018	6M2019
Revenue	16,067	20,825	24,456	8,561	14,100
Profit before income tax	1,339	925	5,464	1,169	631 ⁽¹⁾
Profit for the year/period	1,139	710	4,719	962	355 ⁽¹⁾
Profit for the year/period attributable to owners of the Company	1,099	700	4,593	924	355
Profit for the year/period attributable to non-controlling interests	40	10	126	38	— ⁽²⁾
Pre-Placement EPS (cents) ⁽³⁾	0.59	0.38	2.47	0.50	0.19
Post-Placement EPS (cents) ⁽⁴⁾	0.50	0.32	2.09	0.42	0.16

Notes:

- (1) Excluding the one-off listing expenses amounting to S\$0.43 million, our Group’s profit before income tax and profit for the period would have been S\$1.06 million and S\$0.79 million respectively.
- (2) Less than S\$1,000.
- (3) For comparative purposes, our pre-Placement EPS for the Period Under Review have been computed based on the profit for the year/period attributable to owners of the Company and our pre-Placement share capital of 186,112,000 Shares.
- (4) For comparative purposes, our post-Placement EPS for the Period Under Review have been computed based on the profit for the year/period attributable to owners of the Company and our post-Placement share capital of 220,257,000 Shares.

OFFER DOCUMENT SUMMARY

Selected items from the Combined Statements of Financial Position

	Audited	Unaudited	Unaudited	
			Pro Forma	
			As at	As at
(S\$'000)	31 December	30 June	31 December	30 June
	2018	2019	2018	2019
Current assets	14,573	19,016	13,696	18,138
Non-current assets	4,925	3,924	4,925	3,924
Total assets	19,498	22,940	18,621	22,062
Current liabilities	8,899	12,380	8,899	12,380
Non-current liabilities	1,160	650	1,160	650
Total liabilities	10,059	13,030	10,059	13,030
Total equity	9,439	9,910	8,562	9,032
Equity attributable to owners of the Company	9,162	9,877	8,256	8,970
NAV per Share ⁽¹⁾	4.92	5.31	4.44	4.82

Note:

(1) The NAV per Share as at 31 December 2018 and 30 June 2019 have been computed based on our pre-Placement share capital of 186,112,000 Shares.

Where you can find us

Both our principal place of business and registered office are located at 20 Woodlands Link #04-30/31 Singapore 738733. Our telephone and facsimile numbers are (65) 6756 6989 and (65) 6756 8274 respectively. Our email address is memiontec@memiontec.com. Our Company Registration Number is 201305845W. Our internet address is www.memiontec.com. **Information contained on our website does not constitute part of this Offer Document.**

THE PLACEMENT

- The Placement** : 33,485,000 Placement Shares by way of placement subject to and on terms and conditions set out in this Offer Document.
- The Placement Shares, will, upon issue and allotment, rank *pari passu* in all respects with the existing issued Shares.
- Placement Price** : S\$0.225 for each Placement Share, payable in full on application.
- Purpose of the Placement** : Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image locally and internationally and enable us to tap the capital markets to fund our business. The Placement will also provide members of the public, our employees, our business associates and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company.
- Listing Status** : Prior to the Placement, there was no public market for our Shares. Our Shares will be quoted on Catalist in Singapore dollars, subject to the admission of our Company to Catalist and permission for dealing in, and for quotation of, all of our Shares that are already issued, the Placement Shares, the ZC Shares and the Award Shares being granted by the SGX-ST and the Authority or the SGX-ST (acting as agent on behalf of the Authority) not issuing a Stop Order.
- Risk Factors** : Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Offer Document.
- Use of Proceeds** : Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for more details.

PLAN OF DISTRIBUTION

The Placement is for 33,485,000 Placement Shares offered in Singapore by way of placement.

Prior to the Placement, there was no public market for our Shares. The Placement Price is determined by us in consultation with the Sponsor and Issue Manager and the Placement Agent after taking into consideration, among others, prevailing market conditions and estimated market demand for our Shares (including the Placement Shares) determined through a book-building process. The Placement Price is the same for all the Placement Shares and is payable in full on application.

Placement Shares

The Placement Shares are made available to retail and institutional investors in Singapore. Applications for the Placement Shares may only be made by way of the Application Form or such other forms of application as the Sponsor and Issue Manager and the Placement Agent deem appropriate. The terms, conditions and procedures for application and acceptance are described in “Appendix L - Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

Pursuant to the Placement Agreement, the Placement Agent has agreed to subscribe for, or procure subscribers for, the Placement Shares at the Placement Price. The Placement Agent may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Subscribers of Placement Shares may be required to pay a brokerage of up to 1.0% of the Placement Price (and the prevailing GST thereon, if applicable) to the Placement Agent or any sub-placement agent(s) that may be appointed by the Placement Agent.

Subscription for the Placement Shares

Save for our Independent Director, Mr. Lee, none of our Directors or Substantial Shareholders intends to subscribe for the Placement Shares in the Placement. If such person(s) and/or their respective Associates were to make an application for the Placement Shares and are subsequently allotted and issued such number of Placement Shares, we will make the necessary announcements in accordance with Rule 428 of the Catalist Rules.

To the best of our knowledge and belief, none of the members of our Company’s management or employees intends to subscribe for 5.0% or more of the Placement Shares pursuant to the Placement.

To the best of our knowledge and belief, we are not aware of any person who intends to subscribe for 5.0% or more of the Placement Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for 5.0% or more of the Placement Shares. If such person(s) were to make an application for 5.0% or more of the Placement Shares pursuant to the Placement and are subsequently allotted and issued such number of Shares, we will make the necessary announcements at the appropriate time. The final allotment and/or issuance of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406(1) of the Catalist Rules.

No Shares shall be allotted and issued on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.

No Introducers and Consultants

There are no introducers to the Placement and no consultants have been engaged by our Group to assist in (i) any group restructuring exercise in conjunction with the Placement and our application for the Listing; or (ii) the issue of securities or securities-based derivatives contracts to investors during the period of 12 months prior to the date of lodgement of this Offer Document, for the purposes of facilitating the Placement and our application for the Listing.

SPONSORSHIP, MANAGEMENT AND PLACEMENT ARRANGEMENTS

Pursuant to the Management and Sponsorship Agreement, our Company appointed ZICO Capital as the Sponsor and Issue Manager to sponsor and manage the Listing. ZICO Capital will receive a management fee from our Company for such services rendered in connection with the Listing.

The Sponsor and Issue Manager may by notice in writing to our Company terminate the Management and Sponsorship Agreement on the occurrence of certain events, including the following:

- (a) at any time up to the close of the Application List, a notice of refusal to an admission of our Company to Catalist is issued by the SGX-ST to the Sponsor and Issue Manager;
- (b) at any time after the lodgement of this Offer Document with the SGX-ST acting as agent on behalf of the Authority but before the close of the Application List, our Company fails and/or neglects to procure the lodgement of a supplementary or replacement offer document (as the case may be) if it becomes aware of:
 - (i) a false or misleading statement in this Offer Document;
 - (ii) an omission from this Offer Document of any information that should have been included in it under the Catalist Rules or the SFA; or
 - (iii) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by the Catalist Rules or the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor;

- (c) the Shares and the Placement Shares have not been admitted to Catalist on or before 5 March 2020 (or such other date as our Company, in consultation with the Sponsor and Issue Manager, may agree);
- (d) at any time our Company releases or discharges the Sponsor and Issue Manager from its obligations under or pursuant to the mandate letter appointing ZICO Capital as the Sponsor and Issue Manager in relation to preparing our Company for admission to Catalist; or
- (e) if prior to or on the close of the Application List:
 - (i) there shall come to the knowledge of the Sponsor and Issue Manager any breach of the warranties or undertakings by our Company or that of any of the warranties is or becomes untrue or incorrect;
 - (ii) any occurrence of certain specified events which comes to the knowledge of the Sponsor and Issue Manager;
 - (iii) if there shall have been, since the date of the Management and Sponsorship Agreement, any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) of our Company and/or any of our subsidiaries or of our Group as a whole;
 - (iv) if there shall have been, since the date of the Management and Sponsorship Agreement, any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive in Singapore or elsewhere (whether or not having the force of law) and including, without limitation, any directive or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST or relevant authorities elsewhere, in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere;

SPONSORSHIP, MANAGEMENT AND PLACEMENT ARRANGEMENTS

- (v) if there shall have been, since the date of the Management and Sponsorship Agreement, any change, or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise, adverse changes in foreign exchange controls in Singapore and overseas or any combination of any such changes or developments or crisis, or any deterioration of any such conditions);
- (vi) if there shall have been, since the date of the Management and Sponsorship Agreement, any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict (whether or not involving financial markets) in any jurisdiction; or
- (vii) if there shall have been, since the date of the Management and Sponsorship Agreement, any regional or local outbreak of disease that may have an adverse effect on the financial markets,

which in the reasonable opinion of the Sponsor and Issue Manager results or is likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or overseas; or is likely to materially prejudice the success of the subscription of the Placement Shares (whether in the primary market or in respect of dealings in the secondary market); or makes it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated under the Management and Sponsorship Agreement; or is likely to have a material adverse effect on the business, trading position, operations or prospects of our Company and/or any of our subsidiaries or of our Group as a whole; or results or is likely to result in the issue of a notice of refusal to an admission of our Company to Catalist by the SGX-ST to the Sponsor and Issue Manager at any point prior to the listing of our Shares; or makes it uncommercial or otherwise contrary to or outside the usual commercial practices in Singapore for the Sponsor and Issue Manager to observe or perform or be obliged to observe or perform the terms of the Management and Sponsorship Agreement.

Pursuant to the Placement Agreement, our Company appointed UOBKH as the Placement Agent to subscribe and/or procure subscribers for the Placement Shares for a placement commission of 3.25% of the Placement Price for each Placement Share, payable by our Company. The Placement Agent shall be at liberty at its own expense to make sub-placement arrangements in respect of its placement obligations under the Placement Agreement upon such terms and conditions as it deemed fit.

The Placement Agreement and the obligation of the Placement Agent under the Placement Agreement is conditional upon among others:

- (a) the Offer Document having been registered by 21 February 2020 (or such other date as our Company, the Sponsor and Issue Manager and the Placement Agent may agree) with the SGX-ST acting as agent on behalf of the Authority;
- (b) the listing and quotation notice being issued or granted by the SGX-ST acting as agent on behalf of the Authority and such listing and quotation notice not being revoked or withdrawn on or prior to the date of commencement of trading of the Shares on Catalist;
- (c) the compliance by our Company to the satisfaction of the SGX-ST with all the conditions imposed by the SGX-ST in granting the listing and quotation notice, where such conditions are required to be complied with by the closing date of the Application List or the date of commencement of trading of Shares on the Catalist, as the case may be;

SPONSORSHIP, MANAGEMENT AND PLACEMENT ARRANGEMENTS

- (d) such approvals of relevant authorities and corporate or shareholder approvals of our Company as may be required for the transactions described in the Placement Agreement and in the Offer Document being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as our Company, ZICO Capital and the Placement Agent may agree), and the compliance in full to the satisfaction of all the relevant authorities granting such approvals of all conditions (if any) attaching or in relation thereto on or before the date on which our Company is admitted to Catalist (or such other date as our Company, ZICO Capital and the Placement Agent may agree);
- (e) there having been, in the opinion of the Placement Agent, no material adverse change or any development likely to result in a material adverse change in the business, trading, operational, financial or other condition of our Group between the date of the Placement Agreement and the date of commencement of trading of the Shares on Catalist nor the occurrence of any event nor the discovery of any fact rendering untrue, incorrect or misleading in any respect, as at the date of commencement of trading of the Shares on Catalist, any of the warranties or representations nor any breach by our Company of any of its obligations under the Placement Agreement; and
- (f) the compliance by our Company with all applicable laws and regulations concerning the Placement, the admission of our Company to Catalist and the transactions contemplated in the Placement Agreement and the Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the reasonable opinion of the Placement Agent, has or may have an adverse effect on the Placement and the admission of our Company to Catalist and the listing and quotation of all our issued Shares on Catalist.

Other than pursuant to the Placement Agreement, there are no contracts, agreements or understandings between our Company and any person or entity that would give rise to any claim for brokerage commission, finder's fees or other payments in connection with the subscription of the Placement Shares.

Other than the Management and Sponsorship Agreement and the Placement Agreement, and save as disclosed in the section entitled "Interested Person Transactions – Potential Conflicts of Interests – Interests of the Sponsor and Issue Manager, and the Placement Agent" of this Offer Document, we do not have any material relationship with the Sponsor and Issue Manager or the Placement Agent.

PLACEMENT STATISTICS

PLACEMENT PRICE 22.50 cents

NAV

Pro forma NAV per Share based on the unaudited pro forma combined statement of financial position of our Group as at 30 June 2019:

- | | | |
|-----|---|------------|
| (a) | before adjusting for the estimated net proceeds from the Placement and based on the pre-Placement share capital of 186,112,000 Shares | 4.82 cents |
| (b) | after adjusting for the estimated net proceeds from the Placement and based on the post-Placement share capital of 220,257,000 Shares | 6.71 cents |

Premium of Placement Price over the Pro Forma NAV per Share:

- | | | |
|-----|---|--------|
| (a) | before adjusting for the estimated net proceeds from the Placement and based on the pre-Placement share capital of 186,112,000 Shares | 366.8% |
| (b) | after adjusting for the estimated net proceeds from the Placement and based on the post-Placement share capital of 220,257,000 Shares | 235.3% |

EPS⁽¹⁾

EPS based on the audited combined statements of comprehensive income of our Group for FY2018 and adjusted for effects of the disposal of PTWT set out in footnote (1) below ("**Adjusted EPS**"), and the pre-Placement share capital of 186,112,000 Shares 2.53 cents

Adjusted EPS based on the audited combined statements of comprehensive income of our Group for FY2018 and the pre-Placement share capital of 186,112,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2018 2.18 cents

PER

PER based on the Placement Price, the Adjusted EPS for FY2018 and the pre-Placement share capital of 186,112,000 Shares 8.89 times

PER based on the Placement Price, the Adjusted EPS for FY2018 and the pre-Placement share capital of 186,112,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2018 10.32 times

Net Cash from Operating Activities⁽²⁾

Pro forma net cash from operating activities per Share based on the unaudited pro forma combined statement of cash flows for FY2018 and adjusted for the effects of the disposal of PTWT set out in footnote (2) below ("**Adjusted Pro forma net cash from operating activities**") and the pre-Placement share capital of 186,112,000 Shares 2.10 cents

Adjusted Pro forma net cash from operating activities per Share based on the unaudited pro forma combined statement of cash flows for FY2018 and the pre-Placement share capital of 186,112,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2018 1.75 cents

PLACEMENT STATISTICS

Price to Net Cash from Operating Activities Ratio

Ratio of Placement Price to Adjusted Pro forma net cash from operating activities per Share for FY2018 based on the pre-Placement share capital of 186,112,000 Shares 10.71 times

Ratio of Placement Price to Adjusted pro forma net cash from operating activities per Share for FY2018 based on the pre-Placement share capital of 186,112,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2018 12.86 times

Market Capitalisation

Market capitalisation based on the Placement Price and the post-Placement share capital of 220,257,000 Shares S\$49.6 million

Notes:

- (1) Adjusted EPS has been adjusted to exclude effects of the disposal of PTWT of S\$0.12 million.
- (2) Pro forma net cash from operating activities has been adjusted to exclude the effects of the disposal of PTWT of approximately S\$43,000.

RISK FACTORS

We are exposed to a number of possible risks that may arise from economic, business, market, financial, political, social, technological and other factors and developments that may have an adverse impact on our future performance. The trading price and value of our Shares could fluctuate and decline due to any of these risks and investors may lose a part or all of their investments in our Shares.

Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Document before deciding to invest in our Shares. Before deciding to invest in our Shares, you should seek professional advice from the relevant advisers about your particular circumstances. To the best of our Directors' knowledge and belief, all risk factors which could directly and/or indirectly affect us and are material to investors in making an informed judgement of our Company have been set out below. Some of the following risk factors relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic, social and political conditions, the securities market and ownership of the Shares, including possible future sales of our Shares. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business, operations, financial performance and prospects should such risks occur and/or turn out to be material.

If any of the following considerations, uncertainties or material risks develops into actual events, our business, operations, financial performance and prospects could be materially and adversely affected. In such cases, the trading price of our Shares could fluctuate and decline due to any of these considerations, uncertainties or material risks, and investors may lose all or part of their investment in our Shares.

This Offer Document also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Offer Document. Please see the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document for further details.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Enforcement of the Combination Agreements is subject to inherent risks

As at the Latest Practicable Date, we have legal and beneficial ownership of 70.0% of the issued shares of PTMI, and we derive interests in a further 29.4% of PTMI and 98.0% of PTMP through the Combination Agreements (as defined in the section entitled "General Information on our Group – Combination Agreements" of this Offer Document"). Please refer to the section entitled "General Information on our Group – Combination Agreements" of this Offer Document for further information on the Combination Agreements. While (i) we have obtained the NSMP Legal Opinion and the SSEK Legal Opinion, and (ii) our Company is of the view that our interests in PTMP and PTMI pursuant to the Combination Agreements are compliant with existing Indonesian laws, there is no assurance that the Indonesian courts or governmental authorities will take the same view. While our Group has not encountered any issues with the Indonesian courts or governmental authorities (including the tax authorities), there is no assurance that they will not take a view that the Combination Agreements contravene Indonesian laws and regulations or are otherwise unenforceable for any reasons in the future.

The Combination Agreements are governed by Indonesian law. There is also no assurance that there will not be changes in the laws, rules or regulations of Indonesia or that the interpretations of such laws or changes thereof by Indonesian courts or governmental authorities will not undermine the enforceability of the Combination Agreements. For instance, there may be possibilities where Indonesian courts may view the Combination Agreements as trust arrangements and therefore contravene the Law Number 25 of 2007 on Investment of Indonesia, and the courts could rule the Combination Agreements null and void as well as unenforceable.

As no insurance is commercially available for the risks associated with the Combination Agreements and the transactions contemplated thereunder, we will have to bear the risk of unenforceability of the Combination Agreements.

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In any of the above situations, we will not be able to account for the shareholding interests in a further 29.4% of PTMI and 98.0% of PTMP which are not legally owned by us. In the event that the structure of our Group resulting from the completion of transactions under the Combination Agreements is considered to be (a) not legal and valid or (b) not in compliance with and contrary to the relevant laws, rules and regulations of Indonesia, the structure will be nullified. Consequentially, our financial performance may be affected as PTMI will be considered as only a 70.0% (instead of 99.4%) subsidiary of our Group while PTMP will not be considered as a subsidiary of our Group. Consequently, the contribution attributable to PTMP's 29.4% stake in PTMI, which represents approximately 17.0%, 16.7% and 15.7% of our audited revenue, PBT and NAV for FY2018 respectively may not be consolidated into our financial results.

We are dependent on Mr. Tay and Ms. Dewi to fulfil their obligations under the Combination Agreements

Under the Combination Agreements, each of Mr. Tay and Ms. Dewi has provided undertakings which, among others, enable our Group to maintain our interest in a further 29.4% of PTMI and 98.0% of PTMP and which enable MIPL to maintain control of the board of directors and/or board of commissioners of PTMP. There is no assurance that Mr. Tay and Ms. Dewi will continue to fulfil their obligations under the Combination Agreements and there is no assurance that any attempt to enforce such obligations against Mr. Tay and/or Ms. Dewi would be successful under Indonesian law and in the Indonesian courts. In the event that such undertakings are not complied with and we are unable to enforce them, we may not be able to consolidate the results in respect of a further 29.4% of PTMI and 98.0% of PTMP and our business, operations, financial performance and prospects may be adversely affected.

We depend substantially on demand from the public sector in Singapore and in particular, our major customer, PUB

Our revenue from the public sector in Singapore accounted for approximately 40.3%, 71.2%, 33.9% and 67.9% of our revenue for FY2016, FY2017, FY2018 and 6M2019 respectively. The PUB contributed approximately 35.6%, 69.7%, 32.2% and 57.3% of our revenue for FY2016, FY2017, FY2018 and 6M2019 respectively. As a significant percentage of our revenue for the Period Under Review was derived from the public sector in Singapore, our business is affected by the Singapore government's policies and budgets in relation to expenditure on public infrastructure, especially in relation to water and wastewater management. There is no assurance that the relevant regulatory agencies in Singapore such as the PUB will continue to pursue similar water and wastewater management infrastructure development plans or to pursue such plans on the same scale in the future. Any change in the policies or development plans of such agencies may lead to a reduction in the number of projects available for tender in the water and wastewater industry and a decline in profit margin due to higher competition to secure available projects. This may result in our business, operations, financial performance and prospects being adversely affected.

In addition, our projects are secured through public tenders and there is no assurance that we will continue to win such public tenders. In the event that public organisations such as the PUB cease to award contracts to us or reduce the number or value of contracts awarded to us, our business, operations, financial performance and prospects may also be adversely affected.

TOOT and BOOT projects are subject to inherent risks, including the risk that we may not receive all the anticipated periodic payments

Under our TOOT and BOOT projects, we carry out two (2) main activities: (i) rendering of TSEPC services to build the water and/or wastewater treatment plant, typically over a period of 18 to 30 months, followed by (ii) undertaking the OMS of the plant built and the production of water for sale under a long term contract, typically for about 20 years. This model is intended to enable our Group to generate periodic payments for the OMS and the production of water for sale over the period of the long term contract. However, there is no assurance that the contracts will not be terminated prior to expiration or that the counterparties will honour the terms of such contracts. Further, if there were disputes as to the performance or terms under the contracts, we may not receive the full periodic payments to be made pursuant to such contracts, if at all. If we are not able to receive the anticipated revenue under such long term contracts, our business, operations, financial performance and prospects may be adversely affected.

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Our TOOT and BOOT projects are also subject to other risks which have been highlighted in the various risks, including political risks, legal and regulatory risks, force majeure risks, construction completion risks, operating risks, finance risks and revenue risks which are included in this “Risk Factors” section below. In the event that any of such risks materialises and our Group is unable to mitigate such risks effectively, our Group’s investment returns from these projects could be materially and adversely affected. As at the Latest Practicable Date, there have been no incidences relating to any of the aforesaid inherent risks of TOOT and BOOT projects materialising which have had a material adverse impact on our financial performance and operations.

We may not be able to compete effectively

Our business is largely project-based and we therefore have to continuously secure new projects to generate revenue. We face competition from existing players as well as new entrants to our industry. Contracts in our industry are often awarded via public tenders and the award of a tender is based on various factors, including but not limited to, the track record of the bidder, the safety record of the bidder, the financial standing of the bidder, the industry reputation of the bidder and the bid price. Some of our competitors may be more experienced, have longer operating histories, or have larger financial, technical, marketing and other resources, which enable them to compete more effectively. There is no assurance that we will be able to compete successfully with our existing and future competitors. In the event that we are unable to secure new projects at contract values, margins or terms comparable to or more favourable than our existing projects, our business, operations, financial performance and prospects may be adversely affected. Some of our competitors may also offer or bid at lower prices in order to gain experience or market share, in which case we may have to offer more competitive prices or bids to maintain our market share. Should we compete with our competitors on price, our profit margins may decline, and as a result, our business, operations, financial performance and prospects could be adversely affected.

We are subject to credit risks of our customers

We are subject to the credit risks of our customers and our financial performance is dependent on our customers meeting their payment obligations to us on time. Generally, the general credit terms we extend to our customers are approximately 30 days from the invoice date. Our customers are subject to business, financial and economic pressures. To the extent that they are adversely affected by any such pressures, they may default on their payments to us. There is no assurance that we will be able to collect our trade receivables fully or within a reasonable period of time, or at all. In such situations, we may be required to make allowances for doubtful receivables or write off bad debts, and this may adversely affect the financial performance of our business. Please refer to the section entitled “General Information on our Group – Credit Policy” of this Offer Document for more details.

Our business is largely project-based and this may lead to revenue and/or profit fluctuations from one financial period to the next financial period

As our TSEPC revenue segment is largely project-based, we are typically paid based on progress payment milestones spread over a period of time. Such progress payment milestones may have to be certified by our customers and any significant delay in such certification may have an adverse impact on our Group’s operating cashflow. Our revenue for TSEPC projects is recognised over time using the input method based on the actual costs incurred by our Group to date compared with the total budgeted costs for the project to estimate the revenue recognised during the period. Such revenue and/or profit to be recognised may not be evenly spread over the duration of the entire project. As a result, our revenue and/or profit from such business segments may fluctuate from one financial period to the next financial period.

We face the risk of delay or premature termination of ongoing projects by our customers

The delay or premature termination of ongoing projects by our customers may expose us to liabilities to our subcontractors and suppliers. Such premature termination of ongoing projects may result in our Group not being adequately compensated, if at all. In the event that such premature termination is due to a breach of contractual obligations by us, we may be liable for liquidated damages. Premature termination of ongoing projects may also lead to underutilised human resources and capacity as a result of a long

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lapse of time between the completion of existing projects and the commencement of new projects. As a result of the foregoing, our business, operations, financial performance and prospects may be adversely affected. We did not experience any of the foregoing events during the Period Under Review and up to the Latest Practicable Date which had a material adverse impact on our business, operations or financial performance. There is no assurance that such situations will not happen in the future and adversely affect our business, operations, financial performance and prospects.

We are exposed to project cost overruns

The prices of our contracts and projects are largely fixed sums. The contract value quoted in our quotation to customers or in our tender submission documents is determined after evaluating our scope of work and carrying out internal budgeting, taking into account all related costs, including the indicative prices of our subcontractors and suppliers. Our profitability is therefore dependent on, among others, our ability to obtain competitive quotations from our subcontractors and suppliers at or below our estimated costs, the accuracy of our internal costing, and our ability to execute the contracts efficiently. There is no assurance that the actual costs incurred will not exceed the estimated costs due to reasons such as an increase in material and labour costs, under-estimation of costs, excessive wastage, inefficiency, damages or unforeseen additional costs incurred during the course of the contract. Unforeseen circumstances such as logistic disruptions or unanticipated construction constraints at the worksite may also arise during the course of project execution. Such situations may lead to delays or call for additional work which was not factored into our original contract value. Consequently, cost overruns may occur, thereby eroding our profit margin for such projects. As a result, our business, operations, financial performance and prospects may be adversely affected.

Additionally, delays may occur during our contract progression, which could not only result in cost overruns, but could also render us liable for liquidated damages if such delays are due to our default. Delays may arise due to various factors such as shortage of labour, equipment or construction materials, labour disputes, disputes with subcontractors and suppliers, worksite accidents, work stoppages, or delays in the delivery of equipment and materials by suppliers. In such circumstances, we could be liable for liquidated damages and incur additional overheads, which may in turn lead to a material adverse effect on our business, operations, financial performance and prospects.

During the Period Under Review and up to the Latest Practicable Date, we did not experience any cost overruns nor any delays which had a material adverse impact on our business, operations or financial performance.

We may not be able to procure materials and equipment in a timely manner, on satisfactory terms or at all

Our operations depend on a sufficient supply of materials and equipment for our projects. Some of the materials and equipment required for our projects include membranes, ion exchange resins, pumps, vessels, pipes, valves, control panels and other mechanical, electrical and instrumentation components. Save for the sales and distributorship agreements set out in the section entitled "General Information on our Group – Major Suppliers" of this Offer Document, we do not have any long-term fixed price agreements with suppliers for the equipment and materials required for our projects. As such, the prices of such materials and equipment may fluctuate due to changes in demand and supply. There is no assurance that sufficient amounts of materials and equipment can be secured in a timely manner, at satisfactory prices and terms or at all. As such, our operations and financial performance may be affected by a shortage in these required materials and equipment or any increase in the prices of such materials and equipment. There is no assurance that we will be able to pass on any increased costs to our customers. In the event that any of our suppliers fail to supply us with materials and equipment in a timely manner, at satisfactory prices and terms or at all, and we are not able to obtain acceptable substitutes, our operations may be disrupted and our relationships with customers may be adversely affected. We may also be required to compensate our customers for any delays in our projects. Any of these events could have a material adverse effect on our business, operations, financial performance and prospects. As at the Latest Practicable Date, there have been no incidences of inability to procure materials and equipment in a timely manner or on satisfactory terms which have had a material adverse impact on our financial performance and operations.

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Our subcontractors may default on their obligations

We engage subcontractors for our projects. These subcontractors are selected based on factors such as our past working experience with them, their licences and certifications, track record, pricing, quality and safety requirements, financial and human resources and their ability to meet our project schedule. There is, however, no assurance that the equipment and materials used by and services rendered by subcontractors will continue to be of a satisfactory standard, as stipulated under the relevant agreements, or relevant regulatory requirements. In the event of any default by such subcontractors engaged by us, we may incur liabilities to our customers. Furthermore, any adverse changes in our subcontractors' business conditions, whether financial or otherwise, which affect their ability to fulfil their contractual obligations to us, may result in us not being able to complete our projects on time. In the event that we are unable to find suitable alternative subcontractors in time and at comparable prices or commercial terms, we may be subject to cost overruns or may be exposed to the risk of incurring liquidated damages. Accordingly, our business, operations, financial performance and prospects may be adversely affected. During the Period Under Review and up to the Latest Practicable Date, we did not experience any default by our subcontractors which had a material adverse impact on our business, operations or financial performance.

We may be subject to contractual disputes and claims

We may face claims from our customers for various reasons such as defective works, project delays or other disputes over the scope, schedule, terms or contract specifications. We may also face claims from our subcontractors or suppliers for various reasons such as disputes over the scope, schedule, terms or contract specifications. In the event that we are unable to amicably and expeditiously resolve and settle any disputes and claims, we may be required to divert and allocate more resources to resolve the dispute and the completion of our projects may be delayed. As a result, our business, operations, financial performance and prospects may be adversely affected. We had disputes in the past with some of our customers, subcontractors and suppliers. Please refer to the section entitled "General and Statutory Information – Material Litigation" of this Offer Document for further information. Although we have not incurred material costs arising from such disputes for the Period Under Review and up to the Latest Practicable Date, there is no assurance that these will not arise in the future and thereby adversely affect our business, operations, financial performance and prospects.

We may face significant warranty claims

We typically provide our customers with a defects liability period of one (1) year upon handover of the project, after the completion of testing and commissioning for our TSEPC projects. During such period, our Group is usually contractually required to remedy any defects arising by reason of workmanship. The warranty provided by our Group would generally cover defects in design, materials and workmanship and a failure to meet performance guarantees. We do not charge our customers the costs of rectification and repair works carried out by us that are covered under the warranty during the warranty period. Although we generally try to practise procuring back-to-back warranties from our subcontractors for works done by, or parts supplied by them, we may still face substantial warranty claims which are not recoverable from our subcontractors. As such, any substantial warranty claims against us may reduce the profit margins of our projects, and have an adverse effect on our financial performance. In the event that our customers suffer loss and damages due to the defects for which we are responsible, our customers may also make claims against us, thereby adversely affecting our business, operations, financial performance and prospects. Although we have not faced significant warranty claims for the Period Under Review and up to the Latest Practicable Date, there is no assurance that these will not arise in the future.

We may be affected by disruptions to our operations and projects due to external factors

Our operations and projects may face disruptions due to unforeseen external factors such as acts of God, fire, flood, civil unrest, fluctuation of influent water quality and quantity, outbreak of infectious diseases and any other calamities or events beyond our control, whether man-made or occurring naturally. There is no assurance that such external factors would not cause disruptions to our operations and projects. As a result of such disruptions, we may fail to meet our customers' expectations and/or complete our projects within the given timeline. This may damage our reputation and/or expose us to legal claims, and may lead to a loss of business. In such situations, our business, operations, financial performance and prospects may be adversely affected.

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We are vulnerable to the availability and costs of employing foreign personnel in Singapore

We are dependent on foreign personnel for our business operations in Singapore. As at the Latest Practicable Date, more than 50.0% of our personnel in Singapore were foreigners. Any changes in governmental policies which restrict the employment of foreign workers in Singapore would affect our profitability, as such restrictions may cause us to employ more Singaporean workers, who are comparatively more costly to employ. This could have an adverse effect on our business, operations, financial performance and prospects. In addition, the Singapore government imposes levies on the employment of foreign workers. Should there be any significant increase in such levies, our profitability will be affected by such increase in labour costs.

Additionally, any increase in competition for skilled foreign personnel may also increase labour costs. Our business, operations, financial performance and prospects are thus vulnerable to any shortage in the supply of foreign personnel and any increase in the cost of foreign labour. In relation to our engagement of subcontractors, any increase in foreign manpower costs incurred by the subcontractors may be factored in the subcontractors' quotes to us before engagement, thereby adversely affecting our profit margins for such projects.

We may be affected by accidents at our work sites or at our premises

The Workplace Safety and Health Act (Chapter 354A) of Singapore requires us to take reasonably practicable measures to ensure the safety and health of our employees at our workplace and any contravention could result in a fine or other penalties. Similarly, the labour laws in the PRC require us to establish and consummate labour safety and health systems and strictly implement the required standards of labour safety and health. A failure to do so may result in administrative punishment measures according to the degree and nature of violation, such as rectification orders, imposition of fines, suspension of operations or even criminal liabilities. In Indonesia, Law Number 1 of 1970 on Work Safety and Law Number 13 of 2003 on Manpower serve as the premise for safety and health of workers in Indonesia. A failure of employers to provide assurance that these are met will result in them being criminally liable and imposed with sanctions, either through imprisonment and/or fines. With respect to construction activities, there are compulsory requirements under Law Number 2 on Construction Service in relation to the safety and health of workers involved in the provision of construction services. In the event that these are not met, we may be liable for administrative sanctions such as written warnings, administrative fines, temporary suspension of construction services, being blacklisted, suspension or revocation of the construction business licence.

Our project worksites may fail to meet the safety and health standards imposed, and we may be issued with partial or full stop-work orders. Additionally, while we have put in place safety measures in our work sites and premises, accidents may still occur. The issuance of stop-work orders or the occurrence of accidents may severely disrupt our operations and thereby cause a delay in the completion of our projects. In the event of such a delay, we could be liable for liquidated damages under the contracts with our customers, resulting in an adverse effect on our business, operations, financial performance and prospects. Further, we may be subject to personal injury claims from our employees or other persons involved in these accidents. Any significant claims which are not covered by our insurance policies or which are contested by the insurance companies may adversely affect our financial performance. In addition, any accidents resulting in significant damage to any installed machinery or equipment, whether at our work sites or own premises may require capital expenditure to repair the damage. To the extent that such expenditures are irrecoverable under our insurance policies, our business, operations, financial performance and prospects may be adversely affected. As at the Latest Practicable Date, there have been no accidents at our work sites or at our premises which have had a material adverse impact on our financial performance and operations.

Our insurance coverage may not indemnify us against all potential losses

We have taken up various insurance policies including public liability insurance, fire insurance, motor vehicle insurance, group hospitalisation and surgical insurance and insurance for workmen's injury compensation claims. There is, however, no assurance that such insurance policies will compensate us fully for all potential losses, or that our insurers will certainly pay on any particular claim.

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Depending on the severity of the damage, we may not be able to rebuild, repair or replace any damaged equipment or other assets in a timely manner or at all. We are also subject to the risk of increased premiums or deductibles, reduced coverage or expanded exclusions in connection with existing insurance policies. There are also certain types of risks that are not covered by our insurance policies because they are either uninsurable or not economically insurable, including acts of war, acts of terrorism, natural disasters, or loss or damage caused by industrial actions. If such events were to occur, we may have to bear the costs of the uninsured risk or the uninsured loss, and our business, operations, financial performance and prospects may be adversely affected.

We are dependent on our key management personnel

Our continued success is dependent to a large extent on our ability to retain our key management personnel, in particular, Mr. Tay, our Executive Chairman and Chief Executive Officer, Ms. Dewi, our Managing Director and Mr. Low, our Executive Director and our key executive officers set out in the section entitled “Directors, Executive Officers and Staff – Directors” and “Directors, Executive Officers and Staff – Executive Officers” of this Offer Document. Their technical know-how, industrial knowledge and relationships with our customers and suppliers have been instrumental to the growth of our Company. Each of them has provided strategic direction, formulated business strategies and contributed to the development of our Group. They are collectively responsible for implementing our expansion plans and business strategies and driving our growth. There is no assurance that we will be able to retain our key management personnel. The loss of any key management personnel without suitable and timely replacements will have an adverse impact on our business, operations, financial performance and prospects. Each of Mr. Tay, Ms. Dewi and Mr. Low has entered into a service agreement with our Company for an initial term of three (3) years, three (3) years and two (2) years respectively. Notwithstanding this, there can be no assurance that we will be successful in retaining them or in hiring qualified management personnel to replace them should the need arise.

Our operations and business are dependent on our ability to attract and retain skilled personnel

Our business requires highly skilled personnel with experience in project management, business development, process and engineering design and procurement. Skilled personnel with the appropriate experience in our industry are limited due to the specialised nature of our work, and competition for the employment of such personnel is intense. There is no assurance that we will be able to attract or retain the necessary skilled personnel, or that suitable and timely replacements can be found for skilled personnel who leave us. In the event that we are unable to continue to attract and retain skilled personnel, we may not be able to complete our projects on time or undertake further projects, and the quality of our services may be affected. This may in turn affect our ability to compete effectively in our industry and to expand our business. We may also have to pay substantial wages to attract sufficient numbers of skilled personnel to complete our projects, which will increase our costs and reduce our profit margins. Any of the above factors may have an adverse effect on our business, operations, financial performance and prospects.

We may not be able to maintain our technical expertise

Our business prospects depend, to a substantial extent, on our ability to maintain our technical expertise, especially our process and engineering knowledge, to provide cost-effective solutions in the water and wastewater treatment industry. Technology in our industry changes from time to time, and new technical developments are periodically introduced, such as the implementation of highly advanced membrane technology in water treatment and desalination. We constantly keep up with new technical updates and evaluate the advantages and feasibility of new equipment and technologies, with a view to implementing such equipment and technologies in our solutions and services. We believe that our future success will depend on our ability to adapt to and implement new technological innovations in order to continue providing cost-effective, efficient and quality solutions and services which meet our customers' demands. In the event that we fail to keep up with the latest technical developments in our industry, our technical expertise may become obsolete and irrelevant, and we may not be able to compete effectively. Consequently, our business, operations, financial performance and prospects may be adversely affected.

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We are subject to risks associated with merger and acquisitions, joint ventures or strategic alliances

We may seek growth opportunities through mergers and acquisitions, joint ventures or strategic alliances, in particular for our BOOT projects or other larger scale projects, projects in foreign markets or projects where the scope goes beyond our area of expertise. These growth opportunities involve a certain amount of business or operating risks, including (a) our inability to exert control over the actions of our partners, including any non-performance, default or bankruptcy of our partners, (b) difficulty in integrating management, operations, services and personnel of our partners or acquired targets, (c) strain on resources in order to coordinate internal systems, controls, procedures and policies, (d) changes in rules and regulations which affect our mergers and acquisitions, joint ventures and strategic alliances and (e) exposure to unknown liabilities incurred by our partners or acquired targets.

In the event of any dispute with our partners on the business and day-to-day operations of our joint ventures or strategic alliances, there is no assurance that we will be able to arrive at a resolution that is favourable to us. Our partners may also pursue their own course of action that may be contrary to our instructions, requests or policies, or they may be unable or unwilling to fulfil their obligations. Such situations may also affect the operations of our joint venture or strategic alliance. As a result, we may not be able to complete projects within the stipulated budget and timeline, or our projects may be terminated by our customers. We may also be liable for damages to our partners. This may in turn have an adverse effect on our business, operations, financial performance and prospects.

As at the Latest Practicable Date, we have entered into a BOOT agreement with PT JUP (“**BOOT Agreement**”). Please refer to the section entitled “General Information on our Group – Business Overview – Projects with Periodic Payments such as TOOT and BOOT Projects” of this Offer Document for further information on our BOOT Agreement. Pursuant to the BOOT Agreement, we also entered into a joint venture agreement in Indonesia with PT JUP (“**JV Agreement**”), where we are the 40.0% shareholder in PT JMA and PT JUP is the 60.0% shareholder, pursuant to which PT JUP invested Rp 26,178,000,000 and PTMI invested Rp 17,452,000,000 in PT JMA.

Pursuant to the JV Agreement, PT JUP may terminate the agreement earlier if, among others, PTMI defaults on the BOOT Agreement and fails to cure any such default. Additionally, pursuant to the JV Agreement, PTMI is required to seek prior written approval from PT JUP for the change in shareholding composition of PTMI, which change occurred due to the Restructuring Exercise. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further information on the Restructuring Exercise. As at the Latest Practicable Date, our Company has not received such written approval from PT JUP. Our Group believes that it continues to maintain a good working relationship with PT JUP for the following reasons:

- (a) PT JUP has been notified of but has not objected to the change in shareholding composition of PTMI and continues to cooperate with PTMI with respect to the business of PT JMA;
- (b) On the subsequent advice of PT JUP, PT JMA sought and obtained the clearance from Bank DKI (a government-linked bank which is affiliated to PT JUP) to continue extending the existing IDR85.86 billion (equivalent to S\$8.16 million) credit facilities to PT JMA notwithstanding the latter being classified as a foreign direct investment company pursuant to the shareholding restructuring; and
- (c) PT JUP secured the permit for PT JMA to receive water supply from the river as raw material for the water treatment plant in January 2019.

The Legal Advisers to our Company on Indonesian Law, NSMP, have opined that the absence of prior written approval from PT JUP for any amendment to PTMI’s shareholding composition as required under the JV Agreement may be deemed as an event of default under the JV Agreement and may lead to dispute over the JV Agreement. In such event, the parties shall resolve the dispute by amicable settlement, and failing which can proceed to arbitration for final resolution as set out in the JV Agreement. The full text and contents of the NSMP Legal Opinion is set out in “Appendix I – NSMP Legal Opinion” of this Offer Document and investors are advised to read carefully the NSMP Legal Opinion in its entirety,

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in particular without limitation, the assumptions and qualifications set out therein. The Indonesian Legal Consultants, R & P, have also opined that the absence of prior written approval from PT JUP for any amendment to PTMI's shareholding composition as required under the JV Agreement may be deemed as an event of default under the JV Agreement and may lead to dispute over the JV Agreement. In such event, the parties shall resolve the dispute by amicable settlement, and failing which can proceed to arbitration for final resolution as set out in the JV Agreement. The full text and contents of the R & P Legal Opinion is set out in "Appendix K – R & P Legal Opinion" of this Offer Document and investors are advised to read carefully the R & P Legal Opinion in its entirety, in particular without limitation, the assumptions and qualifications set out therein.

Although there continues to be a good working relationship between PT JUP and PTMI, there is no assurance that PT JUP will not deem PTMI's failure to obtain its prior written consent an event of default. In the event that PT JUP pursues such default under the JV Agreement and in the event of a failure to achieve an amicable settlement or if any consequential arbitration is not favourable to us, our business, operations, financial performance and prospects may be adversely affected. Additionally, any amortisation and/or write-off of our Group's acquired or merged entities and joint ventures may have a material adverse impact on our business, operations, financial performance and prospects.

Additionally, PT JMA has secured a bank loan for the financing of the construction of the water treatment facility in respect of our BOOT project. The joint venture partners had, on a joint and several basis, 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. As such, in the event that our joint venture partner is not able to provide such requisite continuing financial support, we will be liable for our joint venture partner's share of the financial support and this may have a material adverse impact on our business, operations, financial performance and prospects. Please refer to the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position – Capital Expenditures, Divestments, Commitments and Contingent Liabilities – Contingent Liabilities" of this Offer Document for further information.

We are subject to registration requirements and require certain licences, registrations, permits and approvals for our operations

We are required to obtain various licences, registrations, permits and approvals to carry out our business operations. Please refer to the section entitled "General Information on our Group – Material Licences, Permits, Registrations and Approvals" of this Offer Document for further information on the licences, permits, registrations and approvals for our business operations. We tender for public projects in Singapore. The public tendering process in Singapore is regulated by the BCA, which administers the Contractors Registry. Contractors in Singapore are categorised by the BCA into different BCA registration heads and grades and registration with the BCA is a pre-requisite for contractors to tender for public projects in Singapore.

Our various registrations with the BCA are subject to periodic renewal every three (3) years. The BCA may revoke such registrations or downgrade registration grades for a variety of reasons, such as a failure to meet the minimum number of personnel having the relevant qualifications. If we are unable to meet the criteria for the renewal of our current grades, we may be downgraded or our registration may be revoked by the BCA. In such an event, we can only take part in smaller scale public sector projects or private sector projects, which tend to be comparatively smaller in scale. The revocation of our registrations or downgrading of our registration grades may also have an adverse effect on our reputation. As at the Latest Practicable Date, our Directors are not aware of any risk or circumstances that may result in our BCA registration grades being downgraded or withdrawn, or any difficulty in maintaining our grades, and our registration grades were not downgraded or withdrawn during the Period Under Review and up to the Latest Practicable Date. Nonetheless, there is no assurance that we can continue to maintain our existing BCA registration grades in the future. In the event that we fail to maintain our existing BCA registration grades, we may not be able to tender for public sector projects of a larger scale, or at all, in Singapore. Such downgrade in or loss of our BCA registration grades would adversely affect our business, operations, financial performance and prospects.

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In Indonesia, prior to commencing a business carrying out construction services business activities, a company would have to secure a corporate registration and a business licence registration. The application for a corporate registration is processed and issued through the Online Single Submission (“OSS”) system as set forth in Government Regulation Number 24 of 2018 on Electronic Integrated Business Permit Services. The corporate registration is evidenced by the issuance of a Primary Business Number (Nomor Induk Berusaha (“NIB”). The NIB includes all registered business activities of a company. Subsequently, the business licence of the company will be issued electronically through the OSS. The business licence required for a construction service company is a construction business licence (“IUJK”). The application for an IUJK is administered and issued by state institutions appointed by the law, among others, to issue the IUJK and implement the relevant certifications for a construction services company. As at the Latest Practicable Date, both our Indonesia-incorporated subsidiaries, PTMI and PTMP, have been issued the relevant corporate registrations and IUJK through the OSS system.

The maintenance of our licences, permits, registrations and approvals are generally subject to conditions stipulated in such licences, permits, registrations and approvals and/or relevant laws and regulations under which such licences, permits, registrations and approvals are issued, which may be subject to changes from time to time. Our licences, permits, registrations and approvals may also be subjected to review, periodic renewal and reassessment by the relevant authorities, and the standards of compliance required in relation thereto may from time to time be subject to changes. Accordingly, we have to constantly monitor and ensure compliance with the relevant conditions, laws and regulations. We have incurred, and expect to continue to incur, compliance costs to ensure compliance with applicable conditions, laws and regulations. We have also made, and expect to continue to make, capital expenditures on an ongoing basis to comply with relevant conditions, laws and regulations. Based on information as at the Latest Practicable Date, our Group does not envisage any material capital expenditures to comply with the relevant conditions, laws and regulations. There can be no assurance that we will be able to remain in compliance with applicable conditions, laws and regulations, that we will be able to obtain, maintain or renew required licences, permits, registrations and approvals or that we will not become involved in future litigation or other proceedings arising from any breach of applicable laws and regulations. Failure to comply with such conditions, laws or regulations could result in penalties or the revocation or non-renewal of the relevant licence, permit, registration or approval which in turn may adversely affect our business, operations, financial performance and prospects.

We are subject to the risk of changes in the relevant laws and regulations in the countries we operate

There is no assurance that the regulatory environments in which we operate will not change significantly or become more stringent in the future. Compliance with any changes in existing or new laws and regulations may increase our compliance costs, which may adversely affect our business, operations, financial performance and prospects. In addition, there is no assurance that we would be able to comply with such amended or new laws and regulations, which may have an adverse effect on our business, operations, financial performance or prospects.

In the event that we fail to comply with the relevant laws and regulations, we may be penalised for such breaches of law or regulation, and our business, operations, financial performance and prospects may be adversely affected as a result. During the Period Under Review and up to the Latest Practicable Date, we did not incur any penalty for breach of regulations which had a material adverse impact on our business, operations or financial performance.

We may need to secure additional financing for our future growth

We may need to obtain additional debt or equity financing to fund future working capital, acquisitions or capital expenditures, so as to enhance our capabilities and capacity to take on more projects or projects of a larger scale or to expand our business. In the event that we are unable to secure the financing we require, we may be unable to secure and execute such large-scale projects and this may adversely affect our future growth and profitability.

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Additional equity financing may result in dilution of the shareholdings of our Shareholders. Additional debt financing may include conditions that would restrict our freedom to operate our business, such as conditions that:

- limit our ability to pay dividends or require us to seek consents to do so;
- require us to maintain financial ratios;
- require us to dedicate a portion of our cash flow from operations for the payment of our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes; and
- limit our flexibility in planning for changes in our business and industry in the future, such as conditions that may restrict or require consents for corporate restructuring, or additional financing or fund-raising.

There is no assurance that we will be able to obtain any additional financing on terms that are acceptable to us, or at all. In the event that we are unable to secure adequate financing at acceptable costs, our business, operations, financial performance and prospects may be adversely affected.

We are subject to foreign exchange risks

We are also subject to translation risks as our consolidated financial statements are reported in S\$ whilst the financial statements of our foreign subsidiaries and associated company are prepared in the foreign currencies of the primary economic environment in which the entity operates.

Our revenue is earned in S\$, IDR and RMB whereas our cost of sales or expenses may be denominated in other currencies such as USD, Euro and Pound Sterling. As our cost of sales and expenses may not be matched in the same currency as our revenue and as there may be timing differences between invoicing and collection and payments, we may be exposed to foreign exchange fluctuations in various currencies. The adverse fluctuations between the other currencies and S\$ may materially and adversely affect our results of operations and financial position. Please refer to the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position – Foreign Exchange Management” of this Offer Document for further details.

We currently do not have any formal policy for hedging 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. However, we will continue to monitor our foreign exchange exposure and may employ a formal policy to manage our foreign exchange exposure more effectively should the need arise.

Our growth and prospects are dependent on our innovation capabilities and efforts, which may not be commercially successful

We believe that our strong understanding of the needs of our customers and our ability to innovate and improve on our process design and know-how, the cost-effectiveness and quality of our systems and work processes which meet and anticipate our customers’ requirements are crucial in providing us with a competitive edge and for our growth, prospects and standing in the industry. Hence, we have emphasised on building our capabilities to raise the quality and efficiency of our services and work processes. Such efforts require investments in time, resources and capital expenditure. Our ability to innovate and improve effectively is restricted by the availability of financial resources and manpower, and our ability to anticipate our customers’ requirements or industry trends. There is no assurance that our innovation and improvement efforts will gain the approval of our customers or result in an increase in our market share. The failure to maintain consistent and effective innovation capabilities and efforts may result in a material adverse effect on our business, operations, financial performance and prospects.

RISK FACTORS

We do not have patents to protect our products and proprietary technology against claims by other parties

We design, develop and build solutions for our customers. These water and wastewater treatment systems are developed based on our in-house capabilities, led by our management and engineers with knowledge and expertise accumulated over the years. We have not and are not able to apply for any patents in respect of the designs and applications as our technology is still evolving. We will not have any legal recourse for these unpatented designs in the event that our unpatented designs are successfully replicated by third parties. In the event that our unpatented designs are replicated, we may face increased competition, and our revenue and profitability derived from these designs and applications may be adversely affected.

Furthermore, third parties may assert claims over our unpatented design or parts of them. In such situations, we may need to acquire licences to, or to contest the validity of, issued or pending patents of third parties. There is no assurance that any licence acquired under such patents would be made available to us on acceptable terms, or at all, or that we would prevail in any contest against an issued or pending patent. In addition, we could incur substantial costs in defending ourselves against lawsuits for our alleged infringement of the third party's patents. There may also be project delays and disruption to our business due to such legal proceedings. Although we did not experience any claims from third parties for infringement of their intellectual property rights which had a material adverse impact on our business, operations, financial performance or prospects for the Period Under Review and up to the Latest Practicable Date, there is no assurance that such scenarios will not happen in the future.

We also rely on trade secrets, proprietary know-how and technology, which we seek to protect through confidentiality agreements with our prospective working partners and employees. However, there is no assurance that these confidentiality agreements will not be breached, that we will have adequate remedies for such breaches, or that our trade secrets and know-how will not otherwise become known or be independently discovered by third parties.

We may not be able to successfully implement our future plans

As described in the section entitled "General Information on our Group – Business Strategies and Future Plans" of this Offer Document, our business strategies and future plans include expanding and extending our capabilities and businesses in existing markets, expansion into new geographical markets, expansion through mergers and acquisitions, investment in more BOOT and TOOT projects and further advancement of our water and wastewater treatment technologies. However, there is no assurance that we will be able to effectively implement our future plans. Even if we are able to successfully implement our future plans, there is no assurance that the results of such plans will lead to the outcomes and results we expect. The success and viability of our future plans depend on many factors, some of which are not within our control, such as the existence of favourable economic and political conditions, the demand and needs of our customers, the commercial viability of our future plans and the tariff rates for our sale of water.

Further, the implementation of our future plans may also require substantial capital expenditure, and consequently we would require additional financing to fund our future plans. There is no assurance that these future plans will pay off and increase our revenue to a level which will be commensurate with the costs of our investment. In the event that our future plans are not satisfactorily implemented, our business, operations, financial performance and prospects may be adversely affected.

Our customers are subject to environmental laws and regulations of the jurisdiction in which they operate and they may seek recourse from us should there be any violation

Our customers are required to meet certain environmental standards and requirements under the environmental laws and regulations of the countries in which they operate. Our customers' failure to do so would cause them to face liability or sanctions from the relevant regulatory body of the jurisdiction in which they operate. While we may not be directly regulated by these environmental laws and regulations, there is no assurance that our customers or the relevant authorities will not seek recourse from us in the event of our customer's non-compliance with such laws and regulations, even if our systems were deemed satisfactory and/or compliant with such laws and regulations at the time of handover to our

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customers. In the event that we are held liable for our customers' non-compliance with such laws and regulations, our business, operations, financial performance and prospects may be adversely affected. As at the Latest Practicable Date, there have been no incidences in which our customers have sought recourse from us, in relation to a violation of environmental laws and regulations in the jurisdictions in which they operate, which have had a material adverse impact on our financial performance and operations.

RISKS RELATING TO OUR OVERSEAS OPERATIONS

General risks associated with doing business outside Singapore

We have expanded our business through investments and operations outside of Singapore, and we may continue to undertake similar investments or operations in other countries in the future. These transactions may subject us to different risks from those we face in growing our operations in Singapore. Such risks may include having to deal with entrenched domestic competitors in overseas markets, our relative lack of familiarity with the rules and regulations in other jurisdictions, changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in foreign exchange rates, potentially adverse tax consequences, legal uncertainty regarding liability, reduced protection for intellectual property rights in some countries, tariffs and other trade barriers, unexpected changes in local law, and barriers to the repatriation of capital or profits, any of which could materially affect our overseas operations and, consequently our business, operations, financial performance and prospects. As we plan to expand our overseas operations in the future, our exposure to such risks will increase. These risks may impede our efforts to integrate the overseas businesses into our existing business operations. Addressing these risks may require us to devote substantial management resources, which could distract our management from overseeing our ongoing operations. Any failure by us to address these issues could delay or prevent us from completing any future overseas expansions or could make such transactions substantially more expensive to complete than we had anticipated, any of which could have a material adverse effect on our business, operations, financial performance and prospects.

Our business may also be materially and adversely affected by social, economic and political developments, both in countries in which we operate and globally. Such developments may include financial crises, terrorist attacks, inflation, and civil unrests in the countries in which we operate. We have no control over such developments, and there is no assurance that such conditions and developments, when they occur, will not adversely affect our business, operations, financial performance and prospects in the countries where we carry out our operations.

RISKS RELATING TO OUR OPERATIONS IN INDONESIA

General risks associated with doing business in Indonesia

In the past, the Indonesian economy has been susceptible to global economic crises. For example, Indonesia experienced depreciation of its currency, a significant drop in its gross domestic product, social unrest and political turmoil during the Asian economic crisis in 1997. In 2008, Indonesia's economy was again affected by the global financial crisis. Many Indonesian institutions experienced liquidity issues and the Indonesian government had to respond with significant bailouts for several financial institutions in Indonesia. Any future market disruptions, fluctuations or uncertainties in Indonesia may negatively affect the operations and financial performance of our Indonesian subsidiaries and associated company. As a result, our business, operations, financial performance and prospects may be adversely affected as well.

Further, future market disruptions, fluctuations or uncertainties in Indonesia may result in changes to the social, political and economic landscape of Indonesia, and this may lead to further changes in the relevant laws, regulations and government policies, which may in turn adversely affect our business, operations, financial performance and prospects. Social and civil unrests may also, directly or indirectly, disrupt our operations and adversely affect the financial performance of our operations in Indonesia.

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Additionally, due to its geographical location, the Indonesian archipelago is prone to natural disasters such as earthquakes, tsunamis and volcanic eruptions. Such natural disasters may severely disrupt the Indonesian economy. There is no assurance that natural disasters will not occur again in or around the location of our operations and projects. The occurrence of such natural disasters may materially and adversely affect and disrupt our operations and projects in Indonesia and this may adversely affect our business, operations, financial performance and prospects. Additionally, our insurance may not provide sufficient coverage in the event of natural disasters and other events beyond our control. There is also no assurance that the premiums payable for our insurance policies upon renewal would not increase significantly. Such increased costs may lead to reduced profit margins for our operations in Indonesia and adversely affect our business, operations, financial performance and prospects.

Our business operations are affected by periodic changes in existing and adoption of new Indonesian laws and regulations and/or changes in statutory interpretation of the Indonesian laws and regulations as well as possible inconsistencies between the various Indonesian laws and regulations and/or their corresponding interpretation by the Indonesian courts

Our business operations in Indonesia are regulated by the laws and regulations of Indonesia, including those relating to corporate, investment, marketing, import and trading, labour, environmental safety and taxation matters. At times, the changes, interpretation, application or enforcement of Indonesian laws and regulations may not be clear, especially in the absence of implementing regulations, which provide guidance on the implementation and application of the laws and regulations. Further, although regulations nationally published apply across all regions in Indonesia, there could be region-specific regulations which may not be published nationally. Consultation with the relevant regional authorities in Indonesia may thus be necessary to obtain clarification on the applicable laws and regulations within the relevant regions in which we operate in.

Our business operations in Indonesia may be adversely affected by the adoption of new laws and regulations or changes to, or changes in the interpretation or implementation of, existing laws and regulations of Indonesia. We may also incur additional compliance costs as a result of the adoption of new laws and regulations or changes to, or changes in the interpretation or implementation of, existing laws and regulations in Indonesia, and this may reduce the overall profitability of our operations in Indonesia.

In particular, our Indonesian subsidiaries and associated company are subject to oversight by the Indonesia Investment Coordinating Board (“BKPM”), an administrative government body overseeing foreign investment in Indonesia, as well as the Ministry of Law and Human Rights of Indonesia. The policies of government bodies such as the BKPM are subject to changes from time to time, depending on the then policies of the government of Indonesia. In the event that the policies of government bodies such as the BKPM change, our business, operations, financial performance and prospects may be materially and adversely affected. A change of policy may result in (i) us having to divest all or some of our shareholding interest in our Indonesian subsidiaries and associated company; and/or (ii) restrictions and changes in the scope of business operations of our Indonesian subsidiaries and associated company. Furthermore, the complexity and ambiguity of laws and regulations in Indonesia, as well as the corresponding guidelines, interpretations and policies may have an impact on our business, operations, financial performance and prospects in Indonesia.

Further, our Indonesian subsidiaries and associated company are subject to continuing reporting and compliance obligations to BKPM, amongst other legal and regulatory obligations. Consequently, we incur such reporting and compliance costs on an annual basis. In the event of changes to laws and regulations, and their corresponding interpretations as well as policies of the supervising government bodies, our costs of compliance may also increase accordingly.

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We are subject to Indonesian foreign exchange control

Our Indonesian subsidiaries and associated company are subject to Indonesian foreign exchange controls. Currently, remittances flowing out of Indonesia require the provision of a notice to, or approval of Bank Indonesia, which is the central bank of Indonesia. While our operations in Indonesia are not currently affected by foreign exchange controls in a material manner, in the event that the Indonesian government tightens or otherwise substantially amend the foreign exchange rules and policies, our operations may be affected, and our ability to convert the relevant currencies when we are required to make payments or the ability of our Indonesian subsidiaries to repatriate dividends and profits may be adversely affected. As a result, our profitability and financial performance may be adversely affected.

Any changes in the double taxation agreement between Singapore and Indonesia with respect to an increase in the dividend withholding tax rate may affect the amount of dividends payable by our Indonesia subsidiaries to our Company

According to the agreement between the Republic of Singapore and the Republic of Indonesia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income dated 8 May 1990, the dividend withholding tax rate shall not exceed (i) 10.0% of the gross amount of dividends declared if the beneficial owner of the dividends is a Singapore resident company that directly holds at least 25.0% of the share capital of the company paying the dividend (ii) 15.0% of the gross amount of dividends declared in all other cases. Currently, we foresee no legal issues or elements that may prevent our Indonesia subsidiaries from enjoying the dividend withholding concessionary tax rate. However, there is no assurance that such agreement or arrangement in respect of avoidance of double taxation and the prevention of fiscal evasion will not be further amended. In the event that such dividend withholding tax rate increases, it may affect the amount of dividends paid out by our Indonesian subsidiaries. Besides, there is no assurance that the Indonesian tax authorities will not change its determination and recognition of adoption of such concessionary tax rates or that the Indonesian tax authorities will not levy higher withholding tax on these dividends in the future.

RISKS RELATING TO OUR OPERATIONS IN THE PRC

General risks associated with doing business in PRC

Within the last few decades, PRC has transitioned from a planned economy to a unique economic system known as a “socialist market economy”, which is characterised by a predominance of state ownership and state-owned enterprises within a market economy. Accordingly, PRC has experienced significant economic growth and social progress since its adoption of the “open door” reform policy in 1978 and the “socialist market economy” policy in 1993, even though such growth has been uneven across geographic and economic sectors within PRC. However, there is no assurance that such economic growth will not decrease and any slowdown may have an adverse impact on our business, operations, financial performance and prospects.

We are subject to PRC foreign exchange controls

Our PRC subsidiary operating in Chengdu, Sichuan is subject to PRC rules and regulations on currency conversion. In PRC, the State Administration of Foreign Exchange (“SAFE”) regulates the conversion of Renminbi into foreign currencies. Currently, foreign investment enterprises (“FIEs”) are required to apply to the SAFE for “Foreign Exchange Registration for FIEs”. With such registration, FIEs are allowed to open foreign currency accounts including “current account” and “capital account”. Currency conversion within the scope of “current account” (for example, remittance of foreign currencies for payment of dividends, etc.) can be effected without requiring the approval of the SAFE. However, conversion of currency in “capital account” (for example, for capital items like direct investments, loans, securities, etc.) requires the approval of the SAFE. While we do not presently anticipate any difficulty in meeting our foreign exchange needs, there is no assurance that the current foreign exchange rules and regulations in PRC will not be changed to our detriment. As such, there is no assurance that we will continue to be able to obtain sufficient foreign currencies to pay dividends or to satisfy our other foreign exchange needs. As a result, our ability to convert the relevant currencies when we are required to make payments or the ability of our PRC subsidiary to repatriate dividends and profits may be significantly restricted.

RISK FACTORS

Any changes in the double taxation agreement between Singapore and the PRC with respect to an increase in the dividend withholding tax rate may affect the amount of dividends payable by our PRC subsidiary to our Company

According to the agreement between the PRC and Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (中华人民共和国政府和新加坡共和国政府关于对所得避免双重征税和防止偷漏税的协定) dated 11 July 2007, the dividend withholding tax rate shall not exceed 5.0% of the total dividends declared if the beneficial owner of the dividends is a Singapore resident company that directly holds at least 25.0% of the share capital of the company paying the dividend. Currently, we foresee no legal issues or elements that may prevent our PRC subsidiary that is directly held by our Company from the enjoying such a dividend withholding concessionary tax rate not exceeding 5.0%. However, there is no assurance that such agreement or arrangement in respect of avoidance of double taxation and the prevention of fiscal evasion will not be further amended. In the event that such dividend withholding tax rate increases, it may affect the amount of dividends paid out by our PRC subsidiary. Besides, there is no assurance that the PRC tax authorities will not change its determination and recognition of adoption of such concessionary rate not exceeding 5.0% or that the PRC tax authorities will not levy higher withholding tax on these dividends in the future.

Any significant change in PRC laws and regulations and legal system may affect our operations in PRC

Our business and operations in PRC are governed by the legal system of PRC. The PRC legal system is a codified system with written laws, regulations, circulars, administrative directives and internal guidelines. Prior decisions by PRC courts may be cited as authority but they do not have any effect as binding precedents. As a result, the administration of PRC laws and regulations by PRC government agencies may be subject to considerable discretion. For example, the Administrative Body of State Council in charge of Environmental Protection regulates under the PRC Environmental Protection Law of 1989. Under this law, the Administrative Body of the State Council has developed a system of water standards which comprises five levels of quality standards. Our role is to assist our customers to achieve these standards based on the solutions that we provide. The fabrication and commissioning of our water treatment systems is based on our understanding of the standards required. Should the interpretation of these standards be subject to discretion, our customers may be found to be non-compliant with such regulatory standards. There is no assurance that our customers or the relevant authorities will not seek recourse from us in the event of non-compliance with such laws and regulations, even if our projects were commissioned and tested to be satisfactory at the point of handover to our customers.

At times, the implementation, interpretation and enforcement of such PRC laws and regulations and of commercial contracts, undertakings and commitments entered into may not be clear. An application for approval to conduct certain activities in PRC may be unduly protracted with the involvement of several government agencies. The enforcement of laws and regulations and the outcome of a dispute resolution in PRC may not be as predictable as in more developed jurisdictions. Consequently, our business, operations, financial performance and prospects may be adversely affected by circumstances such as unnecessary delays in obtaining approvals from the governmental bodies in PRC, introduction of new laws, and changes to existing laws or interpretations thereof.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Mainboard of the SGX-ST

We have made an application for our Shares to be listed for quotation on Catalist, a listing platform primarily designed for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST, and the future success and liquidity in the market of our Shares cannot be guaranteed.

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Pursuant to the Catalist Rules, we are required to, among others, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, ZICO Capital must act as our continuing sponsor for at least three (3) years after the listing of our Company on Catalist. In addition, we may be delisted in the event that we do not have a sponsor for more than three (3) continuous months. There is no guarantee that following the expiration of the three-year period, ZICO Capital will continue to act as our sponsor or that we will be able to find a replacement sponsor within the three (3)-month period. Should such risks materialise, we may be delisted.

Future sales of our Shares could adversely affect our Share price

Any future sale or issue of our Shares could have a downward pressure on our Share price. The issue or sale of a significant number of Shares in the public market after the Placement, or the perception that such issue or sales may occur, could materially and adversely affect the market price of our Shares. These factors also affect our ability to issue additional equity securities. Except as otherwise described in the section entitled “Shareholders - Moratorium” of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares either on Catalist or otherwise.

After the lock-up period has lapsed, we will be able to issue new Shares and our Controlling Shareholders will be able to sell their Shares. Any future sale or an increased availability of Shares may have a downward pressure on our Share price. The sale of a significant number of Shares in the public market after the Placement, including by our Controlling Shareholders, as well as non-controlling but otherwise significant Shareholders, or the issue of further new securities by us, or the perception that such sales or issues may occur, could materially affect the market price of the Shares. These factors also affect our ability to sell additional equity securities at a time and at a price favourable to us.

The Shares may not be a suitable investment for all investors

Each prospective investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Shares, our Company, the merits and risks of investing in the Shares and the information contained in this Offer Document, (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the effect an investment in the Shares will have on its overall investment portfolio, (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares, including where the currency of the Shares is different from the prospective investor’s currency, (iv) understand thoroughly the terms of the Placement and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Investors in our Shares would face immediate and substantial dilution in the book value per Share and may experience future dilution

As described in the section entitled “Dilution” of this Offer Document, our Placement Price of 22.50 cents per Share is substantially higher than our pro forma NAV per Share of 6.71 cents as at 30 June 2019 (adjusted for the net proceeds from the Placement and based on the post-Placement share capital of 220,257,000 Shares). Thus, there is an immediate and substantial dilution in the book value per Share.

In addition, we may, in the future, expand our capabilities and business through acquisitions, joint ventures and strategic partnerships with parties who can add value to our business. We may also require additional equity funding after the Placement. If we choose to issue new Shares in order to finance future expansions, acquisitions, joint ventures and strategic partnerships, our Shareholders will face dilution of their shareholdings.

In particular, if we offer, or cause to be offered to Shareholders, rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making such rights available to Shareholders, or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to such Shareholders. We may choose not to offer such rights to Shareholders having an address in a jurisdiction outside Singapore and such Shareholders may experience a dilution in their shareholdings as a result.

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Investors may not be able to participate in future issues of Shares and may experience dilution in their shareholdings

In the event that our Company issues new Shares, it will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where it elects to conduct a rights issue. However, in electing to conduct a rights issue or other forms of equity issuances, our Company will have discretion, subject to relevant regulations, as to the procedures to be followed in making such rights offering available to our existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, our Company may choose not offer such rights to our existing Shareholders having an address outside Singapore. Accordingly, holders of our Shares may be unable to participate in future offerings of our Shares and may experience dilution of their shareholdings as a result.

There has been no prior market for our Shares and the Placement may not result in an active or liquid market for our Shares

Prior to the Placement, there was no public market for our Shares. The Placement Price may not be indicative of the market price for our Shares after the completion of the Placement. There is no assurance that an active market for our Shares will develop or, if developed, will be sustained, or that the market price for the Shares will not decline below the Placement Price. Accordingly, you may be unable to sell your Shares at or above the Placement Price.

Our Share price may be volatile in the future, which could result in substantial losses for investors purchasing our Shares in this Placement

The trading price of our Shares could be subject to significant fluctuations as a result of, among others, the following factors, some of which are beyond our control:

- variations of our financial or operating results;
- liquidity of the market for our Shares;
- differences between our actual financial or operating results and those expected by investors and investment analysts;
- changes in analysts' recommendations, or estimates and projections of our financial performance;
- technological developments in our industry;
- announcements by us of significant acquisitions, strategic alliances or joint ventures;
- announcements by us of the securing or termination of significant projects;
- our involvement in material litigation; and
- changes in general economic, political and social conditions and broad market fluctuations.

In addition, our Share price will be under downward pressure if our Shareholders sold their respective Shares immediately after the Placement or moratorium.

For these reasons, among others, our Shares may trade at prices that are higher or lower than the Placement Price and/or pro forma NAV per Share. These fluctuations may be exaggerated if the trading volume of the Shares is low. Volatility in the price of the Shares may be unrelated or disproportionate to our results of operations. It may be difficult to assess our performance against either domestic or international benchmarks. In addition, our Shares are not capital-safe products and there is no guarantee that investors of our Shares can realise a higher amount or even the principal amount of their investments. Any of the factors listed above could adversely affect the price of the Shares and you may not be able to resell your Shares at a price that is attractive to you, or at all.

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We may be constrained from paying dividends on the Shares from time to time

We are not legally or contractually required to pay dividends and any determination to pay dividends in the future will be entirely at the discretion of our Board, taking into consideration our operating results and cash flow, other cash requirements including capital expenditures, financing arrangements (if any), future plans, general business conditions and other factors which our Board may determine as appropriate, many of which are beyond our control. Please see the section entitled “Dividend Policy” of this Offer Document for further details on our dividend policy.

We may not be able to pay dividends in the future if we are unable to successfully implement our strategy or if there are adverse developments to our business as a result of competitive, regulatory, general economic conditions, demand and other factors specific to our industry, many of which are beyond our control. In addition, agreements which we may enter into in the future may limit or prohibit, among other things, the ability of our subsidiaries to make distributions to us and thus our ability to pay dividends to our Shareholders.

Our Company’s Controlling Shareholders will retain significant control over our Company after the Placement, which will allow them to influence the outcome of matters submitted to Shareholders for approval

Upon the completion of the Placement, our Company’s present Controlling Shareholders, Mr. Tay and Ms. Dewi will beneficially own in aggregate approximately 81.54% of the issued Shares. As a result, these persons, if they act together, will be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions, and will have veto power with respect to any Shareholder action or approval requiring a majority vote except where they are required by the Catalyst Rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Company which may benefit our Shareholders.

Negative publicity may adversely affect our Share price

Negative publicity or announcements relating to our Company or any of our Directors, Executive Officers or Controlling Shareholders may materially and adversely affect the market perception or the Share performance of our Company, whether or not it is justified. Examples of negative publicity may include unsuccessful attempts at joint ventures, acquisitions or takeovers, or involvement in insolvency proceedings.

Singapore law contains provisions that could discourage a take-over of our Company

The Singapore Take-over Code and sections 138, 139 and 140 of the SFA (collectively, the “**Singapore Take-over and Merger Provisions**”) contain certain provisions that may delay or deter a future take-over or change in control of our Company for so long as our Shares are listed for quotation on the SGX-ST. Except with the consent of the Securities Industry Council, any person acquiring an interest, whether by a series of transactions over a period of time or otherwise, either on his/her own or together with parties acting in concert with him/her, in 30.0% or more of our voting Shares is required to extend a take-over offer for our remaining voting Shares in accordance with the Singapore Take-over and Merger Provisions. Except with the consent of the Securities Industry Council, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of our voting Shares (either on his/her own or together with parties acting in concert with him/her) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six (6)-month period. While the Singapore Take-over Code seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and their ability to realise any benefit from a potential change of control.

USE OF PROCEEDS AND LISTING EXPENSES

The gross proceeds to be raised by our Company from the Placement will be approximately S\$7.53 million.

The estimated net proceeds to be raised by our Company from the Placement, after deducting the estimated expenses in relation to the Placement of approximately S\$1.72 million, will be approximately S\$5.81 million.

The allocation of each principal intended use of proceeds and the estimated listing expenses is set out below:

	Amount (S\$'000)	Estimated amount for each dollar of the gross proceeds from the Placement (cents)
Use of proceeds		
Investment in BOOT projects and M&A	2,100	27.87
Expansion of sales and distribution of systems and equipment business	800	10.62
General working capital ⁽¹⁾	2,917	38.72
Net proceeds from the Placement	5,817	77.21
Listing expenses to be borne by our Company⁽²⁾		
Listing and processing fees	40	0.53
Professional fees ⁽³⁾	1,321	17.54
Placement commission	245	3.25
Miscellaneous expenses	111	1.47
Total listing expenses	1,717	22.79
Total	7,534	100.00

Notes:

- (1) Some of the proceeds allocated for use as general working capital will be used to pay part of the unpaid share capital of PTMI.
- (2) Of the total estimated listing expenses of approximately S\$1.72 million, approximately S\$0.50 million will be capitalised against share capital and approximately S\$1.22 million will be charged to profit or loss.
- (3) This excludes S\$148,500 of management fee due to ZICO Capital as the Sponsor and Issue Manager which will be satisfied by the issue and allotment of 660,000 ZC Shares to ZICO Capital.

Please refer to the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document for further details on our use of proceeds.

Pending the deployment of the net proceeds from the issue of the Placement Shares as aforesaid, the funds will be placed in short term deposits with banks and financial institutions, used to invest in short term money market instruments and/or used for working capital requirements as our Directors may deem fit at their absolute discretion.

As part of its terms of reference, our Audit Committee will monitor our use of the net proceeds from the Placement. We will make periodic announcements on the use of the net proceeds from the Placement as and when the proceeds are materially disbursed, and provide a status report on the use of the proceeds in our annual report(s) and results announcement(s).

The discussion above represents our Company’s reasonable estimate of our allocation of the net proceeds from the Placement based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and our Company may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that any part of our proposed uses of the

USE OF PROCEEDS AND LISTING EXPENSES

net proceeds from the Placement does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the intended funding to other purposes and/or hold such funds on short term deposits for so long as our Directors deem it to be in the interest of our Company and our Shareholders, taken as a whole. Any change in the use of the net proceeds will be subject to the Catalyst Rules and appropriate announcements will be made by our Company on SGXNET.

Save as disclosed in this Offer Document, none of the net proceeds from the Placement will be used, directly or indirectly, to acquire or refinance the acquisition of another business or assets outside the ordinary course of business. None of the net proceeds from the Placement will be used to discharge, reduce or retire any indebtedness of our Group.

In the reasonable opinion of our Directors, there is no minimum amount which must be raised from the Placement.

DILUTION

Dilution is the amount by which the Placement Price paid by subscribers of our Placement Shares (“**New Investors**”) exceeds our pro forma NAV per Share immediately after the Placement. Our pro forma NAV per Share as at 30 June 2019 before adjusting for the estimated net proceeds from the Placement and based on the pre-Placement share capital of 186,112,000 Shares, was 4.82 cents.

Based on the issue of 33,485,000 Placement Shares at the Placement Price, our pro forma NAV per Share after adjusting for the estimated net proceeds from the Placement and based on the post-Placement share capital of 220,257,000 Shares, would be 6.71 cents. This represents an immediate increase in the pro forma NAV per Share of 1.89 cents to our existing Shareholders and an immediate dilution in the pro forma NAV per Share of 15.79 cents or 70.2% to our New Investors.

The following tables illustrate the dilution on a per Share basis:

	Cents
Placement Price	22.50
Pro forma NAV per Share as at 30 June 2019 based on the pre-Placement share capital of 186,112,000 Shares	4.82
Increase in pro forma NAV per Share to existing Shareholders	1.89
Pro forma NAV per Share after the Placement based on the post-Placement share capital of 220,257,000 Shares ⁽¹⁾	6.71
Dilution in pro forma NAV per Share to New Investors	15.79
Dilution in pro forma NAV per Share to New Investors as a percentage of the Placement Price	70.2%

Note:

- (1) The computed pro forma NAV per Share after the Placement does not take into account our actual financial performance after 30 June 2019. Depending on our actual financial results, our NAV per Share may be higher or lower than the above computed pro forma NAV.

The following table summarises the total number of Shares acquired by our Directors, and other Shareholders during the period of three (3) years prior to the date of lodgement of this Offer Document, the total consideration paid by them and the average effective cash cost per Share to them and to our New Investors pursuant to the Placement, and as adjusted for the Restructuring Exercise:

	Number of Shares Acquired	Total Consideration (S\$)	Average Effective Cost per Share (cents)
Directors			
Mr. Tay ⁽¹⁾	118,345,033	2,616,046	2.21
Ms. Dewi ⁽¹⁾	34,808,413	1,288,517	3.70
Shareholders (other than Directors)			
Unity Strength ⁽²⁾	26,456,554	1	— ⁽³⁾
Pre-IPO Investor	7,102,000	1,181,822	16.64
ZICO Capital ⁽⁴⁾	660,000	148,500	22.50
New Investors pursuant to the Placement (excluding the Pre-IPO Investor)	32,885,000	7,399,125	22.50

Notes:

- (1) Ms. Dewi, our Managing Director, is the spouse of Mr. Tay, our Executive Chairman and Chief Executive Officer.
- (2) Mr. Tay had transferred 575,142 Shares (prior to the Share Split) to Unity Strength on 26 December 2019 for a consideration of S\$1. The shareholders of Unity Strength are Mr. Tay, Mr. Low, Ms. Irawati and Mr. Lim. Mr. Tay holds the majority of the shares in Unity Strength and none of the remaining shareholders of Unity Strength holds 20% or more of the shares in Unity Strength individually.

DILUTION

- (3) Less than 0.01 cents.
- (4) Our Company will issue and allot to ZICO Capital 660,000 ZC Shares as part satisfaction of the management fee due to ZICO Capital as the Sponsor and Issue Manager. The ZC Shares will be subject to a moratorium as set out in the section entitled "Shareholders – Moratorium" of this Offer Document.

Save as disclosed above and in the sections entitled "Restructuring Exercise" and "Share Capital" of this Offer Document, none of our Directors, Substantial Shareholders or their Associates has acquired any Shares during the period of three (3) years prior to the date of lodgement of this Offer Document.

CAPITALISATION AND INDEBTEDNESS

The information in this table should be read in conjunction with the sections entitled “Use of Proceeds and Listing Expenses” and “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document and our financial statements and the notes thereto set out in Appendices A to D of this Offer Document.

The table below sets forth the cash and cash equivalents, capitalisation and indebtedness of our Group as at 1 November 2019 which has been prepared:

- based on our unaudited combined management accounts as at 1 November 2019;
- as adjusted for the investment by the Pre-IPO Investor; and
- as adjusted for the issue of the Placement Shares at the Placement Price, and the application of the net proceeds from the Placement in the manner described in the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document.

(\$'000)	As at 1 November 2019		
	Actual	Adjusted for the investment by the Pre-IPO Investor	Adjusted for the net proceeds from the Placement
Cash and cash equivalents	3,729	4,744	11,145
Current indebtedness			
Secured and guaranteed	27	27	27
Secured and non-guaranteed	19	19	19
Unsecured and guaranteed	249	249	249
Unsecured and non-guaranteed	1,268	1,268	1,268
Non-current indebtedness			
Secured and guaranteed	89	89	89
Secured and non-guaranteed	15	15	15
Unsecured and guaranteed	292	292	292
Unsecured and non-guaranteed	16	16	16
Total indebtedness	1,975	1,975	1,975
Total shareholders’ equity	10,503	11,518	17,769
Total capitalisation and indebtedness	12,478	13,493	19,744

As at the Latest Practicable Date, there were no material changes to our total capitalisation and indebtedness as disclosed above, save for scheduled repayments on our bank borrowings, changes in our working capital and reserves arising from our day-to-day operations in the ordinary course of business.

CAPITALISATION AND INDEBTEDNESS

Credit Facilities

As at the Latest Practicable Date, we have the following credit facilities:

No.	Lender	Borrower	Type of facilities (Secured/ Guaranteed)	Interest Rate	Amount of facilities granted (S\$'000)	Amount utilised (S\$'000)	Amount unutilised (S\$'000)	Maturity profile
1	DBS Bank Limited ("DBS")	MPL	Secured working capital loan ⁽¹⁾	6.25% per annum	300	300	0	28 September 2021
2	Abwin Pte Ltd	MPL	Hire purchase facilities	6.964% per annum	37	37	0	23 August 2020
3	CIMB Bank Berhad	MPL	Unsecured business term loan	7.00% per annum	150	150	0	28 March 2021
4	Citibank	MPL	Unsecured term loan and overdraft facility	7.12% per annum	250	240	10	3 March 2021
5	Oversea-Chinese Banking Corporation Ltd ("OCBC")	MPL	Guaranteed Business term loan	5.25% per annum below OCBC's prevailing business term rate	400	400	0	1 November 2022
6	HL Bank	MPL	Hire purchase facilities	5.356% per annum	79	79	0	13 November 2021
7	Standard Chartered Bank (Singapore) Limited ("SCB")	MPL	Business working capital facilities	Varied interest rates depending on the facility ⁽²⁾	900	149	751	Up to 180 days for unsecured and secured import letters of credit; up to 120 days for acceptance against trust receipts, loans against trust receipts, import loans and import invoice financing
8	Think One Credit Pte. Ltd.	MPL	Hire purchase facilities	5.57% per annum	84	84	0	3 March 2025
9	United Overseas Bank Limited ("UOB")	MPL	Trade facilities	Varied interest rates depending on the facility ⁽³⁾	2,020	1,226	794	Up to 180 days for import letters of credit and trust receipts financing
10	PT. Maybank Indonesia Finance	PTMI	Hire purchase facilities	8.73% per annum	36	36	0	1 October 2020
11	PT. Mitsui Leasing Indonesia	PTMI	Hire purchase facilities	15.62% per annum	13	13	0	22 March 2022
12	Permata Bank	PTMI	Secured trade facilities ⁽⁵⁾	Varied interest rates depending on the facility ⁽⁴⁾	613	0	613	25 May 2019 to 25 May 2020

CAPITALISATION AND INDEBTEDNESS

Notes:

- (1) This loan contains a provision whereby the lender may declare the indebtedness immediately due and payable if there is a change of legal or beneficial ownership of the borrower or any Group company without the prior written consent of the lender or if the management of the borrower or any Group company is wholly or substantially displaced or has its authority curtailed. The borrower has also provided representations and warranties, among others, that it will not declare, pay or make any dividend or distribution in respect of any accounting period. We have obtained consent from DBS for the issue of the Placement Shares pursuant to the Placement.
- (2) The interest rates of the facilities are as follows:
 - (i) for loans against trust receipts, the interest rate is the base currency financing of 0.50% over SCB's Standard Bills Finance Rate ("SBFR"), and alternate currency financing of 2.50% per annum over SCB's cost of funds;
 - (ii) for import loan, the interest rate is the base currency financing of 0.50% over SCB's SBFR, and alternate currency financing of 2.50% per annum over SCB's cost of funds;
 - (iii) for import invoice financing, the interest rate is the base currency financing of 0.50% over SCB's SBFR, and alternate currency financing of 2.50% per annum over SCB's cost of funds; and
 - (iv) there is no interest rate in respect of unsecured and secured letters of credit, acceptance against trust receipts and shipping guarantees.
- (3) The interest rates of the facilities are as follows:
 - (i) for trust receipts financing, the interest rate is 2.50% over UOB's cost of funds or 2.50% over applicable swap offer rate, whichever is higher, for all Singapore dollars denominated bills; or 2.50% over London Inter Bank Offer Rate or 2.50% over UOB's cost of funds for all foreign currency denominated bills; and
 - (ii) there is no interest rate in respect of letters of credit and performance guarantees.
- (4) The interest rates of the facilities are as follows:
 - (i) for revolving loan, if drawn down, the interest rate is 11.00% per annum; and
 - (ii) there is no interest rate in respect of letters of credit and performance guarantees.
- (5) The facilities contain a provision whereby PTMI has to obtain the prior written approval of Permata Bank if it intends to change its shareholding composition or distribute or declare dividend or distribute any profit (in any kind) to its shareholders, amongst others.

To the best of our Directors' knowledge, as at the Latest Practicable Date, we are not in breach of any of the terms and conditions or covenants associated with any credit facilities or our financial arrangements which could materially affect our financial position and results of business operations, or the investments of our Shareholders. Save as disclosed above, there are no material terms and conditions in our credit facilities which impose restrictions on payment of dividends and/or are tied to our Directors and/or make references to the specific shareholding interest of any Controlling Shareholder.

In the event that any Group company enters into a loan agreement or issues debt securities that contain a specified condition, and the breach of this specified condition will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities, significantly affecting the operations of our Company or results in our Company facing a cash flow problem, we will immediately announce the details of the specified condition and the level of these facilities that may be affected by a breach of such specified condition in accordance with Rule 704(33) of the Catalist Rules. For the purposes of Rule 704(33) of the Catalist Rules, a "specified condition" is a condition that makes reference to the shareholding interests of any controlling shareholders of our Company, or a restriction on any change in control of our Company.

DIVIDEND POLICY

PAST DIVIDENDS

Dividends declared by MPL

On 28 June 2016, our subsidiary, MPL, declared a final dividend of S\$220,000, in respect of FY2015 at 14.67 cents per share which was paid in FY2016.

On 29 December 2017, our subsidiary, MPL, declared an interim dividend of S\$870,000, of which S\$400,000 and S\$470,000 were in respect of FY2016 and FY2017 at 26.67 cents and 31.33 cents per share respectively. Such dividends were paid in FY2017.

Dividends declared by PTMI

On 19 July 2019, our subsidiary, PTMI, declared a final dividend of IDR34,085,000,000 (or S\$3,341,667) in respect of FY2018 at IDR3,098,636 (or S\$304) per share. Such dividends were paid in two (2) tranches on 22 July 2019 and 2 August 2019.

Save as disclosed above, no dividends have been declared by our Company or our subsidiaries during the Period Under Review and from 1 July 2019 up to the Latest Practicable Date.

DIVIDEND POLICY

Subject to the below, our Directors intend to recommend and distribute dividends of a minimum of 20 per cent. of our profit for the year attributable to owners of the Company in respect of FY2019 and 25 per cent. of our profit for the year attributable to owners of the Company in respect of FY2020 (the “**Proposed Dividends**”). However, investors should note that all the foregoing statements, including the statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors’ sole and absolute discretion. Any dividends declared will be disclosed in our Company’s financial results announcement as required by Appendix 7C of the Catalist Rules.

The form, frequency and amount of future dividends that our 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 any other factors deemed relevant by our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our 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 us by our financing arrangements (if any); and
- (f) the general economic and business conditions in countries in which we operate.

We may declare final dividends by way of an ordinary resolution of our Shareholders at a general meeting, but may not pay total dividends in excess of the amount recommended by our Directors. The declaration and payment of final dividends will be determined at the sole discretion of our Directors, subject to the approval of our Shareholders. Our Directors may also declare an interim dividend without the approval of our Shareholders. All dividends will be paid in accordance with the Companies Act.

The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. Investors should not make any inference from the foregoing statements as to our actual future profitability or our ability to pay any future dividends. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. Payment of any dividends shall be in S\$.

For information relating to taxes payable on dividends, please refer to “Appendix G – Taxation” of this Offer Document.

RESTRUCTURING EXERCISE

In connection with the Placement, we undertook the Restructuring Exercise to rationalise and streamline our Group.

The following steps were taken during the Restructuring Exercise:

1. Incorporation of our subsidiary, M Water

On 19 June 2018, M Water was incorporated as a private company limited by shares in Singapore under the Companies Act, with an issued and paid-up capital of S\$10,000 comprising 10,000 ordinary shares held by our Company. Our Group incorporated M Water to conduct the business of customisation and distribution of modular water and waste water system equipment and components.

2. Acquisition of shares in MPL by our Company

Pursuant to a share purchase agreement dated 14 August 2018 amongst our Company, Mr. Tay and Ms. Dewi, our Company acquired an aggregate of 1,500,000 shares, being 100.0% of the issued and paid-up capital of MPL (“**MPL Sale Shares**”) from Mr. Tay and Ms. Dewi. The purchase consideration of the MPL Sale Shares was S\$3,904,462, taking into consideration the net asset value of MPL as at 31 December 2017. Pursuant to the acquisition by our Company, MPL became a wholly-owned subsidiary of our Company.

3. Incorporation of our subsidiary, MIPL

On 23 October 2018, MIPL was incorporated as a private company limited by shares in Singapore under the Companies Act, with an issued and paid-up capital of S\$25,000 comprising 100 ordinary shares held by our Company.

4. Increases in the share capital in PTMP

On 17 December 2018, Ms. Irawati acquired 125 shares from Ratna Dewi Sugiharto for a total consideration of IDR12,500,000 (approximately S\$1,181), at the par value of IDR100,000 per share.

On 27 December 2018, PTMP issued a further 147,800 new shares at an aggregate consideration of IDR14,780,000,000 (approximately S\$1,449,200) and Ms. Dewi and Ms. Irawati subscribed for 144,919 and 2,881 new shares in PTMP for a consideration of IDR14,491,900,000 (approximately S\$1.42 million) and IDR288,100,000 (approximately S\$0.03 million) respectively. As at the Latest Practicable Date, the capital of PTMP has been fully paid up. Following the completion of the aforesaid transfer and subscriptions, Ms. Dewi owns 98.0% of the issued share capital of PTMP while the remaining 2.0% is held by Ms. Irawati.

The increase in the issued and paid-up share capital of PTMP was necessary for it to comply with the applicable regulations during that time, being Regulation of Minister of Public Works and Public Housing No. 3/PRT/M/2016 Year 2016 regarding Technical Guidance for Granting Construction Business Licence to Foreign Investment Construction Company (as amended by Regulation of Minister of Public Works and Public Housing No. 30/PRT/M/2016 Year 2016) in conjunction with National Construction Service Development Board Regulation No. 3 Year 2017 regarding Certification and Registration of Implementing Construction Service Business.

5. Transfer of shares in PTMI to PTMP

On 12 January 2019, PTMP acquired 11,000 shares in PTMI from Ms. Irawati and Ms. Dewi for a total consideration of IDR11,000,000,000 (approximately S\$1.06 million), taking into consideration the issued share capital of PTMI of IDR11,000,000,000 as at 12 January 2019.

6. Subscription of shares in PTMI by MIPL

On 13 February 2019, MIPL subscribed for 42,070 new shares in PTMI (“**PTMI New Shares**”), for a total consideration of IDR42,070,000,000 (approximately S\$4.04 million), at the par value of IDR1,000,000 per share. Pursuant to the subscription of the PTMI New Shares by MIPL, PTMI was converted to a foreign investment limited liability company and became an indirect 70.0% subsidiary of our Company.

RESTRUCTURING EXERCISE

Concurrently on 13 February 2019, PTMP subscribed for 7,030 new shares in PTMI, for a total consideration of IDR7,030,000,000 (approximately S\$0.68 million). Pursuant to the subscription of the aforesaid new shares in PTMI by PTMP as well as the transfer of shares in PTMI to PTMP as set out in Step 5 above, PTMP is the shareholder of 18,030 shares, representing 30.0% of the issued share capital in PTMI.

As at the Latest Practicable Date, 33,855 shares in PTMI with a value of IDR33,855,400,000 (approximately S\$3.28 million), representing 56.3% of the total 60,100 issued shares in PTMI, has been paid up. The remaining capital of approximately IDR26.24 billion (approximately S\$2.52 million) is deemed to be fully paid up in kind, through loans extended by PTMI to MIPL and PTMP. NSMP has confirmed that from a legal perspective, the 60,100 shares in PTMI are considered issued and deemed to be fully paid. NSMP has further confirmed that, notwithstanding that the share capital in PTMI has not been fully paid up in cash but in kind, the shareholders of PTMI are entitled to their shareholders' rights and that the shareholders of PTMI are in compliance with the relevant laws and regulations of Indonesia with respect to the issued and paid-up capital of PTMI. It is envisaged that the capital of PTMP which has not been fully paid up in cash shall be fully repaid gradually through, among others, part of the proceeds from the Placement.

The increase in the issued and paid-up share capital of PTMI is necessary for it to comply with National Construction Service Development Board Regulation No. 3 Year 2017 regarding Certification and Registration of Implementing Construction Service Business and Law No. 2 Year 2008 regarding Micro, Small and Medium Business.

7. Disposal of shares in PTWT by our Company to UI Pte. Ltd. (“UIPL”)

Pursuant to a sale and purchase agreement dated 27 May 2019 between our Company and UIPL, our Company disposed of 1,140,000 shares in PTWT, being 95.0% of the issued and paid-up capital in PTWT (“**PTWT Shares**”) to UIPL. The shareholders of UIPL are Mr. Tay (67.0%) and Ms. Dewi (33.0%), the Controlling Shareholders and Directors of our Company. The disposal of PTWT to UIPL allows our Group to maintain an asset light operation so that our Group's resources may be deployed efficiently for more profitable business undertakings. The consideration of the disposal was S\$710,000, which was at a 9.5% discount to the adjusted NAV of PTWT as at 31 December 2018. The adjusted NAV of PTWT is computed based on the NAV of PTWT as at 31 December 2018, after taking into account the valuation of the properties held by PTWT by an independent valuer. The disposal consideration was arrived at on a willing buyer willing seller basis.

Subsequent to the disposal of the PTWT Shares, our Company is no longer a shareholder of PTWT. PTWT also changed its name from PT MIT Water Technologies to PT Universal Energy Investment following the disposal.

8. Capitalisation of our Company

Pursuant to the acquisition by our Company of the shares in MPL as set out in Step 2 above, our Company owed the consideration of S\$3,904,462 to Mr. Tay and Ms. Dewi. On 30 August 2019, the outstanding amount of S\$3,904,462 was capitalised and fully settled by the issue and allotment of 3,904,462 new Shares to Mr. Tay and Ms. Dewi.

9. Conversion of our Company into a Public Company

On 30 December 2019, our Company was converted into a public company limited by shares. In connection with such conversion, we changed our name to “Memiontec Holdings Ltd.”.

10. Share Split

On 18 February 2020, the Share Split was effected and our 3,904,562 Shares were sub-divided into 179,610,000 Shares. Pursuant to the Share Split, the issued and paid-up share capital of our Company became S\$3,904,562, comprising 179,610,000 Shares.

SHARE CAPITAL

Our Company was incorporated in Singapore on 6 March 2013 under the Companies Act as a private company limited by shares under the name of “Memiontec Holdings Pte. Ltd.”.

As at the date of incorporation, the issued and paid-up share capital of our Company was S\$100 comprising 55 Shares held by Mr. Tay and 45 Shares held by Ms. Dewi. On 30 August 2019, our Company issued 3,904,462 new Shares to capitalise the consideration owing to existing Shareholders pursuant to the Restructuring Exercise. As at the Latest Practicable Date, the issued and paid-up share capital of our Company is S\$3,904,562 divided into 3,904,562 Shares.

On 30 December 2019, our Company was converted into a public company limited by shares and our name was changed to “Memiontec Holdings Ltd.”.

Pursuant to the written resolutions passed on 30 December 2019 and 18 February 2020, our then Shareholders approved, among others, the following:

- (a) the conversion of our Company into a public company limited by shares and the consequential change of our name to “Memiontec Holdings Ltd.”;
- (b) the Share Split of 3,904,562 Shares in the issued and paid-up capital of our Company into 179,610,000 Shares;
- (c) the adoption of a new set of Constitution;
- (d) the allotment and issue of the Placement Shares pursuant to the Placement, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;
- (e) the approval of the listing and quotation of all the issued Shares (including the Placement Shares to be allotted and issued pursuant to the Placement), the ZC Shares and the Award Shares to be allotted and issued (if any) on Catalist;
- (f) the adoption of the Plan, and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon release of awards granted under the Plan;
- (g) the authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit: (a)(i) issue (in addition to the Placement Shares) new 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 new 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 new Shares; and (b) (notwithstanding this authorisation conferred may have ceased to be in force at the time of the issue of such new Shares) issue new Shares in pursuance of any Instruments made or granted by our Directors while this authorisation was in force or additional Instruments arising from adjustments made to Instruments made or granted by our Directors while this authorisation was in force, provided that such adjustments do not give the holders a benefit that a shareholder does not receive provided that:
 - (1) the aggregate number of new Shares (including new Shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation) and Instruments to be issued pursuant to this authorisation shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of new Shares to be issued (including new Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below);

SHARE CAPITAL

- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of new Shares (including new Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of new Shares that may be issued shall be based on the post-Placement issued share capital of our Company (excluding treasury shares and subsidiary holdings), after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of Shares; and
- (3) unless revoked or varied by our Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of our Company or (ii) the date by which the next annual general meeting of our Company is required by law to be held, whichever is earlier.

As at the date of this Offer Document, our Company has only one (1) class of shares, being ordinary shares. The rights and privileges of our Shares are stated in our Constitution. There are no founder, management or deferred shares.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$4,886,335 comprising 186,112,000 Shares after the Share Split and the issue of new Shares to the Pre-IPO Investor, and taking into account the capitalisation of the expenses in relation to the issue of new Shares to the Pre-IPO Investor and expenses in relation to the Placement. Upon the allotment and issue of the ZC Shares and the Placement Shares, the resultant issued and paid-up share capital of our Company will be S\$12,077,189 comprising 220,257,000 Shares, after taking into account the capitalisation of the expenses in relation to the Placement.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and immediately after the Placement are as follows:

	Total Number of Shares	Resultant Issued and Paid-up Share Capital (S\$)
Issued and paid-up Shares as at our incorporation	100	100
Issue of new Shares pursuant to the Restructuring Exercise (but prior to the Share Split)	3,904,462	3,904,562
After the Share Split	179,610,000	3,904,562
Issue of new Shares to the Pre-IPO Investor	6,502,000	4,886,335 ⁽¹⁾
Issue of ZC Shares	660,000	5,030,063 ⁽²⁾
Issue of Placement Shares pursuant to the Placement	33,485,000	12,077,189 ⁽³⁾
Post-Placement issued and paid-up share capital	220,257,000	12,077,189

Notes:

- (1) This includes an amount of approximately S\$0.07 million, being part of our listing expenses and the transaction costs associated with the investment by the Pre-IPO Investor in our Company, which is set off against our share capital.
- (2) This includes an amount of approximately S\$0.01 million, being part of our listing expenses, which is set off against our share capital.
- (3) This includes an amount of approximately S\$0.49 million, being part of our listing expenses, which is set off against our share capital.

SHARE CAPITAL

The equity attributable to owners of our Company as at the date of incorporation (being 6 March 2013), as adjusted for the Restructuring Exercise and after the Placement is set out below:

	As at the Date of Incorporation	Immediately Before the Placement	Immediately After the Placement
Issued and Paid-Up Number of Shares	100	186,112,000	220,257,000
Issued and Paid-Up Share Capital (S\$)	100	4,886,335	12,077,189
Equity attributable to owners of our Company (S\$)	100	8,936,679 ⁽¹⁾	15,220,431

Note:

- (1) Equity attributable to owners of the Company based on the Unaudited Pro Forma Combined Statement of Financial Position of our Group as at 30 June 2019.

Save as disclosed above and in the section entitled “General and Statutory Information – Changes in Share Capital” of this Offer Document, there have been no other changes in the issued and paid-up share capital of our Company since the date of our incorporation.

Save as set out in this section and in the section entitled “General and Statutory Information – Changes in Share Capital” of this Offer Document, there were no changes in the issued and paid-up share capital of our Company and our Subsidiaries within the three (3) years preceding the Latest Practicable Date.

SHAREHOLDERS

The shareholdings of our Directors and Substantial Shareholders as at the Latest Practicable Date, and immediately before and after the Placement are set out below:

	As at the Latest Practicable Date			Immediately before the Placement			Immediately after the Placement		
	Direct Interest Number of Shares	Deemed Interest Number of Shares	%	Direct Interest Number of Shares	Deemed Interest Number of Shares	%	Direct Interest Number of Shares	Deemed Interest Number of Shares	%
Directors									
Tay Kiat Seng ^{(1),(2)}	3,147,858	-	80.62	118,345,033	26,456,554	63.59	118,345,033	26,456,554	53.73
Soelistyo Dewi Soegiharto ⁽¹⁾	756,704	-	19.38	34,808,413	-	18.70	34,808,413	-	15.80
Low Kian Beng	-	-	-	-	-	-	-	-	-
Jackson Chevalier Yap Kit Siong	-	-	-	-	-	-	-	-	-
Hor Siew Fu	-	-	-	-	-	-	-	-	-
Chua Kern	-	-	-	-	-	-	-	-	-
Lee Dah Khang ⁽³⁾	-	-	-	-	-	-	22,000	-	0.01
Substantial Shareholders (other than Directors)									
Unity Strength ⁽²⁾	-	-	-	26,456,554	-	14.22	26,456,554	-	12.01
Other Shareholders									
Pre-IPO Investor ⁽⁴⁾	-	-	-	6,502,000	-	3.49	7,102,000	-	3.23
ZICO Capital ⁽⁵⁾	-	-	-	-	-	-	660,000	-	0.30
Public	-	-	-	-	-	-	32,863,000	-	14.92
Total	3,904,562		100.0	186,112,000		100.0	220,257,000		100.0

Notes:

- (1) Mr. Tay is the Executive Chairman and Chief Executive Officer and a Controlling Shareholder of our Company. He is the spouse of Ms. Dewi, the Managing Director of our Company. Pursuant to Section 7 of the Companies Act, Mr. Tay and Ms. Dewi are not deemed interested in each other's shareholding interests in our Company notwithstanding their spousal relationship as neither Mr. Tay nor Ms. Dewi has the authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, each other's shares. Additionally, pursuant to Section 164(15)(a)(i) of the Companies Act, a director or chief executive officer of a company shall be deemed to hold or have an interest or a right in or over any shares or debentures if a wife or husband of the director or chief executive officer (as the case may be)(not being herself or himself a director or chief executive officer thereof) holds or has an interest or a right in or over any shares or debentures. As both Mr. Tay and Ms. Dewi are Directors of our Company, they are not deemed interested in each other's shareholding interests.
- (2) Unity Strength is an investment holding company incorporated in Singapore on 30 April 2019. As at incorporation, Mr. Tay was its sole shareholder and director. On 26 December 2019, Mr. Tay transferred 575,142 Shares (prior to the Share Split) to Unity Strength. Mr. Tay and Unity Strength have entered into a deed (each a "**USPL Partners Deed**") with certain employees of our Group, namely Mr. Low (Executive Director), Mr. Lim (Director of MPL) and Ms. Irawati (Director, Indonesia) (collectively, the "**USPL Partners**") and each a "**USPL Partner**"), pursuant to which Mr. Tay has transferred some of his shares in Unity Strength to each of the USPL Partners, with Mr. Tay holding 54.6% of the shareholding in Unity Strength and Mr. Low, Mr. Lim and Ms. Irawati holding 13.5%, 16.8% and 15.1% respectively. The USPL Partners Deed was entered into in recognition of each of the USPL Partners as a key business partner who is fundamental to our Group and shall continue thereafter without limit in point of time, until such time the USPL Partner ceases to hold any shares in Unity Strength.

Pursuant to the USPL Partners Deed, each of the USPL Partners has granted Mr. Tay a call option to purchase their shares in Unity Strength, where the number of such callable shares is based on an agreed release schedule between Mr. Tay and each of the USPL Partners. The USPL Partners Deed also provides for a put option granted by Mr. Tay to each of the USPL Partners in respect of any of their shareholdings in Unity Strength which are no longer subject to the call option. The duration of the agreed release schedule is five (5) years from 1 January 2020 for each of Mr. Lim and Ms. Irawati, and two (2) years from 1 January 2020 for Mr. Low. Upon the expiry of the aforesaid five (5) years (for Mr. Lim and Ms. Irawati) and two (2) years (for Mr. Low), none of their shareholdings in Unity Strength will be subject to the call option. Pursuant to the USPL Partners Deed, each of the USPL Partners has undertaken not to, among others, offer, sell, contract to sell, pledge and grant any security over their shares which are subject to the call option, during the continuance of the respective USPL Partners Deeds. The USPL Partners have respectively also granted an irrevocable power of attorney to each of Mr. Tay and Ms. Dewi pursuant to which Mr. Tay and Ms. Dewi shall conduct and manage the USPL Partners' affairs in relation to their shareholdings in Unity Strength including, among others, voting at all general meetings, signing written resolutions and exercising all powers exercisable in respect of their shareholdings.
- (3) Our Independent Director, Mr. Lee, has indicated interest to subscribe for 22,000 Placement Shares.
- (4) The Pre-IPO Investor has indicated interest to subscribe for 600,000 Placement Shares.
- (5) Our Company will issue and allot to ZICO Capital 660,000 ZC Shares as part satisfaction of the management fee due to ZICO Capital as the Sponsor and Issue Manager.

SHAREHOLDERS

Save as disclosed above and in the section entitled “Directors, Executive Officers and Staff” of this Offer Document, there are no other relationships among our Directors, Executive Officers and Substantial Shareholders and there are no arrangements or understandings with any Substantial Shareholders pursuant to which any of our Directors and Executive Officers were appointed.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Placement Shares which are the subject of the Placement.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any corporation, person or government.

There is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

PRE-IPO INVESTOR

Pursuant to the Investment Term Sheet dated 20 December 2019 entered into between our Company and the Pre-IPO Investor, the Pre-IPO Investor agreed to invest S\$1,046,822 into our Company (the “**Investment Amount**”). Under the Investment Term Sheet, the full sum of the Investment Amount shall be automatically converted into 6,502,000 new Shares in our Company (after the Share Split) upon the issuance of a written notice by our Company to the Pre-IPO Investor. The Investment Amount shall be utilised towards (a) the growth and expansion of our Group; (b) the general working capital and expenses of our Group; (c) the fees, expenses and charges towards the Restructuring Exercise and the Listing; and (d) the payment of outstanding loans to Shareholders.

The Pre-IPO Investor is not related to our Directors, Controlling Shareholders and their respective Associates or the Sponsor and Issue Manager.

SIGNIFICANT CHANGES IN THE PERCENTAGE OF OWNERSHIP

Save as disclosed under the sections entitled “Share Capital”, “Restructuring Exercise”, “Dilution” and “Shareholders” of this Offer Document, there were no significant changes in the percentage of ownership of the Shares in our Company within the three (3) years preceding the Latest Practicable Date.

MORATORIUM

As at the date of this Offer Document, Mr. Tay, Ms. Dewi and Unity Strength directly hold 118,345,033, 34,808,413 and 26,456,554 Shares respectively.

Each of Mr. Tay, Ms. Dewi and Unity Strength has given moratorium undertakings in respect of Shares which he or she legally and/or beneficially owns, as at the date of their respective undertaking and which he or she will own immediately after the Placement (the “**Moratorium Shares**”).

Each of Mr. Tay, Ms. Dewi and Unity Strength has given an undertaking to our Company, the Sponsor and Issue Manager and the Placement Agent that he or she or it, will not, in respect of any or all of the Moratorium Shares, for a period of six (6) months commencing from the date of admission of our Company to Catalist (the “**First Moratorium Period**”), directly or indirectly:

- (a) reduce his or her or its effective shareholding interest in our Company below the level of such effective interest which he or she or it will own immediately after the Placement;
- (b) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, sell any option or contract to purchase, purchase any option or contract to sell, grant any security over, encumber (such as by way of mortgage, assignment of rights, charge, pre-emption rights, rights of first refusal or otherwise) or otherwise transfer or dispose of any or all of the Moratorium Shares, whether such transaction is settled by delivery of such Moratorium Shares or such other securities, in cash or otherwise;

SHAREHOLDERS

- (c) enter into any agreement, transaction or arrangement (including any swap, hedge or derivative transaction) that will directly or indirectly constitute or will be deemed as a disposal of or transfer (in whole or in part) with a similar effect (economic or otherwise) to the foregoing of any or all of the Moratorium Shares, whether such agreement, transaction or arrangement is settled by delivery of such Moratorium Shares or such other securities, in cash or otherwise;
- (d) deposit any or all of the Moratorium Shares in any depository receipt facilities, whether any such transaction described above is to be settled by the delivery of such Moratorium Shares, in cash or otherwise;
- (e) enter into any transaction or arrangement which is designed or which may reasonably be expected to result in or have the same effect (economic or otherwise) as (in whole or in part) any of the above; or
- (f) offer or agree to make any announcement with respect to any of the foregoing transactions or publicly disclose any intention to do any of the above,

(collectively, the “**Restrictions**”).

Each of Mr. Tay, Ms. Dewi and Unity Strength has also undertaken to comply with the Restrictions in respect of 50.0% of his or her or its Moratorium Shares for the next six (6)-month period after the First Moratorium Period.

Each of Mr. Tay, Mr. Low, Mr. Lim and Ms. Irawati, being the shareholders of Unity Strength, has given an undertaking to our Company, the Sponsor and Issue Manager and the Placement Agent that he/she, will not, in respect of any or all of his/her shares in Unity Strength, for a period of 12 months commencing from the date of admission of our Company to Catalist, directly or indirectly:

- (a) reduce his effective shareholding interest in Unity Strength below the level of such effective interest as at the date of admission of our Company to Catalist;
- (b) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, sell any option or contract to purchase, purchase any option or contract to sell, grant any security over, encumber (such as by way of mortgage, assignment of rights, charge, pre-emption rights, rights of first refusal or otherwise) or otherwise transfer or dispose of any or all of his shares in Unity Strength or any other securities of Unity Strength (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of his shares in Unity Strength or any other securities of Unity Strength), whether such transaction is settled by delivery of such shares in Unity Strength or such other securities, in cash or otherwise;
- (c) enter into any agreement, transaction or arrangement (including any swap, hedge or derivative transaction) that will directly or indirectly constitute or will be deemed as a disposal of or transfer (in whole or in part) with a similar effect (economic or otherwise) to the foregoing of any or all of his shares in Unity Strength or any other securities of Unity Strength (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of his shares in Unity Strength or any other securities of Unity Strength), whether such agreement, transaction or arrangement is settled by delivery of such shares in Unity Strength or such other securities, in cash or otherwise;
- (d) deposit any or all of his shares in Unity Strength or any other securities of Unity Strength (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of his shares in Unity Strength or any other securities of Unity Strength) in any depository receipt facilities, whether any such transaction described above is to be settled by the delivery of such shares in Unity Strength or such other securities, in cash or otherwise;

SHAREHOLDERS

- (e) enter into any transaction or arrangement which is designed or which may reasonably be expected to result in or have the same effect (economic or otherwise) as (in whole or in part) any of the above; or
- (f) offer or agree to make any announcement with respect to any of the foregoing transactions or publicly disclose any intention to do any of the above.

The Pre-IPO Investor has undertaken to comply with the Restrictions in respect of 6,502,000 Shares that he holds immediately before the Listing, for a period of 12 months from the date of admission of our Company to Catalyst, in compliance with Rule 422(2) of the Catalyst Rules.

ZICO Capital, who holds 660,000 Shares representing approximately 0.30% of the issued share capital of our Company after the Placement, has also undertaken to comply with the Restrictions in respect of its original shareholding interests in our Company for a period of three (3) months from the date of admission of our Company to Catalyst.

SUMMARY OF OUR FINANCIAL INFORMATION

The following selected financial information of our Group should be read in conjunction with the full text of this Offer Document, including the “Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years ended 31 December 2016 and 2017”, the “Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Year ended 31 December 2018”, the “Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period ended 30 June 2019” and the “Independent Auditor’s Assurance Report and the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2018 and the Six Months Period ended 30 June 2019” set out in Appendices A to D of this Offer Document.

BASIS OF COMBINATION

The combined financial statements incorporate the financial statements of our Company and entities (including structured entities) controlled by our Company and its subsidiaries. Control is achieved when our 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.

Our Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one (1) or more of the three (3) elements of control listed above.

When our 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. Our Company considers all relevant facts and circumstances in assessing whether or not our Company’s voting rights in an investee are sufficient to give it power, including:

- The size of our Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by our Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that our 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.

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

Basis for consolidation of the financial results of PTMI and PTMP with our Group’s accounts

Based on the Combination Agreements, the NSMP Legal Opinion (as defined below) and the SSEK Legal Opinion (as defined below), Deloitte & Touche LLP, the independent auditor and reporting accountant, has confirmed that the financial results attributable to the additional 29.4% shareholding interest in PTMI (through PTMP) and the 98.0% shareholding interest in PTMP can be consolidated at our Group level in accordance with SFRS(I) 10.7 on the basis that MIPL (i) has obtained control of PTMP which holds 30.0% shareholding interest in PTMI; (ii) is exposed or has rights, to the variable returns of PTMI and PTMP; and (iii) has the ability to use its powers to affect the returns of PTMI and PTMP.

Please refer to the “Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years ended 31 December 2016 and 2017” set out in Appendix A of this Offer Document for further information.

SUMMARY OF OUR FINANCIAL INFORMATION

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(S\$'000)	← Audited →			← Unaudited →	
	FY2016	FY2017 (Restated)	FY2018	6M2018	6M2019
Revenue	16,067	20,825	24,456	8,561	14,100
Cost of sales	(12,359)	(16,889)	(17,264)	(6,585)	(11,646)
Gross profit	3,708	3,936	7,192	1,976	2,454
Other income	194	112	677	196	295
General and administrative expenses	(2,365)	(2,796)	(2,636)	(1,214)	(2,052)
Share of profit of joint venture	–	14	536	293	13
Finance costs	(173)	(183)	(161)	(81)	(77)
Other operating expenses	(25)	(158)	(144)	(1)	(2)
Profit before income tax	1,339	925	5,464	1,169	631 ⁽¹⁾
Income tax expense	(200)	(215)	(745)	(207)	(276)
Profit for the year/ period	1,139	710	4,719	962	355 ⁽¹⁾
Other comprehensive income					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Remeasurement of defined benefit obligations	(1)	(13)	2	–	–
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange losses on translation of foreign operations	198	(209)	(220)	(124)	(15)
Other comprehensive income for the year/ period, net of tax	197	(222)	(218)	(124)	(15)
Total comprehensive income for the year/ period	1,336	488	4,501	838	340
Profit for the year/ period attributable to:					
Owners of the Company	1,099	700	4,593	924	355
Non-controlling interests	40	10	126	38	– ⁽²⁾
	1,139	710	4,719	962	355
Total comprehensive income attributable to:					
Owners of the Company	1,293	489	4,385	804	339
Non-controlling interests	42	(1)	116	34	1
	1,335	488	4,501	838	340
Pre-Placement EPS (cents) ⁽³⁾	0.59	0.38	2.47	0.50	0.19
Post-Placement EPS (cents) ⁽⁴⁾	0.50	0.32	2.09	0.42	0.16

Notes:

- (1) Excluding the one-off listing expenses amounting to S\$0.43 million, our Group's profit before income tax and profit for the period would have been S\$1.06 million and S\$0.79 million respectively.
- (2) Less than S\$1,000.
- (3) For comparative purposes, our pre-Placement EPS for the Period Under Review have been computed based on the profit for the year/period attributable to owners of the Company and the pre-Placement share capital of 186,112,000 Shares.
- (4) For comparative purposes, our post-Placement EPS for the Period Under Review have been computed based on the profit for the year/period attributable to owners of the Company and the post-Placement share capital of 220,257,000 Shares.

SUMMARY OF OUR FINANCIAL INFORMATION

COMBINED STATEMENT OF FINANCIAL POSITION

	← Audited →			Unaudited As at 30 June 2019	Unaudited As at 31 December 2018	Unaudited Pro Forma As at 30 June 2019
	As at 1 January 2017 ⁽¹⁾ (Restated)	As at 31 December 2017 (Restated)	As at 31 December 2018			
(S\$'000)						
ASSETS						
Current assets						
Cash and cash equivalents	2,264	3,162	5,594	5,386	4,717	4,509
Trade and other receivables	3,410	2,076	4,052	6,738	4,052	6,738
Contract assets	4,692	5,763	4,689	6,809	4,689	6,809
Inventories	130	281	238	83	238	83
Total current assets	10,496	11,282	14,573	19,016	13,696	18,138
Non-current assets						
Property, plant and equipment	2,457	2,854	2,741	1,417	2,741	1,417
Right-of-use assets	–	–	–	288	–	288
Investment in a joint venture	–	1,736	2,180	2,215	2,180	2,215
Deferred tax assets	1	5	4	4	4	4
Total non-current assets	2,458	4,595	4,925	3,924	4,925	3,924
Total assets	12,954	15,877	19,498	22,940	18,621	22,063
LIABILITIES AND EQUITY						
Current liabilities						
Trade and other payables	4,804	6,649	7,683	10,445	7,683	10,445
Contract liabilities	896	1,961	210	883	210	883
Lease liabilities	–	–	–	112	–	112
Finance leases	58	42	40	–	40	–
Borrowings	646	693	437	569	437	569
Income tax payable	35	49	529	371	529	371
Total current liabilities	6,439	9,394	8,899	12,380	8,899	12,380
Non-current liabilities						
Lease liabilities	–	–	–	138	–	138
Finance lease	76	97	119	–	119	–
Borrowings	1,056	1,340	905	375	905	375
Retirement benefit obligations	39	66	84	85	84	85
Deferred tax liabilities	24	43	52	52	52	52
Total non-current liabilities	1,195	1,546	1,160	650	1,160	650
Total liabilities	7,634	10,940	10,059	13,030	10,059	13,030
Capital, reserves and non-controlling interests						
Share capital ⁽²⁾	1,560	1,560	60	–	4,980	4,920
Translation reserve	(225)	(425)	(635)	(327)	(635)	(327)
Other reserves	–	–	1,500	1,612	(984)	(873)
Retained earnings	3,823	3,641	8,237	8,592	4,895	5,250
Equity attributable to owners of the Company	5,158	4,776	9,162	9,877	8,256	8,970
Non-controlling interests	162	161	277	33	306	62
Total equity	5,320	4,937	9,439	9,910	8,562	9,033
Total liabilities and equity	12,954	15,877	19,498	22,940	18,621	22,063
NAV per Share (cents)⁽³⁾	2.77	2.57	4.92	5.31	4.44	4.82

SUMMARY OF OUR FINANCIAL INFORMATION

Notes:

- (1) There is no change in the Combined Statement of Financial Position between 31 December 2016 and 1 January 2017.
- (2) As at 31 December 2016 and 2017, the issued share capital represents the aggregate amount of the share capital of our Company amounting to S\$100, MPL amounting to S\$1,500,000 and PTMI amounting to S\$60,254. As at 31 December 2018, the issued share capital represents the aggregate amount of the share capital of our Company amounting to S\$100 and PTMI amounting to S\$60,254. The decrease in the issued share capital in 2018 resulted from the acquisition of MPL by our Company pursuant to the Restructuring Exercise.
- (3) For comparative purposes, our NAV per Share has been computed based on the pre-Placement share capital of 186,112,000 Shares.

Basis of preparation for the unaudited pro forma combined financial information

Our summary unaudited pro forma combined financial information for FY2018 and 6M2019 has been prepared, for illustrative purposes only and based on certain assumptions and after making certain adjustments as below (the “**Significant Events**”) to show what (i) the unaudited pro forma combined statements of financial position of our Group as at 31 December 2018 and 30 June 2019 would have been if the Significant Events had occurred on those dates; and (ii) the unaudited pro forma combined statements of cash flows of our Group for FY2018 would have been if the Significant Events had taken place on 1 January 2018. There is no impact of the unaudited pro forma combined statements of financial performance of our Group for FY2018 and 6M2019, and the unaudited pro forma combined statement of cash flows of our Group for 6M2019. Due to the nature of the unaudited pro forma combined financial information, such unaudited pro forma combined financial information may not give a true picture of the actual financial position or results of our Group.

The Significant Events are:

- (a) Issuance of share capital of our Company

On 30 August 2019, our Company issued 3,904,462 new Shares for consideration of S\$3,904,462 through conversion of the advances from shareholders recorded in other reserves in FY2018. The new Shares ranked *pari passu* in all aspects with the existing Shares.

- (b) Declaration of final dividends of PTMI

On 19 July 2019, our subsidiary, PTMI, declared final dividends of IDR3,098,636 (equivalent to S\$304) per share amounting to IDR34,085,000,000 (equivalent to S\$3,341,667) in respect of FY2018 to its then shareholders, being Ms. Dewi and Ms. Irawati. The dividends were paid in two (2) tranches on 22 July 2019 and 2 August 2019.

- (c) Increase in share capital of PTMP

On 27 December 2018, Ms. Dewi and Ms. Irawati subscribed for 144,919 and 2,881 shares in PTMP for a consideration of IDR14,491,900,000 (approximately S\$1,420,040) and IDR288,100,000 (approximately S\$28,890) respectively (the “**Subscriptions**”).

On 23 July 2019, the consideration for the Subscriptions was settled by the shareholders of PTMP and the balance of S\$1,420,040 and S\$28,890 have been accounted as deemed capital contribution from shareholder and equity contribution from non-controlling interest respectively.

- (d) Issuance of new Shares to the Pre-IPO Investor

Pursuant to the Investment Term Sheet dated 20 December 2019 entered into between our Company and the Pre-IPO Investor, the Pre-IPO Investor agreed to invest the Investment Amount of S\$1,046,822 into our Company. The Investment Amount shall be automatically converted into 6,502,000 new Shares in the capital of our Company (after the Share Split) upon the issuance of a written notice by our Company to the Pre-IPO Investor. On 19 February 2020, pursuant to the conversion of the Investment Amount, 6,502,000 ordinary Shares were issued to the Pre-IPO Investor in accordance with the Investment Term Sheet. The transaction cost for the aforesaid issuance is S\$31,405.

SUMMARY OF OUR FINANCIAL INFORMATION

The pro forma adjustments do not have any material effect on the combined financial performance of our Group for FY2018 and 6M2019 and the combined cash flows of our Group for the 6M2019. Accordingly, the unaudited pro forma combined statement of profit or loss and other comprehensive income for FY2018 and 6M2019, and unaudited pro forma combined statement of cash flows for 6M2019 have not been presented.

Please refer to Appendix D of this Offer Document for further details on the basis of preparation of the unaudited pro forma combined financial information of our Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our results of operations and financial position has been prepared by our management and should be read in conjunction with the "Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Years ended 31 December 2016 and 2017", the "Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Year ended 31 December 2018", the "Independent Auditor's Review Report and the Unaudited Interim Condensed Combined Financial Statements for the Six Months Period ended 30 June 2019" and the "Independent Auditor's Assurance Report and the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2018 and the Six Months Period ended 30 June 2019" as set out in Appendices A to D of this Offer Document.

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements, particularly in the section entitled "Risk Factors" of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor and Issue Manager, the Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.

The unaudited pro forma combined financial information set out in Appendix D of this Offer Document has been prepared for illustrative purposes only. The unaudited pro forma combined financial information, because of their nature, may not give a true picture of our Group's actual financial results or position.

OVERVIEW

We are a water treatment company with more than 20 years of experience in the field of water and wastewater management services. We are able to provide customised total solutions and services to customers in a cost-effective manner. As part of our growth strategy, our Group diversified our business in 2016 to include a TOOT and BOOT project with PT JUP through a joint operation arrangement and a joint venture respectively.

Please refer to the section entitled "General Information on our Group – Business Overview" of this Offer Document for more details on our Group.

Revenue

Our revenue for FY2016, FY2017, FY2018, 6M2018 and 6M2019 amounted to S\$16.07 million, S\$20.83 million, S\$24.46 million, S\$8.56 million and S\$14.10 million respectively.

Our revenue is derived from our four (4) business segments as follows:

(a) TSEPC services

Our Group provides TSEPC services in the fields of water treatment solutions, wastewater treatment solutions, water recycling treatment solutions and sea water treatment and desalination solutions to our customers in various industries, such as public sectors and industrial-related industries including agro-industry, food and beverage, power, petrochemical, palm oil, chemical, semiconductor, as well as real estate. TSEPC services are also rendered to our BOOT project which our Group has secured.

Revenue from TSEPC segment is on a project basis and is recognised over time during the course of construction using the input method, which is measured based on actual costs incurred by our Group compared with total budgeted costs for the project. Revenue from this business segment accounted for 89.8%, 87.4%, 81.0%, 80.4% and 64.4% of our revenue in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The public sector contributed to 45.4%, 83.7%, 79.7%, 76.2% and 76.5% of our total revenue from TSEPC segment in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

Details of our key TSEPC projects for the Period Under Review are as follows:

No.	Project name	Customer	Actual commencement	Actual/estimated completion	Location
1	Design and build of water treatment facility for an oleochemical plant	A company in the oleochemical industry	October 2014	May 2017	Indonesia
2	Design and build, installation and testing of reverse osmosis deionisation system upgrade	STATS ChipPAC Pte Ltd	April 2016	April 2017	Singapore
3	PUB Woodleigh project	PUB	March 2016	November 2017	Singapore
4	PUB Phase II expansion of Changi Water Reclamation Plant	PUB	February 2016	March 2019	Singapore
5	PUB Electro Chlorination	PUB	January 2016	October 2017	Singapore
6	BOOT project	PT JMA	September 2017	August 2019	Indonesia
7	Upgrading of Changi Water Reclamation Plant	PUB	June 2016	October 2017	Singapore
8	PUB Chlorine Contact Tank	PUB	July 2017	December 2019	Singapore
9	Small scale reverse osmosis plant for industry use	A company in engineering solutions	May 2018	December 2018	China
10	Small scale water treatment facility for a chemical factory	A company in chemical related research and development sector	October 2018	December 2019	China
11	Replacement of membranes for Kranji NEWater factory	PUB	December 2018	January 2021	Singapore

(b) OMS

Our Group provides OMS services, which include operation, preventive and corrective maintenance works to ensure the smooth running of our customers' operations, in both municipal and private sectors. The duration of these contracts generally ranges from one (1) to three (3) years (for both public and private sectors) and the concessionary period (for BOOT and TOOT projects). Revenue is recognised as performance obligation satisfied over time in the accounting period when OMS services are rendered. Revenue from this business segment accounted for 8.8%, 6.5%, 12.1%, 13.2% and 28.6% of our revenue in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

The public sector accounted for 59.9%, 40.6%, 76.2%, 55.1% and 92.0% of our total revenue from OMS segment in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Details of our key OMS projects for the Period Under Review are as follows:

No.	Project name	Customer	Actual commencement	Actual/estimated completion	Location
1	Maintenance of odour control facilities	PUB	January 2018	December 2020	Singapore
2	Gas engine generators and bio scrubber plants at Jurong Water Reclamation Plant and Changi Water Reclamation Plant	PUB	October 2018	September 2021	Singapore
3	Maintenance of influent and effluent pumping systems at Changi Water Reclamation Plant	PUB	November 2018	October 2020	Singapore

(c) Sales and distribution of systems and equipment (“**Trading**”)

Our Group supplies modular and customised water treatment systems, water treatment equipment, chemicals and components to our customers. Revenue is recognised at the point in time when the control of the goods is transferred to the customer, commonly based on delivery and shipping terms agreed with our customers. Revenue from this business segment accounted for 1.4%, 6.1%, 6.8%, 6.4% and 6.6% of our revenue in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

(d) Sales of water

Our Group has sold treated water since November 2018, through pipes to residential and commercial buildings or through truck sales, via our joint operation arrangement with an Indonesian state-owned company, PT JUP. Revenue is recognised at the point of delivery based on the volume of water delivered to the customers measured by meter readings. Revenue from this business segment amounted to S\$0.02 million and S\$0.06 million in FY2018 and 6M2019 respectively.

By participating in TOOT and/or BOOT projects, our Group will generate revenue by providing TSEPC services, OMS and sales of water during the concession period.

Revenue by Business Segments

	FY2016		FY2017		FY2018		6M2018		6M2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
TSEPC	14,422	89.8	18,200	87.4	19,815	81.0	6,879	80.4	9,071	64.4
OMS	1,412	8.8	1,353	6.5	2,951	12.1	1,132	13.2	4,037	28.6
Trading	233	1.4	1,272	6.1	1,673	6.8	550	6.4	934	6.6
Sales of water	–	–	–	–	17	0.1	–	–	58	0.4
Total	16,067	100.0	20,825	100.0	24,456	100.0	8,561	100.0	14,100	100.0

Revenue by Geographical Segments

	FY2016		FY2017		FY2018		6M2018		6M2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	10,111	62.9	17,031	81.8	9,674	39.5	4,317	50.4	10,344	73.4
Indonesia	5,956	37.1	3,691	17.7	14,103	57.7	4,238	49.5	3,470	24.6
PRC	–	–	103	0.5	679	2.8	6	0.1	286	2.0
Total	16,067	100.0	20,825	100.0	24,456	100.0	8,561	100.0	14,100	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our revenue is mainly dependent on the following factors:

- (a) government policies, master plans and budgets in respect of investment expenditure on public infrastructure, especially in relation to water and waste-water management, which may affect the number of public sector contracts available for tender;
- (b) our ability to compete effectively with our competitors;
- (c) our ability to retain customers and secure new customers. The demand for products and services from our customers is determined by our price competitiveness, technical expertise and ability to maintain good business relationships with our customers;
- (d) our ability to ensure works and services performed are carried out satisfactorily and within contractual timelines; and
- (e) our ability to secure and maintain the relevant licenses, registrations, permits or approvals necessary for our business operations.

Please refer to the sections entitled "Risk Factors" and "General Information on our Group – Trend Information" of this Offer Document for further information on other factors that may affect our revenue.

Cost of sales

Our cost of sales was primarily attributable to (i) cost of purchases of water treatment equipment, components and parts; (ii) subcontractors costs; and (iii) direct labour costs. Our cost of sales amounted to S\$12.36 million, S\$16.89 million, S\$17.26 million, S\$6.59 million and S\$11.65 million, representing 76.9%, 81.1%, 70.6%, 76.9% and 82.6% of our revenue in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

A breakdown of our cost of sales for FY2016, FY2017, FY2018, 6M2018 and 6M2019 is as follows:

	FY2016		FY2017		FY2018		6M2018		6M2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Cost of purchases	7,405	59.9	9,024	53.4	8,447	48.9	2,827	42.9	6,684	57.4
Subcontractor costs	2,779	22.5	5,225	31.0	6,022	34.9	2,368	36.0	3,522	30.2
Direct labour costs	2,175	17.6	2,640	15.6	2,795	16.2	1,390	21.1	1,440	12.4
Total	12,359	100.0	16,889	100.0	17,264	100.0	6,585	100.0	11,646	100.0

Cost of purchases consists mainly of water treatment equipment, components (such as membranes, ion exchange resins, pumps, vessels, pipes, valves, control panels and other mechanical, electrical and instrumentation components) and parts. The cost of purchases accounted for 59.9%, 53.4%, 48.9%, 42.9% and 57.4% of our cost of sales in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

Subcontractor costs consist mainly of outsourcing of certain works to third party suppliers, mainly in the aspect of civil and structural, mechanical and electrical installation, building services, service and maintenance by original equipment manufacturers, and other specialist works. Subcontractor costs accounted for 22.5%, 31.0%, 34.9%, 36.0% and 30.2% of our cost of sales in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Direct labour costs consist mainly of salaries and other staff-related costs of employees and contract workers who are directly involved in the design, fabrication, installation, supervision and commissioning of the water treatment systems and in the provision of OMS. Direct labour costs accounted for 17.6%, 15.6%, 16.2%, 21.1% and 12.4% of our cost of sales in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively. Such costs include salaries, overtime pay, bonuses and applicable statutory contributions and levies for our project directors, managers, engineers, supervisors, technicians and foreign workers.

The major factors that affect our cost of sales include:

- (a) our ability to purchase quality water treatment equipment and component parts, and source for subcontractors, both locally and overseas, at competitive prices that will meet our customers' demands and requirements;
- (b) changes in our suppliers' and subcontractors' conditions, whether financial or otherwise, which affect their ability to fulfil their contractual obligations to us;
- (c) any contractual disputes and claims which may erode our profitability, delay our project schedule and any additional costs and liquidated damages arising from unforeseen delays to the completion of our contract;
- (d) in preparation for our projects, we carry out internal costing and prepare budgetary estimates which are based on quotations from our suppliers and subcontractors and our own estimation of costs. Inadequate or erroneous estimations as well as unanticipated increases in the cost of construction (which includes cost of purchases of water treatment equipment and component parts) may lead to cost overruns;
- (e) any significant delay in the completion of a project may result in additional direct labour costs which in turn would increase our cost of sales; and
- (f) our ability to manage our exposure to fluctuations to foreign exchange in relation to our purchases.

Please refer to the sections entitled "Risk Factors" and "General Information on our Group – Trend Information" of this Offer Document for further information on other factors that may affect our cost of sales.

Gross profit

Our gross profit and gross profit margin for FY2016, FY2017, FY2018, 6M2018 and 6M2019 is set out below:

	FY2016	FY2017	FY2018	6M2018	6M2019
Gross profit (S\$'000)	3,708	3,936	7,192	1,976	2,454
Gross profit margin (%)	23.1	18.9	29.4	23.1	17.4

Other income

Our other income comprises mainly interest income from banks, government grants and net foreign exchange gain. Our other income amounted to S\$0.19 million, S\$0.11 million, S\$0.68 million, S\$0.20 million and S\$0.30 million in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

General and administrative expenses

General and administrative expenses consist mainly of staff-related expenses (including remuneration of directors and administrative staff), premise-related expenses (such as office rental and utilities), depreciation of property, plant and equipment and other miscellaneous costs (such as insurance costs, professional fees, general repairs and maintenance and telecommunication expenses). Our general and administrative expenses amounted to S\$2.37 million, S\$2.80 million, S\$2.64 million, S\$1.21 million and S\$2.05 million in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Share of profit of joint venture

Share of profit of joint venture relates to our share of profit in respect of our 40.0% equity interest in a joint venture, PT JMA, which was incorporated in April 2017. Our share of profit of joint venture amounted to S\$0.01 million, S\$0.54 million, S\$0.29 million and S\$0.01 million in FY2017, FY2018, 6M2018 and 6M2019 respectively.

Finance costs

Finance costs comprise mainly interests incurred on borrowings, finance leases and loans from a director, and amounted to S\$0.17 million, S\$0.18 million, S\$0.16 million, S\$0.08 million and S\$0.08 million in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

Other operating expenses

Other operating expenses include mainly net foreign exchange loss, plant and equipment written-off and loss on disposal of plant and equipment. Our other operating expenses amounted to S\$0.03 million, S\$0.16 million, S\$0.14 million, approximately S\$1,000 and S\$2,000 in FY2016, FY2017, FY2018, 6M2018 and 6M2019 respectively.

Income tax expense

Our subsidiaries are subject to the respective prevailing tax regulations in Singapore, Indonesia and the PRC. The statutory corporate tax rates in Singapore, Indonesia and the PRC and the effective tax rate of our Group is set out as follows:

	FY2016	FY2017	FY2018	6M2019
Statutory corporate tax rate in:				
- Singapore	17%	17%	17%	17%
- Indonesia ⁽¹⁾	25%	25%	25%	25%
- PRC	25%	25%	25%	25%
Income tax expense (S\$'000)	200	215	745	276
Profit before income tax (S\$'000)	1,339	925	5,464	631
Effective tax rate (income tax expense as a percentage of profit before income tax)	14.9%	23.2%	13.6%	43.8%

Note:

- (1) For income arising from construction works and interest received from financial institutions, our subsidiary in Indonesia is subject to a final tax of 3.0% on gross construction revenue and a final tax of 20.0% on interest income in FY2016, FY2017, FY2018 and 6M2019 respectively.

Our effective tax rates are lower in FY2016 and FY2018 primarily due to the tax incentives under the Productivity and Innovation Credit ("PIC") scheme enjoyed by our subsidiary, MPL, in Singapore in FY2016, and utilisation of carried forward tax losses by our PRC subsidiary in FY2018.

Our effective tax rates are higher in FY2017 and 6M2019, primarily due to non-recognition of deferred tax credit for operating losses of our PRC subsidiary and non-deductibility of the Listing expenses. Excluding the effect of non-deductibility of the Listing expenses, our effective tax rate for 6M2019 would have been 26.0%.

INFLATION

In FY2016, FY2017, FY2018 and 6M2019, inflation did not have a material impact on our financial performance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

REVIEW OF RESULTS OF OPERATIONS

FY2017 vs FY2016

Revenue

Revenue increased by S\$4.76 million or 29.6%, from S\$16.07 million in FY2016 to S\$20.83 million in FY2017 mainly due to the increase in revenue from our TSEPC and Trading segments.

Revenue from our TSEPC segment increased by S\$3.78 million or 26.2% mainly due to the increase in revenue from our Singapore segment of S\$6.92 million and partially offset by the decrease in revenue from our Indonesia segment of S\$2.27 million. The increase in revenue from our Singapore segment was mainly due to the increase in revenue from our existing projects of S\$8.08 million and partially offset by the decrease in revenue from projects completed in FY2016 of S\$1.58 million. The increase in revenue from our existing projects was mainly attributable to substantial work done for our PUB Phase II expansion of Changi Water Reclamation Plant project and our PUB Woodleigh project in FY2017. The decrease in revenue from our Indonesia segment was mainly due to work being substantially completed in FY2016 on a water treatment facility for an oleochemical plant.

Revenue from our Trading segment increased by S\$1.04 million or 446.9% mainly attributable to PTMI securing two (2) supply contracts to sell water and wastewater treatment related equipment and chemicals with an oleo-based surfactants company and a civil construction company in FY2017.

Cost of sales and gross profit

Cost of sales increased by S\$4.53 million or 36.7% from S\$12.36 million in FY2016 to S\$16.89 million in FY2017 mainly due to an increase in subcontractor costs of S\$2.45 million and material costs of S\$1.62 million. The increase in subcontractor costs was mainly due to substantial work done for PUB Phase II expansion of Changi Water Reclamation Plant project, PUB Woodleigh project and upgrading of Changi Water Reclamation Plant project in FY2017. The increase in material costs was mainly due to substantial work done for PUB Phase II expansion of Changi Water Reclamation Plant project in FY2017 and partially offset by substantial work done for a water treatment facility for an oleochemical plant in FY2016.

Gross profit margin decreased by 4.2 percentage points from 23.1% in FY2016 to 18.9% in FY2017 mainly due to a decreased proportion of revenue contribution from higher margin projects such as (i) design and build, installation and testing of a reverse osmosis deionisation system upgrade, and (ii) design and build of a water treatment facility for an oleochemical plant; partially offset by an increased proportion of revenue contribution from lower margin projects such as PUB Phase II of Changi Water Reclamation Plant project and PUB Woodleigh project in FY2017.

Other income

Other income decreased by S\$0.08 million from S\$0.19 million in FY2016 to S\$0.11 million in FY2017 mainly due to the reduction in government grants of S\$0.06 million.

General and administrative expenses

General and administrative expenses increased by S\$0.44 million or 18.2%, from S\$2.36 million in FY2016 to S\$2.80 million in FY2017 mainly due to higher staff-related expenses of S\$0.33 million and sundry office expenses of S\$0.10 million. The increase in staff-related expenses was mainly due to higher bonuses paid to employees for achieving higher revenue and profit for our Singapore operations.

Share of profit of joint venture

Our joint venture, PT JMA, was incorporated in April 2017. The share of profit of joint venture was S\$0.01 million in FY2017.

Finance costs

Finance costs remained relatively consistent at S\$0.17 million and S\$0.18 million in FY2016 and FY2017 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other operating expenses

Other operating expenses increased by S\$0.13 million or 520.8% from S\$0.03 million in FY2016 to S\$0.16 million in FY2017 mainly due to a net foreign exchange loss of S\$0.15 million in FY2017.

Profit before income tax

Profit before income tax decreased by S\$0.41 million or 30.8%, from S\$1.34 million in FY2016 to S\$0.93 million in FY2017 mainly due to the increase in general and administrative expenses.

Income tax expense

Income tax expense increased by S\$0.02 million from S\$0.20 million in FY2016 to S\$0.22 million in FY2017, despite a lower profit before income tax in FY2017. This was mainly due to non-recognition of deferred tax credit for our loss making PRC subsidiary, and partially offset by tax incentives under the PIC scheme enjoyed by our subsidiary, MPL, in Singapore.

FY2018 vs FY2017

Revenue

Revenue increased by S\$3.64 million or 17.4%, from S\$20.82 million in FY2017 to S\$24.46 million in FY2018 mainly due to an increase in revenue from our TSEPC, OMS, and Trading segments.

Revenue from our TSEPC segment increased by S\$1.61 million or 8.9% mainly due to the increase in revenue from our Indonesia segment of \$10.01 million and revenue contribution from our PRC segment of S\$0.58 million and partially offset by the decrease in revenue from our Singapore segment of S\$8.97 million. The increase in revenue from our Indonesia segment was mainly due to an increase in revenue from existing projects (including the BOOT project) of S\$8.05 million and contribution from new projects of S\$2.29 million. The revenue contribution from our PRC segment relates mainly to the construction of small scale water treatment facilities for a chemical factory and a reverse osmosis plant for industry use. The decrease in revenue from our Singapore segment was mainly due to works for our PUB Electro Chlorination project and our PUB Woodleigh project being substantially performed in FY2017 which contributed to the decrease of S\$7.83 million in FY2018.

Revenue from our OMS segment increased by S\$1.60 million or 118.1% mainly due to revenue contribution from a new contract secured for the maintenance of odour control facilities in Singapore of S\$1.30 million.

Revenue from our Trading segment increased by S\$0.40 million or 31.5% mainly due to our Group's continuance to secure further supply contracts of water treatment related equipment and components from an oleochemical-based surfactants company and a civil construction company.

Cost of sales and gross profit

Cost of sales increased by S\$0.38 million or 2.2% from S\$16.89 million in FY2017 to S\$17.26 million in FY2018 mainly due to an increase in subcontractor costs of S\$0.80 million and partially offset by decrease in material costs of S\$0.58 million. The increase in subcontractor costs was mainly due to substantial work done for our key TSEPC projects in Indonesia in FY2018 which resulted in an increase of S\$3.38 million, and partially offset by substantial work done for PUB Electro Chlorination project and PUB Woodleigh project in FY2017 which resulted in a decrease of S\$2.59 million. The decrease in material costs was mainly due to substantial work done for PUB Electro Chlorination project, PUB Woodleigh project and upgrading of Changi Water Reclamation Plant project in FY2017 which resulted in a decrease of S\$4.31 million, and partially offset by substantial work done for our projects in Indonesia in FY2018 which resulted in an increase of S\$3.80 million.

Gross profit margin increased by 10.5 percentage points from 18.9% in FY2017 to 29.4% in FY2018 mainly due to the substantial completion of our projects in Indonesia in FY2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other income

Other income increased by \$0.57 million or 501.7% from S\$0.11 million in FY2017 to S\$0.68 million in FY2018 mainly due to an increase in government grants of S\$0.25 million and other miscellaneous income of S\$0.23 million in respect of write-back of non-trade payables.

General and administrative expenses

Our administrative expenses decreased by S\$0.16 million or 5.7%, from S\$2.80 million in FY2017 to S\$2.64 million in FY2018 mainly due to lower staff costs of S\$0.26 million attributable to an absence of the performance bonus of S\$0.19 million paid out in FY2017 and lower average headcount in 2018. The decrease is partially offset by the slight increase in overseas business travelling costs of S\$0.05 million and workers' dormitory rental of S\$0.02 million.

Share of profit of joint venture

Share of profit of joint venture increased by S\$0.53 million from S\$0.01 million in FY2017 to S\$0.54 million in FY2018, mainly attributable to our 40.0% share of profit contributed from substantial completion of the construction of the water treatment facility for the BOOT project.

Finance costs

Finance costs remained relatively consistent at S\$0.18 million and S\$0.16 million in FY2017 and FY2018 respectively.

Other operating expenses

Other operating expenses remained relatively consistent at S\$0.16 million and S\$0.14 million in FY2017 and FY2018 respectively.

Profit before income tax

Profit before income tax increased by S\$4.53 million or 490.2% from S\$0.93 million in FY2017 to S\$5.46 million in FY2018 mainly due to an increase in revenue, gross profit, other income and share of profit of joint venture.

Income tax expense

Income tax expense increased by S\$0.53 million from S\$0.22 million in FY2017 to S\$0.75 million in FY2018, mainly due to an increase in our Group's profit before income tax in FY2018.

6M2019 v 6M2018

Revenue

Revenue increased by S\$5.54 million or 64.7%, from S\$8.56 million in 6M2018 to S\$14.10 million in 6M2019 mainly due to the increase in revenue from our TSEPC and OMS segments.

Revenue from TSEPC segment increased by S\$2.19 million or 31.9% mainly due to the increase in revenue from our Singapore and PRC segment of S\$3.14 million and S\$0.28 million respectively and partially offset by decrease in Indonesia segment of S\$1.23 million.

The increase in revenue from our Singapore segment was mainly due to the commencement of new projects which contributed to an increase of S\$1.91 million attributable mainly to the replacement of membranes for Kranji NEWater factory in early 2019, and an increase in revenue from on-going projects of S\$1.87 million attributable mainly to our PUB Chlorine Contact Tank project, and partially offset by projects being completed in FY2018 of S\$0.65 million attributable mainly to PUB Electro Chlorination project.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The decrease in revenue from our Indonesia segment was mainly due to (i) work being substantially completed in 6M2018 for our existing projects (including the BOOT project) which resulted in a decrease in revenue of S\$2.54 million; and (ii) completed projects in FY2018 resulting in a decrease in revenue of S\$0.37 million, and partially offset by revenue from new projects of S\$1.66 million, mainly relating to the construction of small scale water treatment facilities for residential and industrial usage.

Revenue from our OMS segment increased by S\$2.91 million or 256.5% mainly due to new OMS contracts for gas engine generators and bio scrubber plants at Jurong Water Reclamation Plant and Changi Water Reclamation Plant, and maintenance of influent and effluent pumping systems at Changi Water Reclamation Plant.

Revenue from our Trading segment increased by S\$0.38 million or 69.9% mainly due to new supply contracts of water treatment equipment and components to new customers in Indonesia amounting to S\$0.58 million, and partially offset by the fulfilment of supply contract with a customer in Indonesia in 6M2018 amounting to S\$0.29 million.

Cost of sales and gross profit

Cost of sales increased by S\$5.06 million or 76.9% from S\$6.59 million in 6M2018 to S\$11.65 million in 6M2019 mainly due to an increase in material costs of S\$3.86 million and subcontractor costs of S\$1.15 million. The increase in material costs and subcontractor costs was mainly attributable to components purchased and subcontractor works for projects such as (i) OMS services of gas engine generators and bio scrubber plants at Jurong Water Reclamation Plant and Changi Water Reclamation Plant; (ii) maintenance of influent and effluent pumping systems at Changi Water Reclamation Plant; and (iii) PUB Chlorine Contact Tank project.

Gross profit margin decreased by 5.7 percentage points from 23.1% in 6M2018 to 17.4% in 6M2019, mainly due to (i) works being substantially completed in 6M2018 for our TSEPC projects in Indonesia and the PUB Electro Chlorination project in Singapore, which carried a higher profit margin; and (ii) a lower margin for the Phase II of Changi Water Reclamation Plant project as a result of project execution delays, which were partially offset by the increase in proportion of revenue contribution from the PUB Chlorine Contact Tank project.

Other income

Other income increased by S\$0.10 million or 50.2% from S\$0.20 million in 6M2018 to S\$0.30 million in 6M2019 mainly due to net foreign exchange gain.

General and administrative expenses

General and administrative expenses increased by S\$0.84 million or 69.0% from S\$1.21 million in 6M2018 to S\$2.05 million in 6M2019 mainly due to an increase in staff-related expenses by S\$0.30 million attributable to an increase in headcount, travelling expenses by S\$0.06 million, other office related expenses by S\$0.05 million as a result of our increased business activities and non-recurring listing expenses of S\$0.43 million in 6M2019.

Share of profit of joint venture

Share of profit of joint venture decreased by S\$0.28 million or 95.6% from S\$0.29 million in 6M2018 to S\$0.01 million in 6M2019 mainly due to construction work for the water treatment facility for the BOOT project being substantially completed in FY2018.

Finance costs

Finance costs remained relatively consistent at S\$0.08 million in 6M2018 and 6M2019.

Other operating expenses

Other operating expenses for 6M2019 was approximately S\$2,000 as compared to approximately S\$1,000 in 6M2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Profit before income tax

Profit before income tax decreased by S\$0.54 million or 46.0%, from S\$1.17 million in 6M2018 to S\$0.63 million in 6M2019 mainly due to an increase in general and administrative expenses and a decrease in share of profit of joint venture, and partially offset by the increase in gross profit.

Income tax expense

Income tax expenses increased by S\$0.07 million or 33.3% from S\$0.21 million in 6M2018 to S\$0.28 million in 6M2019 despite a lower profit before income tax in 6M2019. This was mainly due to a lower share of profit of joint venture in 6M2019 which is not taxable and non-deductibility of the Listing expenses.

REVIEW OF FINANCIAL POSITION

Current Assets

Current assets comprise mainly cash and cash equivalents, trade and other receivables, contract assets and inventories. Current assets amounted to S\$14.57 million and S\$19.02 million and accounted for 74.7% and 82.9% of our total assets as at 31 December 2018 and 30 June 2019 respectively.

Cash and cash equivalents

Cash and cash equivalents mainly comprise cash on hand, cash at banks and fixed deposits. Cash and cash equivalents amounted to S\$5.59 million and S\$5.39 million and accounted for 38.4% and 28.3% of our total current assets as at 31 December 2018 and 30 June 2019 respectively.

Trade and other receivables

Trade and other receivables mainly comprise (i) trade receivables from third parties, related party and joint venture; (ii) unbilled revenue; (iii) amount due from related parties; (iv) prepayments; (v) other tax recoverable; and (vi) Listing deferred expenses. Trade and other receivables amounted to S\$4.05 million and S\$6.74 million and accounted for 27.8% and 35.4% of our total current assets as at 31 December 2018 and 30 June 2019 respectively.

The increase in trade and other receivables was mainly due to (i) increase in trade receivables of S\$0.37 million attributable mainly to billings in June 2019 in relation to on-going TSEPC projects and OMS contracts secured from PUB which work commenced in FY2019; (ii) increase in unbilled revenue of S\$1.10 million attributable mainly to our OMS projects in Singapore and trading contracts in Indonesia; and (iii) increase in amount due from related parties of S\$1.33 million attributable to consideration receivable from UI Pte Ltd for the sale of PTWT of S\$0.71 million, and loan receivable from and payments made on behalf of PTWT of S\$0.63 million. As at the Latest Practicable Date, amount due from related parties attributable to consideration receivable from UI Pte Ltd for the sale of PTWT, and the loan receivable from and payments made on behalf of PTWT have been settled.

Contract assets

Contract assets relate to our Group's right to consideration for work completed and not billed as the right to consideration is conditioned on our Group's future performance in satisfying performance obligations in respect of our TSEPC projects. Contract assets amounted to S\$4.69 million and S\$6.81 million and accounted for 32.2% and 35.8% of our total current assets as at 31 December 2018 and 30 June 2019 respectively. The increase in contract assets was mainly due to unbilled work done for our projects in 6M2019.

Inventories

Inventories comprise water treatment related components and parts. Inventories amounted to S\$0.24 million and S\$0.08 million and accounted for 1.6% and 0.4% of our total current assets as at 31 December 2018 and 30 June 2019 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-Current Assets

Non-current assets comprise property, plant and equipment, rights-of-use assets, investment in a joint venture and deferred tax assets. Non-current assets amounted to S\$4.93 million and S\$3.92 million and accounted for 25.3% and 17.1% of our total assets as at 31 December 2018 and 30 June 2019 respectively.

Property, plant and equipment

Property, plant and equipment comprised mainly leasehold properties, water treatment facility, renovation, machinery and equipment, office equipment, furniture and fittings, motor vehicles, computers and construction-in-progress. Property, plant and equipment amounted to S\$2.74 million and S\$1.42 million and accounted for 55.7% and 36.1% of our total non-current assets as at 31 December 2018 and 30 June 2019 respectively. The decrease in property, plant and equipment was mainly due to the disposal of PTWT which held two (2) leasehold properties.

Right-of-use assets

Right-of-use assets relate to leases for office and warehouse.

Right-of-use assets amounted to S\$0.29 million and accounted for 7.3% of our total non-current assets as at 30 June 2019, due to the adoption of SFRS(I) 16 by our Group since 1 January 2019.

Investment in a joint venture

Investment in a joint venture comprises an equity interest of 40.0% in PT JMA held by our Group. Investment in a joint venture amounted to S\$2.18 million and S\$2.22 million and accounted for 44.3% and 56.4% of our total non-current assets as at 31 December 2018 and 30 June 2019 respectively.

Deferred tax assets

Deferred tax assets amounted to approximately S\$4,000 as at 31 December 2018 and 30 June 2019.

Current Liabilities

Current liabilities comprise trade and other payables, contract liabilities, lease liabilities, finance leases, borrowings and income tax payable. Current liabilities amounted to S\$8.90 million and S\$12.38 million and accounted for 88.5% and 95.0% of our total liabilities as at 31 December 2018 and 30 June 2019 respectively.

Trade and other payables

Trade and other payables consist of trade payables (comprising trade payables and trade accruals) and other payables (comprising amounts due to directors, amounts due to related party, amounts due to joint venture, accruals, other tax payable, provision for warranty and other miscellaneous payables). Trade and other payables amounted to S\$7.68 million and S\$10.44 million and accounted for 86.3% and 84.4% of our total current liabilities as at 31 December 2018 and 30 June 2019 respectively.

The increase in trade and other payables was mainly due to an (i) increase in trade payables of S\$1.98 million attributable mainly to component purchases for our new OMS projects at Jurong Water Reclamation Plant and Changi Water Reclamation Plant as well as works carried out by our suppliers for our TSEPC projects; and (ii) increase in other payables of S\$0.79 million attributable mainly to (a) the increase in amount due to directors and related party; and (b) accruals for fees payable to professionals for the Listing.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Contract liabilities

Contract liabilities relate to balances due to customers under construction contracts, which arise when a particular milestone payment exceeds the revenue recognised to-date under the cost-to-cost method, or when our Group receives advanced payments from customers. Contract liabilities amounted to S\$0.21 million and S\$0.88 million and accounted for 2.4% and 7.1% of our total current liabilities as at 31 December 2018 and 30 June 2019 respectively. The increase in contract liabilities was mainly due to higher billings as compared to revenue recognised for work performed for our new projects.

Lease liabilities

Lease liabilities relate to amounts due for settlement of leases of several assets including office and warehouse under operating lease arrangements. The lease liabilities arose from the adoption of SFRS(I) 16 by our Group on 1 January 2019. The current portion of our lease liabilities amounted to S\$0.11 million and accounted for 0.9% of our total current liabilities as at 30 June 2019.

Finance leases

Our Group acquired certain of its office equipment and motor vehicles under finance leases. The current portion of our finance leases amounted to S\$0.04 million and accounted for 0.5% of our total current liabilities as at 31 December 2018.

Borrowings

Borrowings comprise property term loans and bank loans. The current portion of our borrowings amounted to S\$0.44 million and S\$0.57 million and accounted for 4.9% and 4.6% of our total current liabilities as at 31 December 2018 and 30 June 2019 respectively.

Income tax payable

Income tax payable amounted to S\$0.53 million and S\$0.37 million and accounted for 5.9% and 3.0% of our total current liabilities as at 31 December 2018 and 30 June 2019 respectively.

Non-Current Liabilities

Non-current liabilities comprise lease liabilities, finance leases, borrowings, retirement benefit obligations and deferred tax liabilities. Non-current liabilities amounted to S\$1.16 million and S\$0.65 million and accounted for 11.5% and 5.0% of our total liabilities as at 31 December 2018 and 30 June 2019 respectively.

Lease liabilities

Non-current portion of lease liabilities amounted to S\$0.14 million and accounted for 21.2% of our total non-current liabilities as at 30 June 2019.

Finance leases

Non-current portion of finance leases amounted to S\$0.12 million and accounted for 10.3% of our total non-current liabilities as at 31 December 2018.

Borrowings

Non-current portion of our borrowings amounted to S\$0.90 million and S\$0.38 million and accounted for 78.0% and 57.7% of our total non-current liabilities as at 31 December 2018 and 30 June 2019 respectively.

Retirement benefit obligations

Retirement benefit obligations relates to the present value of defined benefit obligations in respect of a defined benefit plan for qualifying employees of PTMI, our subsidiary in Indonesia, operated by our Group in accordance with the labour law of Indonesia. Retirement benefit obligations amounted to S\$0.08 million and S\$0.09 million and accounted for 7.3% and 13.1% of our total non-current liabilities as at 31 December 2018 and 30 June 2019 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Deferred tax liabilities

Deferred tax liabilities amounted to S\$0.05 million as at 31 December 2018 and 30 June 2019 and accounted for 4.5% and 8.0% of our total non-current liabilities as at 31 December 2018 and 30 June 2019 respectively.

Equity

Equity attributable to owners of the Company comprise share capital, translation reserve, other reserves and retained earnings. Equity attributable to owners of the Company amounted to S\$9.16 million and S\$9.88 million as at 31 December 2018 and 30 June 2019 respectively.

Working Capital

The working capital of our Group amounted to S\$4.06 million as at 31 December 2016 and S\$1.89 million as at 31 December 2017. The decrease in working capital was mainly due to an increase in amounts due to directors of S\$1.68 million and an increase in contract liabilities of S\$1.07 million and a decrease in trade receivables of S\$1.15 million, and partially offset by an increase in cash and cash equivalents of S\$0.89 million and an increase in contract assets of S\$1.07 million.

The increase in amounts due to directors was in relation to loans from directors for funding our 40.0% capital contribution in PT JMA, and the amount due to directors as at 31 December 2017 amounted to S\$1.97 million, out of which S\$0.32 million has been repaid as at the Latest Practicable Date. The increase in contract liabilities was mainly attributable to downpayment received from customer for our Group's BOOT project in Indonesia. The decrease in trade receivables was mainly due to unbilled revenues in respect of work done in FY2016 for a TSEPC project in Singapore which was only certified and billed after December 2016. The increase in contract assets was mainly due to unbilled work done for our Group's projects in FY2017.

The working capital of our Group subsequently increased from S\$1.89 million as at 31 December 2017 to S\$5.67 million as at 31 December 2018, and to S\$6.64 million as at 30 June 2019.

LIQUIDITY AND CAPITAL RESOURCES

We financed our growth and operations through a combination of shareholders' equity (including retained earnings), net cash generated from operating activities, borrowings from financial institutions and advances from directors. Our principal uses of cash have been for working capital requirements, capital expenditures and investment in our joint venture, PT JMA.

As at 31 December 2018, we had cash and cash equivalents of S\$5.59 million and working capital of S\$5.67 million. Our shareholders' equity (excluding non-controlling interests) amounted to S\$9.16 million and our borrowings and finance leases amounted to S\$1.50 million. Our borrowings comprised property term loans and bank loans for working capital purposes.

As at 30 June 2019, we had cash and cash equivalents of S\$5.39 million and working capital of S\$6.64 million. Our shareholders' equity (excluding non-controlling interests) amounted to S\$9.88 million and our borrowings, lease liabilities arising from rights of use assets and finance leases amounted to S\$1.19 million. Our borrowings of S\$0.94 million included a property term loan of S\$0.32 million obtained by our Group for the purpose of financing the properties of PTWT, and the property term loan to PTWT has been settled in September 2019 following the disposal of PTWT. Excluding such property term loan, the borrowings of our Group would amount to S\$0.62 million.

The negative net cash flows from operating activities in 6M2019 of S\$0.19 million was mainly due to: (i) an increase in contract assets of S\$2.12 million; and (ii) an increase in trade and other receivables of S\$1.37 million, and partially offset by an increase in trade and other payables of S\$2.16 million and an increase in contract liabilities of S\$0.67 million. This was mainly attributable to higher billings in June 2019 and an increase in contract assets balance arising from a delay in certification of a TSEPC project.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

In assessing whether our Group has sufficient working capital, our Directors have considered the following:

- (a) the negative operating cash flow for 6M2019 was due to higher billings in June 2019 as evidenced by the aging schedule which shows that 75.4% of our Group's total trade receivables as at 30 June 2019 were not past due (being within the credit term of 30 days which our Group typically grants its customers) and an increase in contract assets arising from delay in certification of a TSEPC project. The delay in certification arose due to the administrative delay in certifying the project milestones on the part of the customer. The contract assets attributable to the TSEPC project amounted to S\$3.56 million as at 30 June 2019, out of which S\$2.61 million has been certified as at the Latest Practicable Date.

As at the Latest Practicable Date, S\$2.92 million of the trade receivables as at 30 June 2019 of S\$3.92 million have been repaid, and only S\$0.10 million of the unpaid balance of S\$1.00 million is more than 90 days overdue while the remaining S\$0.90 million is not yet past due as they relate to unbilled revenues. Barring unforeseen circumstances, our Directors do not foresee any issue on the collectability of the aforesaid unpaid balance of S\$1.00 million as at the Latest Practicable Date;

- (b) our Group generated positive net cash from operating activities in FY2016, FY2017 and FY2018 of S\$0.17 million, S\$2.09 million and S\$3.96 million respectively;
- (c) as at the Latest Practicable Date, our unutilised credit facilities amounted to S\$2.16 million and our cash and cash equivalents amounted to S\$3.39 million;
- (d) based on information as at the Latest Practicable Date, our Group does not envisage any material capital expenditures to comply with the relevant conditions, laws and regulations; and
- (e) our Group intends to recommend and distribute the stipulated dividends as set out in the section entitled "Dividend Policy" of this Offer Document.

Having considered the factors above, our Directors are of the opinion that, after taking into account the cash flows generated from our operating activities, our unutilised credit facilities and our existing cash and cash equivalents, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor and Issue Manager is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the factors set out above, the cash flows generated from the Group's operating activities, the Group's unutilised credit facilities and the Group's existing cash and cash equivalents, the working capital available to the Group as at the date of the lodgement of this Offer Document is sufficient for its present requirements and for at least 12 months after the listing of the Company on Catalist.

We set out below a summary of our combined statements of cash flows for the Period Under Review. The following net cash flow summary should be read in conjunction with the full text of this Offer Document, including the "Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Years ended 31 December 2016 and 2017", the "Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Year ended 31 December 2018", the "Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period ended 30 June 2019" and the "Independent Auditor's Assurance Report and the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2018 and the Six Months Period ended 30 June 2019" as set out in Appendices A to D of this Offer Document.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

(S\$'000)	Audited FY2016	Audited FY2017 (Restated)	Audited FY2018	Unaudited 6M2019	Unaudited Pro Forma FY2018
Net cash from/ (used in) operating activities	171	2,092	3,957	(188)	3,957
Net cash used in investing activities	(616)	(2,402)	(155)	(24)	(155)
Net cash from/ (used in) financing activities	323	1,261	(1,189)	(50)	(2,066)
Net (decrease)/ increase in cash and cash equivalents	(122)	951	2,613	(262)	1,736
Cash and cash equivalents at beginning of financial year/ period	2,384	2,264	3,162	5,594	3,162
Effect of exchange rate changes on the balance of cash held in foreign currencies	2	(53)	(181)	54	(181)
Cash and cash equivalents at end of the year/ period	2,264	3,162	5,594	5,386	4,717

FY2016

In FY2016, net cash from operating activities amounted to S\$0.17 million which comprised operating cash flows before movements in working capital of S\$1.89 million, net working capital outflow of S\$1.47 million, income tax paid of S\$0.28 million and interest income received of S\$0.03 million.

The net working capital outflow was due to (i) increase in trade and other receivables by S\$2.08 million; (ii) decrease in amount due to customers for contract work-in-progress of S\$0.10 million; and (iii) increase in inventory of approximately S\$7,000, and partially offset by increase in trade and other payables of S\$0.70 million. The increase in trade and other receivables was mainly due to an unbilled revenue of S\$1.69 million in respect of a TSEPC project in Singapore which was only certified, billed and paid after December 2016. The increase in trade and other payables was mainly due to the increase in payables associated with the abovementioned TSEPC project.

Net cash used in investing activities of S\$0.62 million was mainly due to construction costs for the TOOT water treatment facility (a 40.0% joint operation with PT JUP) of S\$0.45 million, and renovation and purchase of machinery and equipment, office equipment, furniture and fittings, motor vehicles and computers of S\$0.17 million.

Net cash from financing activities of S\$0.32 million was mainly due to advances from directors of S\$0.23 million, proceeds from borrowings of S\$0.80 million and withdrawal of pledged fixed deposit of S\$0.08 million, partially offset by (a) repayment of obligations under finance leases of S\$0.04 million; (b) repayment of borrowings of S\$0.35 million; (c) interest paid on borrowings and finance leases of S\$0.17 million; and (d) dividends paid of S\$0.22 million.

FY2017

In FY2017, net cash from operating activities amounted to S\$2.09 million which comprised operating cash flows before movements in working capital of S\$1.16 million, net working capital inflow of S\$1.04 million, income tax paid of S\$0.18 million and interest income received of S\$0.08 million.

The net working capital inflow arose from (i) a decrease in trade and other receivables by S\$1.03 million; (ii) an increase in trade and other payables of S\$0.16 million; and (iii) an increase in contract liabilities of S\$1.07 million, and was partially offset by increase in contract assets of S\$1.07 million and increase in inventories of S\$0.15 million. The decrease in trade and other receivables was mainly due to payment of the unbilled revenue of S\$1.69 million from the abovementioned TSEPC project in 2016, partially offset by an increase in trade receivables of S\$0.73 million. The increase in contract liabilities was mainly due to a downpayment received from a customer for a project in our Indonesia segment towards the end of 2017. The increase in contract assets was mainly due to the costs incurred for work done for our projects but pending certification as of year-end which amounted to S\$2.67 million, partially offset by billing subsequent to the accounts being finalised for a key TSEPC project in Indonesia of S\$1.51 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash used in investing activities amounted to S\$2.40 million mainly due to (i) construction costs of our TOOT water treatment facility of S\$0.60 million; (ii) renovation and purchase of machinery and equipment, office equipment, furniture and fittings, motor vehicle and computers of S\$0.16 million; and (iii) payment for our 40.0% capital contribution to PT JMA of S\$1.72 million, and was partially offset by proceeds from disposal of motor vehicles of S\$0.01 million.

Net cash from financing activities amounted to S\$1.26 million due to (i) advances from directors of S\$1.98 million; and (ii) proceeds from borrowings of S\$0.94 million, and was partially offset by (i) interest paid of S\$0.18 million; (ii) dividends paid of S\$0.87 million; (iii) repayment of borrowings of S\$0.55 million; and (iv) repayment of obligations under finance leases of S\$0.06 million.

The decrease in working capital from S\$4.06 million in FY2016 to S\$1.89 million in FY2017 was mainly due to an increase in amounts due to directors of S\$1.68 million and an increase in contract liabilities of S\$1.07 million and a decrease in trade receivables of S\$1.15 million, and partially offset by an increase in cash and cash equivalents of S\$0.89 million and an increase in contract assets of S\$1.07 million.

The increase in amounts due to directors was in relation to loans from directors for funding our 40.0% capital contribution in PT JMA, and the amount due to directors as at 31 December 2017 amounted to S\$1.97 million, out of which S\$0.32 million has been repaid as at the Latest Practicable Date. The increase in contract liabilities was mainly attributable to downpayment received from customer for our Group's BOOT project in Indonesia. The decrease in trade receivables was mainly due to unbilled revenues in respect of work done in FY2016 for a TSEPC project in Singapore which was only certified and billed after December 2016. The increase in contract assets was mainly due to unbilled work done for our Group's projects in FY2017.

FY2018

In FY2018, net cash from operating activities amounted to S\$3.96 million which comprised operating cash flows before movements in working capital of S\$5.30 million, net working capital outflow of S\$1.23 million, income tax paid amounting to S\$0.26 million and interest income received of S\$0.14 million.

The net working capital outflow arose from (i) an increase in trade and other receivables of S\$1.95 million; (ii) decrease in contract liabilities by S\$1.75 million, and was partially offset by (i) a decrease in contract assets of S\$1.07 million; (ii) a decrease in inventories of S\$0.04 million; and (iii) an increase in trade and other payables of S\$1.35 million.

The increase in trade and other receivables was mainly due to (i) an increase in trade receivables of S\$0.83 million attributable mainly to revenue from the OMS segment in Singapore, and new TSEPC contracts in the PRC; and (ii) an increase in the other receivables of S\$1.15 million primarily due to (a) grant receivables of S\$0.24 million in respect of approved grants for the feasibility studies carried out for our investment projects in Indonesia; (b) an increase in consumption tax recoverable of S\$0.48 million; and (c) an increase in prepayments of S\$0.31 million in respect of downpayment made to suppliers. The proceeds raised by our Group from the Placement will not be used to finance the investment in the investment projects in Indonesia as our Group has already contributed the necessary capital for such projects.

The decrease in contract liabilities was mainly due to utilisation of the downpayments made by the customers amounting to S\$1.75 million in FY2018.

The decrease in contract assets was attributable to the finalisation of the project accounts and billings for our completed TSEPC projects in FY2018.

The increase in trade and other payables was mainly due to an increase in trade payables of S\$1.55 million attributable mainly to accruals for services done by subcontractors, and purchases made for OMS contracts.

Net cash used in investing activities of S\$0.15 million was for renovation, purchase of machinery and equipment, office equipment, furniture and fittings, and motor vehicle of S\$0.10 million partly financed by leasing arrangement of S\$0.07 million, and construction cost of our TOOT water treatment facility of S\$0.13 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash used in financing activities amounted to S\$1.19 million was due to (i) interest paid of S\$0.16 million; (ii) the repayment of advances from directors of S\$0.32 million; (iii) repayment of borrowings of S\$0.66 million; and (iv) the repayment of obligations under finance leases of S\$0.05 million.

6M2019

In 6M2019, net cash used in operating activities amounted to S\$0.19 million which comprised operating cash flows before movements in working capital of S\$0.61 million, net working capital outflow of S\$0.50 million, income tax paid of S\$0.43 million and interest income received of S\$0.14 million.

The net cash working capital outflow was mainly due to (i) an increase in trade and other receivables by S\$1.37 million; and (ii) an increase in contract assets by S\$2.12 million, and was partially offset by (i) a decrease in inventories of S\$0.15 million; (ii) an increase in trade and other payables of S\$2.16 million; and (iii) an increase in contract liabilities of S\$0.67 million.

The increase in trade and other receivables was mainly due to (i) an increase in trade receivables of S\$0.37 million attributable mainly to June 2019 in relation to OMS contracts secured from PUB which work commenced in FY2019; (ii) an increase in unbilled revenue of S\$1.10 million attributable mainly to our OMS projects in Singapore and trading contracts in Indonesia; and (iii) an increase in amount due from related parties of S\$1.34 million attributable to consideration receivable from UI Pte Ltd for the sale of PTWT of S\$0.71 million, and a loan receivable from and payments made on behalf of PTWT of S\$0.63 million. The increase in trade and payables was mainly due to (i) an increase in trade payables of S\$1.97 million attributable mainly to component purchases for our new OMS projects at Jurong Water Reclamation Plant and Changi Water Reclamation Plant as well as work done carried out by suppliers for our TSEPC projects; and (ii) an increase in other payables of S\$0.79 million attributable to (a) an increase in amount due to directors and related party; and (b) accruals for fees payable to professionals for the Listing.

Net cash used in investing activities of S\$0.02 million was mainly due to the purchases of plant and equipment of S\$0.01 million and additions of right-of-use assets of S\$0.01 million, and reduction in cash balance arising from disposal of PTWT amounting to S\$0.01 million.

Net cash used in financing activities of S\$0.05 million was mainly due to advances from directors of S\$0.30 million and partially offset by (i) the repayment of borrowings of S\$0.23 million; (ii) the repayment of lease liabilities of S\$0.06 million; and (iii) interest paid of S\$0.06 million.

CAPITAL EXPENDITURES, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditures and Divestments

Our capital expenditures during the Period Under Review and for the period from 1 July 2019 to the Latest Practicable Date were as follows:

(S\$'000)	FY2016	FY2017	FY2018	6M2019	1 July 2019 to the Latest Practicable Date
Water treatment facility	–	–	–	3	–
Renovation	42	1	1	–	–
Machinery and equipment	4	23	1	1	2
Office equipment, furniture and fittings	56	36	12	6	22
Motor vehicles	145	85	80	–	–
Computers	29	16	2	–	–
Construction-in-progress ⁽¹⁾	448	597	128	–	–
Total expenditures	724	758	224	10	24

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Note:

- (1) Construction-in-progress relates to the upgrading works to enhance the production capacity of the TOOT water treatment facility, which is a 40.0% joint operation with PT JUP. The upgrading works commenced in FY2016 and were completed in FY2018.

The above capital expenditures were financed by internally generated funds and finance leases.

The following table sets out our divestments during the Period Under Review and up to the Latest Practicable Date:

(\$'000)	FY2016	FY2017	FY2018	6M2019	1 July 2019 to the Latest Practicable Date
Leasehold properties	-	-	-	-	-
Water treatment facility	-	-	-	-	-
Renovation	-	-	-	-	-
Machinery and equipment	-	-	-	-	-
Office equipment, furniture and fittings	-	-	-	-	-
Motor vehicles	53	27	-	58	-
Computers	-	-	-	-	-
Total divestments	53	27	-	58	-

Commitments

Capital Commitments

As at the Latest Practicable Date, we do not have any material capital commitments.

Lease liabilities

As at the Latest Practicable Date, our lease liabilities were as follows:

	As at the Latest Practicable Date (S\$'000)
Not later than one (1) year	112
Later than one (1) year and not later than five (5) years	202
Later than five (5) years	3
Total	317

Our lease liabilities comprise leasing on our motor vehicles and rental payable by us for the leased properties as disclosed in the section entitled "General Information on our Group - Properties and Fixed Assets" of this Offer Document.

We intend to finance the above lease liabilities by internally generated funds.

Contingent Liabilities

Our joint venture, PT JMA, secured a bank loan for the financing of the construction of the water treatment facility in respect of our BOOT project. The joint venture partners had, on a joint and several basis, 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. As such, in the event that PT JUP is not able to provide such requisite continuing financial support, our Group will be liable for PT JUP's share of the financial support. As at 30 June 2019, the maximum amount our Group could be liable for under this commitment is S\$7.60 million, being the outstanding amount for the bank loan as at 30 June 2019. Save for the above-mentioned, we do not have any other material contingent liabilities as at the Latest Practicable Date.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our Company is of the view that the risk of our Group being liable for the repayment of the bank loan is low taking into consideration the following:

- (a) Our Company does not expect PT JMA to default on its repayment of the bank loan as the expected cash flows from the sales of water would be able to cover the monthly instalment of the bank loan;
- (b) In the event of default by PT JMA, the bank can call upon the collaterals for the bank loan which include, amongst others, pledge of land title in respect of the land where the water treatment plant is constructed on, and pledge of the water treatment plant and building; and
- (c) The risk of default by PT JUP on its share of financial support is expected to be low as PT JUP is a state-owned entity.

FOREIGN EXCHANGE MANAGEMENT

Accounting Treatment of Foreign Currencies

The individual financial statements of each entity in our Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The combined financial statements of our Group are presented in S\$, which is the functional currency of our Company and the presentation currency for the combined 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 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 the combined financial statements, the assets and liabilities of the entities in our Group that have a functional currency different from our presentation currency of Singapore dollars, are translated 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 fluctuate 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 foreign currency translation reserve.

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

On the whole, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Foreign Exchange Exposure

Our reporting currency is in S\$ and our operations are primarily carried out in Singapore and Indonesia. The percentage of our revenue, purchases and expenses denominated in different currencies for the Period Under Review was as follows:

	FY2016	FY2017	FY2018	6M2018	6M2019
Percentage of revenue denominated in					
S\$	39.6	81.8	64.2	50.4	73.4
IDR	57.6	17.7	35.8	49.5	24.6
RMB	2.8	0.5	0.0	0.1	2.0
	100.0	100.0	100.0	100.0	100.0
Percentage of cost of sales denominated in					
S\$	61.4	79.6	44.3	45.2	73.3
IDR	23.2	12.6	37.1	44.8	16.4
RMB	8.2	2.8	10.2	4.6	5.8
USD	1.2	4.7	8.2	5.3	3.6
GBP	4.9	0.0	0.0	0.0	0.0
Others ⁽¹⁾	1.1	0.3	0.2	0.1	0.9
	100.0	100.0	100.0	100.0	100.0
Percentage of expenses denominated in					
S\$	59.8	62.1	63.1	69.6	77.1
IDR	26.1	24.2	15.6	15.4	6.9
RMB	14.1	13.7	21.3	15.0	16.0
	100.0	100.0	100.0	100.0	100.0

Note:

(1) Others comprise Euro, Australian dollar and Ringgit Malaysia.

To the extent that our revenue, purchases and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection or payment, we will be exposed to fluctuations of the various currencies against S\$, which would adversely affect our financial results.

At present, we do not have any formal policy for hedging against foreign exchange exposure. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise. Prior to implementing any formal hedging policies, we will seek the approval of our Board on the policy and put in place adequate procedures which shall be reviewed and approved by our Audit Committee. Thereafter, all hedging transactions entered into by our Group will be in accordance with the set policies and procedures.

Our net foreign exchange gains/(losses) for the Period Under Review were as follows:

	FY2016	FY2017	FY2018	6M2018	6M2019
Net foreign exchange gain/(loss) (S\$'000)	32	(150)	(132)	12	142
As a percentage of revenue	0.2%	(0.7%)	(0.5%)	0.1%	1.0%
As a percentage of PBT	2.4%	(16.3%)	(2.4%)	1.0%	22.5%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

SIGNIFICANT ACCOUNTING POLICY CHANGES

Our Group adopted the new financial reporting framework – SFRS(I) for the first time for FY2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards as issued by the International Accounting Standards Board.

As a first-time adopter of SFRS(I), our Group has applied retrospectively, accounting policies based on each SFRS(I) effective as at the end of the first SFRS(I) reporting period (31 December 2018), except for areas of optional exemptions set out in SFRS(I) 1, as reflected in the combined financial statements for FY2018.

In the first set of SFRS(I) financial statements for FY2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2017) and as at the end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for FY2017). Additional disclosures are made for specific transition adjustments if applicable.

Standards issued but not effective

At the date of authorisation of these combined financial statements, the following SFRS(I)s pronouncements were issued but not effective and are expected to have an impact on our Group in the periods of their initial application.

Effective for annual periods beginning on or after 1 January 2019

SFRS(I) 16 *Leases*

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

SFRS(I) 16 Leases

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the existing framework.

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases that our Group enters into. Under SFRS(I) 16, our Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

Our Group has performed an analysis of the requirements of the initial application of SFRS(I) 16 and expects that the adoption of SFRS(I) 16 will result in changes to accounting policies relating to operating leases, where our Group is a lessee. A right-of-use asset amounting to S\$122,970 will be recognised on the combined statement of financial position, representing our Group's right to use the leased asset over the lease term and, recognise a corresponding liability amounting to S\$122,970 to make lease payments. In addition, the adoption of SFRS(I) 16 will also result in the reclassification of assets of S\$191,727 that had been acquired under finance leases from "Property, plant and equipment" to "Right-of-use assets" and reclassification from "Finance leases" of S\$158,926 to "Lease liabilities".

The adoption of SFRS(I) 16 does not have any material impact on our Group's financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a Group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

Our Group will adopt the above interpretation when it becomes effective.

GENERAL INFORMATION ON OUR GROUP

HISTORY OF OUR GROUP

The inception of our Group can be traced back to August 1992 when our founders Mr. Tay and Ms. Dewi commenced the business under the name Memiontec. In 1996, the business and operations of our Group were transferred to MPL upon its incorporation as a private limited company in Singapore on 2 August 1996. PTMP and PTMI were incorporated on 28 January 2004 and 29 January 2004, respectively, as limited liability companies under the laws of Indonesia. Our Company was incorporated on 6 March 2013 under the Companies Act as a private limited company, under the name “Memiontec Holdings Pte. Ltd.”.

MIT Water was incorporated on 29 April 2015 as a wholly foreign owned limited liability company under the laws of the PRC.

Following the completion of the Restructuring Exercise, our Company owned the entire issued share capital of each of M Water, MIPL and MPL, and 70.0% of the issued share capital of PTMI through MIPL. Pursuant to the Combination Agreements, our Company established effective control over a further 29.4% of PTMI, taking into account Ms. Dewi’s 98.0% shareholding interest in PTMP and PTMP’s 30.0% shareholding interest in PTMI. Additionally, PTMP effectively became a 98.0% subsidiary of our Company through MIPL.

Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details on the Restructuring Exercise undertaken by our Group. Subsequently, on 30 December 2019, our Company was converted into a public company and our name was changed to “Memiontec Holdings Ltd.”.

Key Milestones

The table below sets forth our key milestones:

1992	Commenced operations in Singapore
1998	First attained ME11 ⁽¹⁾ L3 BCA contractor registration as part of our shift towards public sector work
1999	Expansion of our Group’s sales overseas through the sale of water and wastewater treatment systems
2004	Incorporated our subsidiaries, PTMI and PTMP, in Indonesia
2010	Upgraded to ME11 ⁽¹⁾ L5 BCA contractor registration with a tendering limit of S\$13 million
2010	Beginning of our Group’s active involvement in public sector projects in Singapore
2013	First attained BS OHSAS 18001:2007 ⁽²⁾ certification
2013	First attained ISO 9001:2015 ⁽³⁾ certification
2013	Attained bizSAFE level Star
2015	Built the Semakau floating wastewater treatment plant, the first floating wastewater treatment plant in South East Asia. Our customer subsequently won the IES Prestigious Engineering Achievement Awards (Engineering Project Category) from the Institution of Engineers, Singapore for this plant
2015	Incorporated our subsidiary, MIT Water, in the PRC
2016	Upgraded to ME11 ⁽¹⁾ L6 BCA contractor registration with an unlimited tendering value for public projects relating to mechanical engineering works
2016	Acquired ME02 ⁽⁴⁾ , ME05 ⁽⁵⁾ and SY05 ⁽⁶⁾ BCA contractor registration and Class 1 General Builder Licence
2016	Commencement of our first TOOT project in Jakarta, Indonesia through a joint operation arrangement with PT JUP
2016	Entered into our first agreement for a BOOT project in Jakarta, Indonesia through a joint venture company, PT JMA
2017	Listed in the Singapore SME 1000 Ranked Companies 2017
2018	Successfully secured a project to design and build the water treatment system for a penguin life support system in Singapore

GENERAL INFORMATION ON OUR GROUP

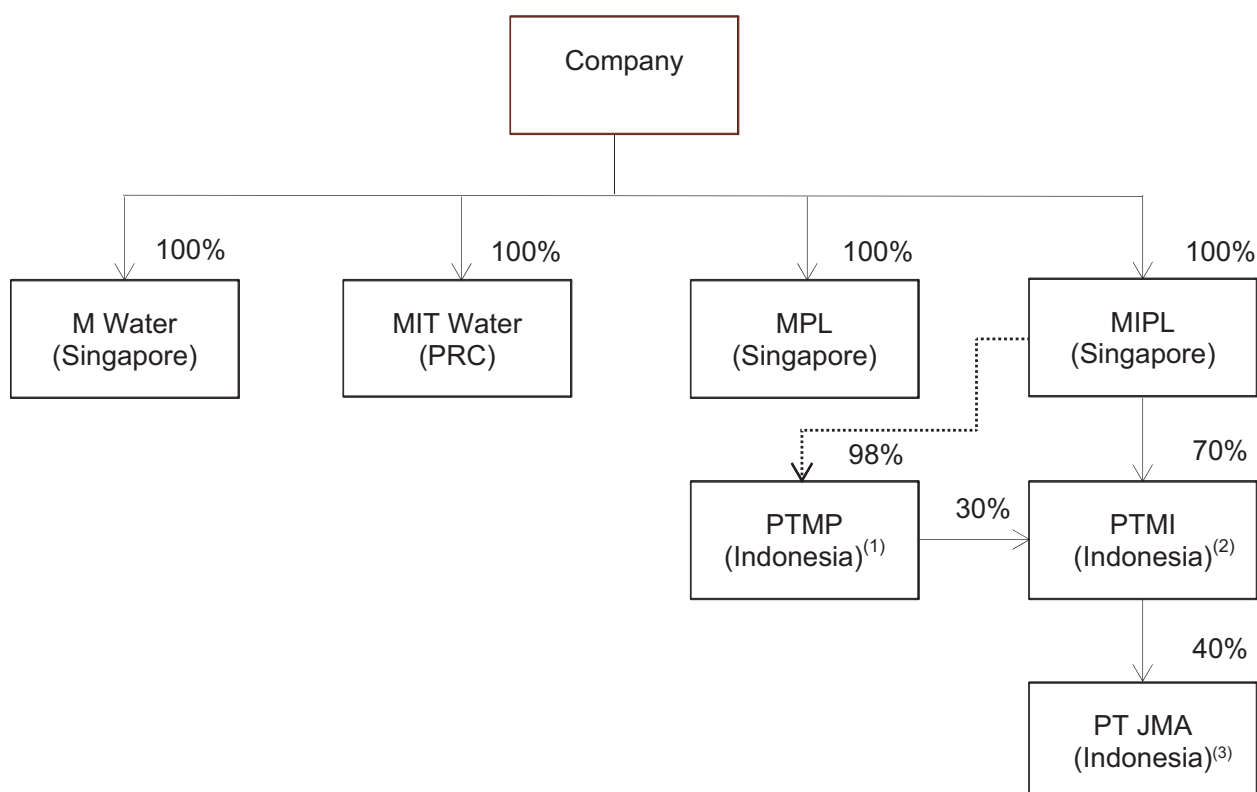
2018	Listed in the Singapore SME 1000 Ranked Companies 2018
2018	Commenced sale of water through our TOOT project
2019	Commissioned and handed over our first BOOT project
2019	Awarded a contract for the design of and construction works for the complete replacement of membrane a filtration system at Tuas South Desalination Plant of PUB

Notes:

- (1) ME11: Workhead for Mechanical Engineering under the BCA's contractors registration system
- (2) OHSAS 18001:2007: Standard for Occupational Health and Safety Management under the Occupational Health and Safety Assessment Series
- (3) ISO 9001:2015: Standard for Quality Management Systems set by the International Organisation for Standardisation
- (4) ME02: Workhead for Building Automation, Industrial and Process Control Systems under the BCA's contractors registration system
- (5) ME05: Workhead for Electrical Engineering under the BCA's contractors registration system
- (6) SY05: Workhead for Electrical and Electronic Materials, Products and Components under the BCA's contractors registration system

OUR GROUP STRUCTURE

The following diagram summarises our Group structure as at the date of this Offer Document:



Notes:

- (1) Pursuant to the Combination Agreements, our 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. Accordingly, PTMI and PTMP are considered a 99.4% subsidiary and 98.0% subsidiary of our Company respectively, from an accounting perspective, and will be reflected as such in our Company's annual report(s). Please refer to the section entitled "General Information on our Group - Combination Agreements" of this Offer Document for further information.
- (2) The period of the joint cooperation agreement between PTMI and PT JUP for a TOOT project is 25 years from the commercial operations date on 1 November 2018.
- (3) PTMI entered into a joint venture with PT JUP for a BOOT project. Under the BOOT Agreement, it is stipulated that it will be automatically renewed on the end of the 20th year for another five (5) years before being terminated on the 25th year.

GENERAL INFORMATION ON OUR GROUP

OUR SUBSIDIARIES AND ASSOCIATED COMPANY

The table below sets forth details of our subsidiaries and associated company as at the date of this Offer Document:

No.	Company Name	Date of Incorporation	Country of Incorporation and Principal Place of Business	General Nature of Business	Effective Equity Interest	Directors	Auditors
1.	MPL	2 August 1996	Singapore	(1) Design, engineering, procurement and turnkey construction of water and wastewater treatment plant (2) Maintenance and service of water and wastewater treatment equipment, system and plant	100%	Mr. Tay, Ms. Dewi and Mr. Lim	Deloitte & Touche LLP
2.	M Water	19 June 2018	Singapore	Customisation and distribution of modular water and wastewater treatment system, equipment and components	100%	Mr. Tay and Ms. Dewi	Deloitte & Touche LLP
3.	MIPL	23 October 2018	Singapore	(1) Building construction (2) Investment holding, total water treatment solutions, EPC, BOOT and maintenance	100%	Mr. Tay and Ms. Dewi	Deloitte & Touche LLP
4.	PTMI ⁽¹⁾⁽²⁾	29 January 2004	Indonesia	(1) Water management services (2) Construction implementing services	99.4%	Mr. Tay	KAP Imelda & Rekan (a member firm of Deloitte Touche Tohmatsu Limited)
5.	MIT Water	29 April 2015	PRC	(1) Design, engineering, procurement, fabrication, assembly and turnkey construction of water and wastewater treatment system and plants (2) Trading of water treatment components and equipment	100%	Mr. Tay	Sichuan Zhongfa Certified Public Accountants Co., Ltd. (a member firm of HLB International)
6.	PTMP ⁽³⁾⁽⁴⁾⁽⁵⁾	28 January 2004	Indonesia	(1) Water management services (2) Civil construction services (3) Wholesale ⁽⁶⁾	98.0%	Ms. Dewi and Ms. Irawati	KAP Imelda & Rekan (a member firm of Deloitte Touche Tohmatsu Limited)
7.	PT JMA ⁽⁶⁾	3 April 2017	Indonesia	Provision of water management services and supply of potable water via distribution network	40.0%	Mr. Edhie Kusumo Witjakso	Heliantono & Rekan

GENERAL INFORMATION ON OUR GROUP

Notes:

- (1) Article 12 of Law Number 25 of 2007 on Investment of Indonesia (“**Indonesian Investment Law**”) imposes certain foreign ownership restrictions on PTMI. Please refer to the section entitled “General Information on our Group - Foreign ownership restrictions on PTMI” of this Offer Document for further information. Pursuant to the Combination Agreements, our Group consolidates 99.4% of PTMI. Please refer to the section entitled “General Information on our Group - Combination Agreements” of this Offer Document for further information.
- (2) The commissioner of PTMI is Mr. Yufendy. Mr. Yufendy is a lawyer by profession. He is not related to our Company, our Directors or Controlling Shareholders or their respective Associates. Please refer to the section entitled “Directors, Executive Officers and Staff – Commissioners” of this Offer Document for further information on the power and duties of commissioners in Indonesia.
- (3) The Indonesian Investment Law imposes certain foreign ownership restrictions on PTMP. Please refer to the section entitled “General Information on our Group - Foreign ownership restrictions on PTMP” of this Offer Document for further information. Pursuant to the Combination Agreements, although our Group does not own any of the equity shares of PTMP, our Group assessed that it has established control over PTMP on the basis that our Group has the power to direct the relevant activities of PTMP by appointment of key management personnel of PTMP, has rights to variable returns from its involvement with PTMP through loan extended to PTMP and has the ability to affect those returns through its power over PTMP. As a result, our Group consolidates 98.0% of PTMP. Please refer to the section entitled “General Information on our Group - Combination Agreements” of this Offer Document for further information. The remaining 2.0% in PTMP is held by Ms. Irawati, an Executive Officer of our Group and a director of PTMP. Ms. Irawati is not related to any of our Directors or Controlling Shareholders or their respective Associates. Please refer to the section entitled “Directors, Executive Officers and Staff – Executive Officers” of this Offer Document for further information on Ms. Irawati.
- (4) The commissioner of PTMP is Mr. Wahyu Kasijanto. Mr. Wahyu Kasijanto is a sales manager of PTMI. He is not related to our Company, our Directors or Controlling Shareholders or their respective Associates. Please refer to the section entitled “Directors, Executive Officers and Staff – Commissioners” of this Offer Document for further information on the power and duties of commissioners in Indonesia.
- (5) PTMP was dormant during the Period Under Review and up to the Latest Practicable Date.
- (6) PT JMA is a joint venture entity. The remaining 60.0% of PT JMA is owned by PT JUP, an independent third party to our Group. 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. Please refer to the section entitled “General Information on our Group – Business Overview – Projects with Periodic Payments such as TOOT and BOOT Projects” of this Offer Document for further information on the JV Agreement and the BOOT Agreement with PT JUP.

Foreign ownership restrictions on PTMI

PTMI is a foreign investment limited liability company (*Penanaman Modal Asing*) (“**PMA Company**”) established in Indonesia. In principle, PMA Companies are able to conduct business in all sectors and types, save for certain business sectors or business types that are declared to be closed or opened with certain requirements. Pursuant to the Indonesian Investment Law, the Indonesian Government is conferred the authority to ascertain which business sectors are restricted or closed to PMA Companies. Such authority is embodied in Presidential Regulation Number 44 of 2016 on List of Business Field Restricted and Business Field Open With Requirement in the Investment Field (“**PR 44/2016**” or “**Negative List**”), which sets out the regulations relating to the business sectors which can be undertaken by PMA Companies in the form of a limited liability company (*Perseroan Terbatas*) and regulates the amount of foreign investment in the form of share ownership which could be owned by a foreign party.

PTMI engages in the business of (i) construction services; and (ii) water management services. Based on the Negative List, the maximum foreign investment for a company engaging in the construction business is 67.0%, or 70.0% if the foreign investment is from a member country in the Association of South East Asian Nations (ASEAN) and the maximum foreign investment for a company engaging in the water management service business is 95.0%. The Indonesian Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*) (“**BKPM**”), which governs foreign direct investments in Indonesia, will look at the more stringent restriction in the Negative List. As the foreign investor is MIPL, a Singapore entity, the maximum shareholding that MIPL can hold in PTMI is 70.0%.

Under the Online Single Submission (“**OSS**”) system, a PMA Company has to apply for a Business Identification Number or Nomor Induk Berusaha (“**NIB**”). If the PMA Company complies with the foreign investment restrictions under the Negative List, the OSS system will subsequently issue the NIB, which can then be used by the PMA Company to apply for a business licence. Based on the Guidelines of Business Licensing through Online Single Submission issued by the Coordinating Ministry for Economic

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Affairs Republic of Indonesia in July 2018, a violation to the Negative List will cause a PMA Company's NIB to be suspended until such PMA Company adjusts its ownership to meet the Negative List requirements. As such, the acquisition and non-suspension of the NIB is evidence that PTMI has passed the scrutiny on its foreign ownership in accordance with the requirements set out in the Negative List, taking into account the existence of the Combination Agreements.

PTMI is also a PMA Company which is a foreign construction service business entity, regulated under Ministry of Public Work and Public Housing Regulation Number 09/PRT/M/2019 regarding Permit Service Guideline of Foreign Construction Service Business Entity ("**MR 09/2019**"). MR 09/2019 is the implementing ordinance under the Law Number 2 of 2017 on Construction Services of Indonesia ("**Indonesia Construction Services Law**") for a PMA Company which engages in construction services. Under MR 09/2019, PTMI is a legal entity in the form of a limited liability company incorporated via a capital cooperation between MIPL and PTMP.

Foreign ownership restrictions on PTMP

MIPL is considered a foreign construction services business entity. According to the Indonesia Construction Services Law, a foreign construction services business entity which wishes to conduct a construction service business in Indonesia must establish an Indonesian legal entity alongside a national construction services business entity. In the context of our Group, the "Indonesian legal entity" refers to PTMI while the "national construction services business entity" refers to PTMP. PTMP is considered a national construction services business entity (a) under MR 08/2019 (as defined below) because (i) it is a business entity engaging in a construction service activity; and (ii) it is a private-owned enterprise, which has its capital entirely owned by Indonesian citizens and/or Indonesian business entities; and (b) under MR 09/2019 because (i) it is a construction services entity with a construction business licence; (ii) has a large-sized qualification; and (iii) has a type of business and business classification corresponding to MIPL. As such, MIPL must cooperate with PTMP in order to establish PTMI.

Under Ministry of Public Work and Public Housing Regulation Number 08/PRT/M/2019 regarding Permit Service Guideline of National Construction Service Business ("**MR 08/2019**") and MR 09/2019, PTMP must be in a form of a state-owned enterprise, a regional-owned enterprise or private-owned enterprise which is 100% owned by domestic parties. Under Law Number 40 of 2007 on Limited Liability Company, it is a requirement that a limited liability company has to have at least two (2) shareholders. As Ms. Dewi and Ms. Irawati are both Indonesian citizens and hence, classified as domestic parties, PTMP fulfils the shareholding requirements specified under the laws and regulations of Indonesia. In the event that the shareholder(s) of PTMP were not classified as domestic parties, PTMP would have been treated as a foreign investment company and PTMI's shareholding composition would not have been in compliance with PR 44/2016, MR 09/2019 and Indonesia Construction Services Law. In such situation, the Master Business Number (NIB) of PTMI and/or its business license would be frozen and PTMI would not be permitted to engage in any business until its shareholding composition is changed to comply with PR 44/2016 and Indonesia Construction Services Law. Save as aforementioned, there will be no other implications involved (such as fines or penalties under Indonesia laws and regulations).

COMBINATION AGREEMENTS

The Loan Agreement (as defined below), the Loan Security Documents (as defined below), the Assignment Agreement (as defined below), the Dividend Assignment Agreement (as defined below), the DS Undertaking Agreement (as defined below) and the Substitution POAs (as defined below), shall collectively constitute the "**Combination Agreements**".

Pursuant to the Combination Agreements, PTMI and PTMP are considered as a 99.4% subsidiary and 98.0% subsidiary of our Company respectively, from an accounting perspective. We will be reflecting PTMI and PTMP as 99.4% and 98.0% subsidiaries of our Company respectively in our annual report(s). PTMI and PTMP are effectively our subsidiaries, and the minority interests of less than 5.0% are held by Ms. Irawati who is neither (i) our Company's Director, Controlling Shareholder or chief executive officer nor (ii) an Associate of any such persons under (i). Accordingly, transactions between our Group and PTMI, and our Group and PTMP, will not constitute interested persons transactions and need not be subject to the provisions of Chapter 9 of the Catalist Rules, for as long as our Group's corporate structure is in place. However, where there are any changes in our Group's corporate structure including

GENERAL INFORMATION ON OUR GROUP

its shareholding interests in PTMI and PTMP, our Group will consult the SGX-ST on the application of Chapter 9 of the Catalist Rules and an immediate announcement will be made on the applicability of Chapter 9 of the Catalist Rules. For the avoidance of doubt, Chapter 9 of the Catalist Rules will still apply to transactions between PTMI and/or PTMP, and our Company's interested persons.

Grant of Loan from MIPL to PTMP

Pursuant to a loan agreement dated 22 December 2019 amongst MIPL, PTMP, Mr. Tay and Ms. Dewi ("**Loan Agreement**"), MIPL granted a loan of IDR7.03 billion (equivalent to S\$0.67 million) to PTMP ("**Loan**") to part finance the payment of PTMP's outstanding capital contribution in respect of its 30.0% shareholding interests in PTMI ("**PTMI Shares**"). The total capital contribution in respect of the PTMI Shares amounted to approximately IDR18.03 billion (approximately S\$1.71 million), out of which IDR11.0 billion (approximately S\$1.04 million) has already been paid up and the balance of IDR7.03 billion (approximately S\$0.67 million) will be paid up via the Loan.

The Loan is subject to an interest of three (3) per cent. above the Singapore Interbank Offered Rates. The Loan has no fixed term of repayment, and is repayable within a period of 14 working days after MIPL submits a written repayment request to PTMP.

Each of Mr. Tay and Ms. Dewi has irrevocably undertaken that MIPL shall not submit any written repayment request to PTMP even where there is any event of default unless one of the following occurs: (i) none of them or their respective Associates remains a Substantial Shareholder or Director; or (ii) the restrictions against MIPL holding 100.0% of PTMI and PTMP are removed. To the best knowledge of NSMP, the Legal Advisers to our Company on Indonesian Law, there would be no implications to our Group's access to government projects in Indonesia should the restrictions against MIPL holding 100.0% of PTMI and PTMP be removed. For the avoidance of doubt, it shall not be considered a breach of this undertaking where any written repayment request or declaration of amounts payable is equivalent to the amount that will enable MIPL to acquire the maximum shareholdings in PTMI and PTMP, as allowed for by Indonesian laws and regulations from time to time. The aforesaid undertaking by Mr. Tay and Ms. Dewi has been provided in consideration of the following:

- (i) Our Group needs to partner a local domestic construction service company in order to access government projects which require the involvement of domestic investment companies (*Penanaman Modal Dalam Negeri*) ("**PMDN Company**"). As such, a collaborative partnership with PTMP (being a domestic PMDN Company) would augment our Company's prospects in Indonesia;
- (ii) PTMP is currently dormant and does not have the capability to repay the Loan. Furthermore, the working capital and investment requirements of PTMP are expected to increase once it commences business operations in the provision of EPC services as well as the sale and distribution of water treatment equipment, chemicals and components. As such, it is only prudent for PTMP to retain any cash holdings for its working capital and future expansion purposes;
- (iii) There is no assurance that PTMI will declare and pay sufficient dividends, if at all, considering its working capital requirements in view of our Company's business strategies and future plans to grow its business operations in Indonesia. Accordingly, there is no assurance that PTMP will be able to rely on dividend income from PTMI, and hence be in the position to repay the Loan;
- (iv) In the event that PTMI were to declare and pay dividends in the future, the dividends attributable to the PTMI Shares have been assigned by PTMP to MIPL as security for the Loan pursuant to the PTMP Assignment of Dividends (as defined below), to the extent of the Loan Amount and accrued interests. Such assigned dividends shall be used to repay the accrued interests on the Loan while the remaining will be re-extended as loan by MIPL to PTMP, as a demonstration of the continued commitment by Mr. Tay and Ms. Dewi to PTMP. In the event the dividends attributable to the PTMI Shares are greater than the Loan quantum and accrued interests, the dividends in excess of the Loan quantum and accrued interests will be available for use by PTMP for its working capital purposes. In the event the dividends attributable to the PTMI Shares are less than the Loan quantum and accrued interests, the assigned dividends will be applied to pay the accrued interests to the extent possible. The quantum of the Loan will thus remain unchanged at all times;

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- (v) It is envisaged that PTMP will require further financial support, especially in the early days of its commencement of business operations. Mr. Tay and Ms. Dewi have also irrevocably undertaken that MIPL will extend further loans to PTMP to support its working capital requirements and expansion plans. It is envisaged that the working capital requirements to undertake trading and distribution of water treatment systems among others, and engineering projects, would be significant relative to its financial position. The present financial resources of PTMP would therefore not be sufficient to fund its business plans and working capital requirements;
- (vi) The Loan Agreement, the Loan Security Documents (as defined below), the Assignment Agreement (as defined below) and the Dividend Assignment Agreement (as defined below) form the basis for our Group's corporate structure, pursuant to which PTMI and PTMP are considered as a 99.4% subsidiary and 98.0% subsidiary of our Company respectively, from an accounting perspective. Accordingly, the financial performance and assets of PTMP can then be consolidated with our Group. The consolidation of the financial results of PTMI and PTMP under our Group will allow our Company to achieve a better market valuation in connection with the Listing, and potentially post-Listing as the consolidation of the financial results of 99.4% of PTMI and 98.0% of PTMP under our Group will give rise to a higher profit attributable to owners of the Company. Accordingly, the market capitalisation of our Company would be higher as market capitalisation is computed by multiplying the profit attributable to owners of our Company with the price-to-earnings ratio as ascribed to the Company. It is thus in the commercial interests of our Company, as well as Mr. Tay and Ms. Dewi (being our Controlling Shareholders) to maintain the Loan; and
- (vii) The aforesaid irrevocable undertaking for MIPL not to call for repayment of the Loan and to even extend further loans to PTMP in future is, in essence, a demonstration of the continued commitment of Mr. Tay and Ms. Dewi to build up the business of PTMI and PTMP as its domestic partner. This is not unreasonable as they are the Controlling Shareholders of our Company, and their commercial interests are thus aligned with those of PTMI and PTMP.

Loan Security Documents

The security arrangement in consideration of the Loan, for as long as the Loan remains outstanding, are formalised by the following documents (collectively, the "**Loan Security Documents**"):

- (a) a pledge of shares given by PTMP in respect of its PTMI Shares in favour of MIPL ("**PTMP Pledge**"). PTMP shall not, without the prior consent of MIPL, surrender, sell, dispose of or transfer any of the PTMI Shares or create any encumbrances on these shares;
- (b) 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 in force from time to time ("**PTMP OTP**"). The consideration for such purchase shall be determined based on the following formula:

$$\text{Purchase Consideration} = \frac{A\%}{30.0\%} \times B$$

where:

A% is the additional shareholding interest in PTMI to be acquired; and

B is the 30.0% share capital of PTMI attributable to PTMP or 30.0% of the latest audited NAV of PTMI at the point of acquisition, whichever is lower;

- (c) an assignment of dividends given by PTMP in respect of the PTMI Shares in favour of MIPL ("**PTMP Assignment of Dividends**");

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- (d) a power of attorney given by PTMP to MIPL, entitling MIPL to sell the PTMI Shares (“**PTMP POA**”);
- (e) a pledge of shares given by Ms. Dewi in respect of her 98.0% shares in PTMP (“**PTMP Shares**”) in favour of MIPL (“**Dewi Pledge**”). Ms. Dewi shall not, without the prior consent of MIPL, dispose of or transfer any of the PTMP Shares or create any encumbrances on these shares;
- (f) 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 in force from time to time (“**Dewi OTP**”). The consideration for such purchase shall be determined based on the following formula:

$$\text{Purchase Consideration} = \frac{X\%}{98.0\%} \times Y$$

where:

X% is the additional shareholding interest in PTMP to be acquired; and

Y is the 98.0% share capital of PTMP attributable to Ms. Dewi or 98.0% of the latest audited NAV of PTMP at the point of acquisition, whichever is lower;

- (g) an assignment of dividends given by Ms. Dewi in respect of the PTMP Shares in favour of MIPL (“**Dewi Assignment of Dividends**”); and
- (h) a power of attorney given by Ms. Dewi to MIPL, entitling MIPL to sell the PTMP Shares (“**Dewi POA**”).

Under the Loan Agreement, our Group will be entitled to appoint, dismiss or change the members of the board of directors and the board of commissioners of PTMP. PTMP has procured that its shareholders (being Ms. Dewi and Ms. Irawati) shall hold a general meeting of shareholders to approve the resolutions to appoint, dismiss and/or change the members of the board of directors and the board of commissioners of PTMP. Pursuant to an agreement, Ms. Dewi (as a 98.0% shareholder in PTMP) has undertaken to vote in favour of the shareholders’ resolution in the event MIPL exercises its rights to appoint, dismiss or change the members of the board of directors and/or board of commissioners of PTMP (“**DS Undertaking Agreement**”).

Further undertakings by Ms. Dewi

Pursuant to an assignment agreement (“**Assignment Agreement**”), Ms. Dewi has irrevocably undertaken to assign to MIPL (i) all the remaining liquidation proceeds which are attributable to her 98.0% shareholding interests in PTMP in the event PTMP undergoes a liquidation process; and (ii) the proceeds from any capital reduction exercises undertaken by PTMP pursuant to the prevailing laws and regulations which are attributable to her 98.0% shareholding in PTMP. Pursuant to an assignment agreement (“**Dividend Assignment Agreement**”), Ms. Dewi has irrevocably undertaken to assign to MIPL all of her rights attributable to her 98.0% shareholding interests in PTMP in respect of the dividends derived and distributed from the retained earnings as at the date of full repayment of the Loan in accordance with the prevailing laws and regulations and so long as PTMP is 98.0% owned by Ms. Dewi. The Assignment Agreement and the Dividend Assignment Agreement were entered into to better align the commercial interest of Ms. Dewi with that of our Company.

Right to sell the PTMI Shares and PTMP Shares

MIPL has provided substitution powers of attorney (“**Substitution POAs**”) to our Company which will entitle our Company (instead of MIPL) to sell the PTMI Shares and the PTMP Shares as attorney of PTMP and Ms. Dewi respectively in the event of a default under the Loan Agreement. If any part of the Loan remains outstanding upon the exercise of the entitlement to sell PTMI Shares and/or PTMP Shares under the Substitution POAs, the other obligations and undertakings under the remaining Combination Agreements remain effective, valid and binding on the relevant contracted parties.

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Rationale for the Combination Agreements

The Combination Agreements were entered into to give recognition that PTMI and PTMP are controlled by Mr. Tay and Ms. Dewi, who are our Controlling Shareholders from a Singapore law perspective, whilst complying with the foreign investment restrictions and requirements under the Indonesian laws and regulations. Under Indonesian laws, the Combination Agreements will be viewed as a set of business to business agreement involving a loan and its security arrangements. The security arrangements are to secure the due and punctual repayment of the Loan. The securities depend on the Loan to subsist. If the Loan ceases to exist, then such securities will also cease together with the Loan.

Safeguards in relation to the Combination Agreements

Notwithstanding that our Group does not have the legal and beneficial ownership of the PTMI Shares and PTMP Shares, the Board is of the view that the interests of our Group would be reasonably and adequately safeguarded as we have put in place the following measures and internal controls procedures:

(i) Control over board of directors and board of commissioners of PTMI and PTMP

As our Group owns 70.0% of the shares in PTMI, we will be able to exercise our rights over PTMI as its majority shareholder and will also be able to appoint, dismiss or change the members of the board of directors and the board of commissioners of PTMI. Under the Loan Agreement, our Group will also be entitled to appoint, dismiss or change the members of the board of directors and the board of commissioners of PTMP. In view of the above, it can be established that our Group has sufficient control over the board of directors and board of commissioners of PTMI and PTMP, and accordingly, the daily operations and corporate actions of PTMI and PTMP.

(ii) Management of funds and other transactions in PTMI and PTMP

The opening and closing of bank accounts of PTMI and PTMP would require the approval of our Board. For cheque payments and payments via telegraphic transfers or internet banking, two (2) authorised signatories, each from separate established signatory categories, would be required. With Mr. Tay and Ms. Dewi being in the same signatory category, there will be no provision for them to jointly sign cheques and/or approve payments. Where the payment amount exceeds IDR 1.0 billion (approximately S\$0.1 million), one (1) of the other signatories shall be our Group Financial Controller or a Director (other than Mr. Tay or Ms. Dewi). For transactions outside the ordinary course of business and which exceed the thresholds set out under Chapter 10 of the Catalyst Rules, prior approval from our Shareholders would be required. Accordingly, the management of funds of PTMI and PTMP would be performed and/or controlled by our Company.

(iii) Control over dividends

Under the assignment of dividends agreements, MIPL has the rights, title and interests to any dividends accruing to the PTMI Shares and the PTMP Shares to the extent of the Loan quantum and accrued interests. Our Group also has sufficient control over the declaration of dividends through our control over the board of directors and board of commissioners of PTMI and PTMP.

(iv) Measures to unwind the Combination Agreements

Our Group will unwind the Combination Agreements as soon as the Indonesia laws and regulations no longer prohibit 100.0% foreign ownership of PTMI and PTMP. MIPL will keep abreast of changes in foreign ownership restriction laws, and will consult the Indonesian lawyers on the steps to be taken to exercise the option to purchase the PTMI Shares and the PTMP Shares once there are changes to the relevant laws and regulations of Indonesia.

Subject to the relevant laws and regulations of Indonesia, the registered shareholders and directors of PTMI and PTMP have also undertaken to facilitate the unwinding of the Combination Agreements.

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(v) Amendments to the Loan Security Documents and the other Combination Agreements

It is stipulated under the Loan Agreement that the Loan Security Documents may not be amended except in writing and with the unanimous agreement of the parties thereto, for as long as our Company is listed on the SGX-ST. Prior to any such agreement, MIPL shall obtain the requisite approval of (i) its board of directors and shareholders; and (ii) the Board of Directors and Shareholders of our Company (other than Mr. Tay, Ms. Dewi and their respective Associates).

Each of the other Combination Agreements also stipulates that they may not be amended except in writing and with the unanimous agreement of the parties thereto, for as long as our Company is listed on the SGX-ST. Prior to any such agreement, MIPL shall obtain the requisite approval of (i) its board of directors and shareholders; and (ii) the Board of Directors and Shareholders of our Company (other than Mr. Tay, Ms. Dewi and their respective Associates).

(vi) Settlement of disputes

Under each of the Combination Agreements, endeavours should be made to settle any dispute within 30 days, failing which either party can submit the dispute to the Indonesian courts. The Combination Agreements also provide for Indonesian courts to have the power to grant provisional decisions in the course of dispute resolution, to protect the claimant's interest by filing a legal suit.

(vii) Entrenchment provisions

Entrenchment provisions have been excluded in the Combination Agreements and/or the constituent documents of PTMI and PTMP.

The above-mentioned measures and internal controls procedures have been reviewed by the internal auditor appointed by our Company to perform a review of the internal controls of our Group in connection with the Placement. These measures and procedures will be reviewed by our Audit Committee and independent internal auditor on a yearly basis, to ensure their relevance and adequacy. Where there are deviations from established measures and procedures and/or concerns regarding the effectiveness of these measures and procedures, the internal auditor will highlight such matters to our Audit Committee in a timely manner.

In addition, we have provided the following written undertakings to the SGX-ST:

(a) We will provide an annual confirmation in our full year financial results announcement, that there is no change in the prevailing Indonesian laws and regulations (the "**Relevant Laws**") which would affect our external auditor's basis of consolidation of the accounts of PTMI and PTMP at our Group level.

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

(b) We will increase our shareholding interests in PTMI and PTMP to the corresponding foreign ownership limit as allowed by the prevailing Relevant Laws, as soon as practicable and without undue delay. Where our Company would be required to acquire the legal interests in PTMI and PTMP with the payment of consideration, such matters may be considered as interested person transactions and subject to the requirements under Chapter 9 of the Catalist Rules;

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- (c) We will ensure that the Combination Agreements will be unwound as soon as practicable and without undue delay when the Relevant Laws no longer prohibit 100.0% foreign ownership of PTMI and PTMP. We will also procure undertakings from the shareholders and directors of PTMI and PTMP that they will facilitate the unwinding of the Combination Agreements;
- (d) We have established appropriate arrangements to protect our Company's interests in the event of any change of registered shareholders of PTMI and PTMP, to ensure continuity and avoid practical difficulties in enforcing the Combination Agreements;
- (e) We have included provisions in the Combination Agreements and/or constituent documents of PTMI and PTMP to ensure that material changes to the terms of the Combination Agreements, where such changes would not be considered interested person transactions under Chapter 9 of the Catalist Rules, would be subject to the approval of our Shareholders; and
- (f) We have excluded entrenchment provisions in the Combination Agreements and/or constituent documents of PTMI and PTMP.

Notwithstanding the undertakings above, any changes to the terms of the Combination Agreements will fall within the ambit of Chapter 9 of the Catalist Rules.

ZICO Capital, our Sponsor and Issue Manager, is of the opinion that, taking into account the written undertakings from our Company, the NSMP Legal Opinion and the SSEK Legal Opinion, subject to the assumptions and qualifications set out therein, and the review of the internal controls of our Group by the internal auditor, the aforementioned measures and internal controls procedures are adequate to safeguard our Group's interests in the PTMI Shares and the PTMP Shares.

Legal Opinion by NSMP

NSMP has issued a legal opinion ("**NSMP Legal Opinion**") wherein NSMP has, subject to certain assumptions and qualifications, opined as follows:

I. Legality, Validity and Enforceability

- (i) Each of the Combination Agreements constitutes valid, legal and binding obligations of the parties thereto, and each of the Combination Agreements is enforceable against the parties, in accordance with and subject to the terms thereof.
- (ii) The execution and delivery of each of the Combination Agreements by each of the parties thereto, are in compliance with the relevant laws and regulations of Indonesia in accordance with and subject to the terms thereof.
- (iii) The performance of each transaction under each of the Combination Agreements in accordance with and subject to the terms and conditions of each of the Combination Agreements by each of the parties thereto, complies with the relevant laws and regulations of Indonesia which are relevant to such said transactions.
- (iv) The corporate structure of the Group resulting from the completion of the transactions in accordance with and subject to the terms of each of the Combination Agreements is (i) legal and valid; and (ii) in compliance with and not contrary to, the relevant laws and regulations of Indonesia (including but not limited to foreign ownership restrictions) on the following bases:
 - a. Absence of legal ownership
MIPL is not the legal owner of the PTMP Shares or the PTMI Shares, notwithstanding that (i) MIPL will have control over PTMP through the PTMP Pledge, the Dewi Pledge, the PTMP Assignment of Dividends, the Dewi Assignment of Dividends and the right of MIPL to appoint, dismiss or change the members of the board of directors and the board of commissioners of PTMP pursuant to the Loan Agreement, and (ii) the financial results of PTMI and PTMP will be consolidated as part of our Group's results as a 99.4% subsidiary

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and 98.0% subsidiary respectively, from an accounting perspective. For avoidance of doubt, the Loan extended by MIPL (the Company's wholly-owned subsidiary and is accordingly a non-domestic party) to PTMP is not for the purchase of the rights to appoint, dismiss or change the members of the board of directors and the board of commissioners of PTMP or the rights to dividends accruing to the PTMI Shares and the PTMP Shares. The rights to appoint, dismiss or change the members of the board of directors and the board of commissioners of PTMP and the assignment of dividends accruing to PTMI Shares and PTMP Shares are essentially securities for the Loan as provided under the Loan Agreement. Furthermore, the control that MIPL will have over PTMP cannot be detached from its purpose of securing repayment of the Loan. MIPL has the said control only when the Loan is subsisting.

b. Absence of trust arrangements

The corporate structure of the Group resulting from the completion of the transactions in accordance with and subject to the terms of each of the Combination Agreements is in compliance with Law Number 25 of 2007 on Investment, which prohibits any form of trust arrangements as there are no trust arrangements between the Group and any parties in connection with the following arrangements:

- (i) *Loan Agreement.* The Loan Agreement is a commercial arrangement.
- (ii) *PTMP Pledge and Dewi Pledge.* The PTMP Pledge and the Dewi Pledge are securities for the Loan as provided under the Loan Agreement.
- (iii) *PTMP Assignment of Dividends and Dewi Assignment of Dividends.* The PTMP Assignment of Dividends and the Dewi Assignment of Dividends are securities for the Loan as provided under the Loan Agreement. Such assignments of dividends are intended to ensure the due and punctual repayment of the Loan.
- (iv) *Assignment Agreement and the Dividend Assignment Agreement.* In order to better align the commercial interest of Ms. Dewi with that of the Company, MIPL will be assigned the rights which are attributable to Ms. Dewi's 98.0% shareholding interests in PTMP in respect of (i) excess of liquidation proceeds from PTMP in the event of a liquidation process; (ii) proceeds of capital reduction from PTMP in the event PTMP reduces its issued and paid up capital pursuant to the prevailing laws and regulations; and (iii) all dividends derived and distributed from the retained earnings as at the date of full repayment of the Loan in accordance to the prevailing laws and regulations and so long as PTMP is 98.0% owned by Ms. Dewi. Based on the above, the Assignment Agreement and the Dividend Assignment Agreement are in compliance with the Relevant Laws.
- (v) *DS Undertaking Agreement.* In order to facilitate the granting by PTMP to MIPL of the rights to appoint, dismiss or change the members of the board of directors and/or the board of commissioners of PTMP, as part of the security arrangement for the Loan, Ms. Dewi (as a 98.0% shareholder in PTMP) has undertaken to vote in favour of the shareholders' resolution of PTMP in the event MIPL exercises its rights to appoint, dismiss or change the members of the board of directors and/or board of commissioners of PTMP.

c. Satisfaction of requirements by PTMP and PTMI in accordance with the relevant laws and regulations of Indonesia

- (i) PTMP has satisfied the requirements as a national construction service business entity (*Badan Usaha Jasa Konstruksi Nasional*) based on the Ministry of Public Work and Public Housing Regulation Number 08/PRT/M/2019 regarding Permit Service Guideline of National Construction Service Business. Under the regulation, PTMP is a company owned entirely by Indonesian parties and has secured a construction service business licence.

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- (ii) PTMI has satisfied the requirements as a foreign construction service business entity (*Badan Usaha Jasa Konstruksi Asing*) based on the Circular Letter of Ministry of Public Work and Public Housing Number 22/SE/M/2019 on the Guideline of Licensing Service of Foreign Construction Service Business Entity. Under the ordinance, PTMI is a foreign construction service business entity which has secured a construction service business license.
- (v) The likelihood of nullification or avoidance of the corporate structure of the Group resulting from the completion of the transactions in accordance with and subject to the terms of each of the Combination Agreements, by the Indonesian regulatory authorities is low based on the following:
 - (i) The corporate structure of the Group resulting from the completion of the transactions in accordance with and subject to the terms of each of the Combination Agreements, is in compliance with the Indonesian laws or regulations, in particular the Indonesian Investment Law, as there are no trust arrangements involved. The Loan Agreement, together with the PTMP Pledge, the Dewi Pledge, the PTMP Assignment of Dividends, the Dewi Assignment of Dividends which are collateral arrangements for the Loan, is purely a commercial arrangement. The control obtained by MIPL is based on the provisions in the Loan Agreement, and exists only when the Loan is subsisting. The Assignment Agreement and the Dividend Assignment Agreement are entered into to better align the commercial interest of Ms. Dewi with that of the Company and are considered business to business arrangements under the Indonesian Civil Code; and
 - (ii) To the best of NSMP's knowledge, none of such arrangements have been attempted to be challenged in court.
- (vi) MIPL and its 70.0% shareholding in PTMI will not be implicated in the event that any investigation is carried out by regulatory authorities on the affairs of PTMP, its directors, commissioners and/or its shareholders;
- (vii) The quantum of the Loan and irrevocable undertaking by Mr. Tay and Ms. Dewi for the Company to provide further loans to PTMP do not affect the compliance of the proposed corporate structure of the Group resulting from the completion of the transactions with the relevant laws and regulations of Indonesia.
- (viii) The constituent documents of each of PTMP and PTMI are in compliance with the relevant laws and regulations of Indonesia.
- (ix) There are no entrenchment provisions that seek to prevent directors and/or commissioners from being removed from the board of directors and/or the board of commissioners in the Combination Agreements and the constituent documents of each of PTMP and PTMI.
- (x) There is no timeline for the share capital of PTMI to be fully paid in cash as there is no legal requirement stipulating when the shareholders of PTMI are required to fully pay up the share capital of PTMI in cash.
- (xi) From a legal perspective, the total number of shares in the current share capital of PTMI (being 60,100 shares in PTMI) is considered issued.
- (xii) The shareholders of PTMI are entitled to their shareholders' rights, notwithstanding that from a funds flow perspective, the share capital of PTMI has not been fully paid up in cash, as (a) the approvals issued by the authorities (specifically the Ministry of Law and Human Rights) for the increase in the issued and paid-up capital of PTMI by way of subscription of new shares by the shareholders of PTMI are evidence that the law views and considers that (i) the allotment and issue of shares in PTMI is duly authorised, valid, effected, in order and made in accordance with the Company Law; and (ii) the total 60,100 issued shares in PTMI with value of IDR60,100

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million is considered issued and fully paid-up notwithstanding that from a funds flow perspective, the cash payment for part of the share capital remains unpaid to-date; and (b) the name of the shareholders and their respective shareholdings have been recorded in the shareholders' registry of PTMI. Based on the above, the shareholders of PTMI are in compliance with the relevant laws and regulations of Indonesia with respect to the issued and paid-up share capital of PTMI.

- (xiii) From a legal perspective, there is no difference in the rights between holders of paid and unpaid issued shares (in cash) in view that: (a) the approvals for the increase in the issued and paid-up capital of PTMI by way of subscription of new shares by the shareholders of PTMI have been issued by the authorities (specifically the Ministry of Law and Human Rights) to PTMI; and (b) the shareholders of PTMI have been recorded in the shareholders' registry of PTMI. The abovementioned approvals from the authorities (specifically the Ministry of Law and Human Rights) are not conditional upon any other conditions to be met by PTMI.
- (xiv) The dividend entitlements attributable to the unpaid share capital (from a funds flow perspective) and the corresponding dividend distributions by PTMI to its shareholders, would not be affected during the period that the share capital remains unpaid in cash by the shareholders.
- (xv) The shareholders of PTMP are classified as "domestic parties" in accordance with the relevant laws and regulations of Indonesia.
- (xvi) PTMI is allowed to carry out their business activities pursuant to its business licenses, notwithstanding that from a funds flow perspective, the share capital of PTMI has not been fully paid up in cash as PTMI has secured the approvals issued by the authorities (specifically the Ministry of Law and Human Rights) for the increase in the issued and paid-up capital of PTMI by way of subscription of new shares by the shareholders of PTMI.

II. Power, Capacity, and Authorisation

- (i) Each of the parties to the Combination Agreements has the requisite rights, power, capacity and authority to enter into and to perform its relevant obligations under the Combination Agreements to which it is a party.
- (ii) Each of the parties to the Combination Agreements has taken all necessary actions to authorise the execution, delivery and performance by it of the Combination Agreements to which it is a party.

III. Approvals of Relevant Authorities

- (i) Save for the mandatory filings made with Bank Indonesia and the Ministry of Finance of Indonesia, which are required for offshore loans, there is no authorisation, consent, permit or approval of, or other action by, or filing with or notice to, any relevant authority required in connection with the execution, delivery and performance by each relevant party of the Combination Agreements to which it is a party.
- (ii) The assignment of dividends in relation to shares in PTMI and PTMP (as the case may be), in the manner provided under the relevant assignment of dividends agreements, in favour of each assignee under the relevant assignment of dividends agreements will not in itself give rise to any additional approval of any relevant authority, with regard to the businesses and operations of each of PTMI and PTMP.
- (iii) There is no action taken by any of the relevant authority against any entity adopting the use of similar corporate structures.

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- (iv) There is no presence of laws and regulations (which are in force at the date of this legal opinion) prohibiting and/or restricting the use of similar corporate structures to comply with the relevant Indonesia laws and regulations (including but not limited to foreign ownership restrictions). The proposed type of contractual arrangements (i.e. Loan, PTMP Pledge, Dewi Pledge, PTMP Assignment of Dividends, Dewi Assignment of Dividends, Assignment Agreement and Dividend Assignment Agreement) are not uncommon in Indonesia. Further, NSMP has in the last three (3) years, advised a number of companies which have businesses in Indonesia and are subject to foreign ownership restrictions in the undertaking of similar type of contractual arrangements in Indonesia.
- (v) There is no presence of court rulings that such corporate structures are deemed to be illegal and/or contrary to the relevant Indonesia laws and regulations.
- (vi) The relevant laws and regulations of Indonesia allow PTMI and PTMP to grant the exclusive options to MIPL to acquire the PTMI Shares and PTMP Shares in accordance with the corporate structure resulting from the completion of the transactions in accordance with and subject to the terms of each of the Combination Agreements. Nonetheless, the exercise of such options is subject to the then prevailing applicable foreign ownership restrictions.

IV. Combination Agreements

- (i) The relevant laws and regulations of Indonesia do not prohibit PTMP from borrowing from MIPL, and as securities for the loan, for PTMP and MIPL to enter into the Combination Agreements.
- (ii) The relevant laws and regulations of Indonesia do not prohibit MIPL from holding pledges of shares in PTMI and PTMP in the manner provided under the relevant share pledge agreements.
- (iii) The relevant laws and regulations of Indonesia do not prohibit MIPL from holding options to purchase shares in PTMI and PTMP in the manner provided under the relevant option to purchase share agreements.
- (iv) The relevant laws and regulations of Indonesia do not prohibit MIPL from receiving dividends in relation to shares in PTMI and PTMP in the manner provided under the relevant assignment of dividends agreements.
- (v) Ms. Dewi (with the approval from her spouse and children by giving their signature on the agreement) has agreed to assign to MIPL all of her rights which is attributable to her 98.0% shareholding interests in PTMP in respect of (i) the excess liquidation proceeds from PTMP in the event of a liquidation process, and (ii) proceeds of capital reduction from PTMP in the event PTMP reduces its issued and paid up capital pursuant to the prevailing laws and regulations based on the Assignment Agreement dated 22 December 2019 entered into by Ms. Dewi and MIPL.
- (vi) Ms. Dewi (with the approval from her spouse and children by giving their signature on the agreement) has agreed to assign to MIPL all of her rights which is attributable to her 98.0% shareholding interests in PTMP in respect of all dividends derived and distributed from the retained earnings as at the date of full repayment of the Loan in accordance to the prevailing laws and regulations so long as PTMP is 98.0% owned by Ms. Dewi, based on the Dividend Assignment Agreement dated 22 December 2019 entered into by Ms. Dewi and MIPL.

The full text and contents of the NSMP Legal Opinion is set out in “Appendix I – NSMP Legal Opinion” of this Offer Document and investors are advised to read carefully the NSMP Legal Opinion in its entirety, in particular without limitation, the assumptions and qualifications set out therein.

GENERAL INFORMATION ON OUR GROUP

Legal Opinion by SSEK

Based on SSEK's review of the Transaction Documents (as defined in the SSEK Legal Opinion), and having considered all the facts and opinions set out in the NSMP Legal Opinion, SSEK has, subject to certain assumptions and qualifications, opined, amongst others, as follows:

1. The laws and regulations of the Republic of Indonesia referred to in Point II of the SSEK Legal Opinion do not prohibit or restrict the transaction structure as listed in Schedule "II" of the SSEK Legal Opinion (the "**Transaction Structure**") which is further implemented by the Transaction Documents. The Transaction Structure is therefore legal and valid, in compliance with, and not in contrary to the laws and regulations of the Republic of Indonesia referred to in Point II of the SSEK Legal Opinion.
2. Each of the Transaction Documents constitutes legal, valid and binding obligations of PTMP and Ms. Dewi (as the case may be), enforceable against each of them in accordance with its terms.
3. To the best of SSEK's knowledge, the relevant authorities have yet to take any actions against existing Indonesian entities adopting similar structures as the Transaction Structure. While there is always a risk of the relevant authorities challenging the Transaction Structure, SSEK believes that the likelihood of nullification or avoidance of the Transaction Structure by them is low as of the date of the SSEK Legal Opinion. To the best of SSEK's knowledge, none of such structures has been challenged by any relevant authority as of the date of the SSEK Legal Opinion.

The full text and contents of the SSEK Legal Opinion is set out in "Appendix J – SSEK Legal Opinion" of this Offer Document and investors are advised to read carefully the SSEK Legal Opinion in its entirety, in particular without limitation, the assumptions and qualifications set out therein.

Board's Views

The Board is of the view, taking into account the NSMP Legal Opinion and the SSEK Legal Opinion and subject to the assumptions and qualifications set out therein, that the corporate structure of our Group complies with the prevailing Indonesian laws and regulations and that the Combination Agreements are legal and enforceable under the prevailing Indonesian laws and regulations.

As at the Latest Practicable Date, our Company confirms that it has not encountered any interference or encumbrance from any governing bodies in Indonesia or elsewhere in operating their businesses through the corporate structure.

BUSINESS OVERVIEW

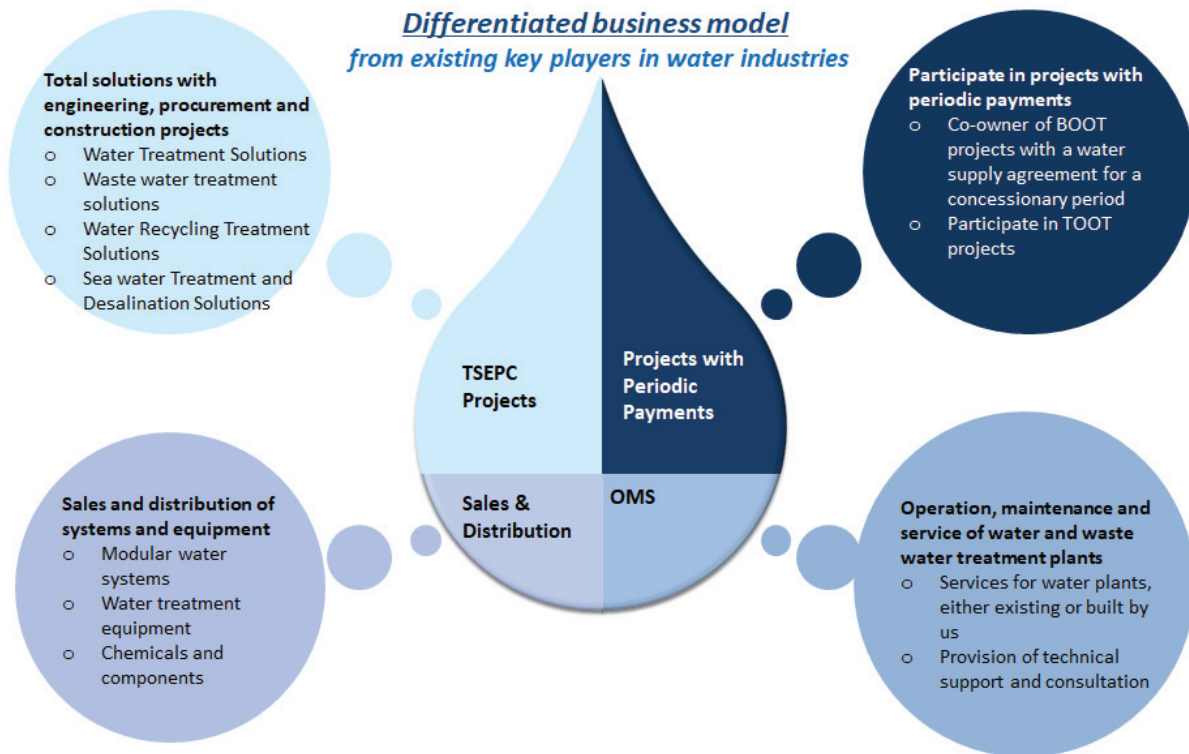
We are a water treatment company with more than 20 years of experience in the field of water and wastewater management services. We are able to provide customised total solutions and services to customers in a cost-effective manner. As part of our growth strategy, our Group diversified our business in 2016 to include a TOOT project and BOOT project with PT JUP through a joint operation arrangement and a joint venture respectively.

Our Group's business segments in Singapore, Indonesia and the PRC are as follows:

- TSEPC services
- OMS
- Sales and distribution of systems and equipment
- Sales of water

GENERAL INFORMATION ON OUR GROUP

Revenue from TSEPC services is on a project basis, revenue from sales and distribution of systems and equipment is on a transaction basis, while revenue from OMS and sales of water are on a periodic basis over the duration of the respective contracts.



Having operated for more than 20 years, our accumulated practical experience and technical knowledge enable us to provide our customers with one-stop tailored solutions for their unique needs and to meet the stringent requirements of the water industry. We primarily use membrane, ion exchange, physical, chemical and biological processes and leverage our in-house fabrication and assembly capabilities to design reliable, compact, cost-effective, innovative and efficient customised water and wastewater treatment solutions.

TSEPC services

Our Group provides TSEPC services in the fields of water treatment, wastewater treatment, water recycling treatment and sea water treatment and desalination solutions. We design and engineer customised processes and solutions, procure the necessary materials and equipment, construct and install the water and wastewater treatment systems, carry out testing and commissioning of the plant (including training of our customers' employees) and, in certain cases, hand over turnkey plants built in accordance with the specific requirements of our municipal and industrial customers. Our TSEPC services are customised to specific requirements, accounting for key elements such as raw water conditions, limited space available and desired output quality. A typical TSEPC project involves steps such as water analysis, process and engineering design, site engineering studies, plant layout planning and consulting services. For projects of a more novel nature, we conduct jar tests, pilot plant studies and process trials which are conducted in-house or through external consultants.

We provide TSEPC services to municipal and industrial customers. Our industrial customers come from various industries such as agro-industry, food and beverage, power, petrochemical, palm oil, chemical, semiconductor, as well as real estate. Our range of services for TSEPC projects include process upgrading of existing treatment facilities to achieve higher operational capacity and environmentally friendly operations, and the design, building, engineering, procurement, construction, testing and commissioning of newly-built treatment facilities. The duration of our Group's TSEPC projects generally ranges from six (6) to 30 months.

GENERAL INFORMATION ON OUR GROUP

We have an in-house team of design engineers in Singapore, Indonesia and the PRC. Our fabrication and system assembly employees, based in our PRC workshops, provide support for procurement and supply cost-competitive, customised and standardised water and wastewater treatment package systems to our Singapore and Indonesian subsidiaries for use in our Group's own TSEPC projects. Such in-house support increases the overall cost competitiveness of our Group's operations.

OMS

As part of our suite of services, our Group provides ongoing service, technical support and consultation for the maintenance of our customers' water treatment equipment, facilities and infrastructure. OMS is provided to both existing customers for whom we had engineered customised water treatment solutions, and to customers who have existing infrastructure which require servicing and maintenance. The technical support we provide includes on-site troubleshooting and repairs, membrane cleaning, ion exchange resin analysis and survey and sampling services, catered to each customer's objectives and requirements. Typically, customers who engage us for TSEPC services also award us with OMS contracts. The duration of these contracts generally ranges from one (1) to three (3) years (for both public and private sectors) and the concessionary period (for BOOT and TOOT projects).

Our scope of OMS services includes operation, preventive and corrective maintenance work to ensure the smooth running of our customers' operations. Our preventive maintenance services are rendered according to agreed-upon maintenance schedules. Such preventive services ensure that our customers' equipment is kept operational and minimises disruptions to their operations. Where corrective maintenance services are required, our Group provides such services on standby around-the-clock to ensure that any disruption to our customers' operations is minimised and quickly rectified. Together, our preventive and corrective maintenance services ensure optimal operating conditions for our customers' equipment.

Sales and distribution of systems and equipment

We supply modular and customised water treatment systems, water treatment equipment, chemicals and components to our customers. Such equipment and components include ultraviolet sterilisers, reverse osmosis membranes and ion exchange resins.

We have also entered into non-exclusive distributorship agreements with certain suppliers, including our suppliers Kuraray AQUA Co., Ltd., for the distribution of polyvinyl alcohol (PVA) gel beads in Indonesia, Avista Technologies, Inc, for the distribution of specialty chemicals for water treatment in Indonesia and Evoqua Water Technologies LLC, for the distribution of MEMCOR ultrafiltration and MEMCOR membrane bioreactor systems in Indonesia.

Sales of water

Our Group sells treated water through pipes to residential and commercial buildings or through truck sales. For the sales of water through pipes to residential and commercial buildings, we have entered into a contract for one (1) year. For truck sales, we sell treated water to customers who drive to our water supply station.

Projects with Periodic Payments such as TOOT and BOOT Projects

By participating in TOOT and BOOT projects, our Group generates revenue through providing TSEPC services, OMS and the sales of water over an agreed number of years (known as the concessionary period) once the plant becomes operational.

Generally for TOOT and BOOT projects, the developer or owner seeks a total solutions approach for the design and building of a water treatment facility on a turnkey basis. In undertaking TOOT and BOOT projects, we design and build a customised total solutions plan for system integration using a spectrum of water technologies. Our Group works with various suppliers to deliver the completed treatment plant in accordance with agreed performance criteria such as output quantity and quality, energy efficiency and chemical consumption, within the limited space available.

GENERAL INFORMATION ON OUR GROUP

In 2016, our Group participated in our first TOOT project through a joint operation arrangement with a Jakarta government-owned company, PT JUP. Through our subsidiary PTMI, we took over, retrofitted and upgraded an existing water treatment plant located in Waduk Pluit, Jakarta. Under the cooperation agreement with PT JUP, PTMI was obligated to perform an upgrade of the water treatment plant to enable the plant to increase its existing production capacity. Upon completion of the upgrading works in 2018, the Waduk Pluit plant has a production capacity of up to 2,500 cubic metres of water per day. The joint operation will operate and maintain the water treatment plant and the cooperation agreement is for 25 years from the commercial operations date, being 1 November 2018. Through the cooperation agreement, PTMI is entitled to 40% of the operating profits of the privately-run Waduk Pluit water treatment plant, with such profits being generated through the sale of water to external partners.

In 2016, our Group, through PTMI, embarked on our first BOOT project in a joint venture with PT JUP. PTMI and PT JUP entered into a BOOT agreement (the “**BOOT Agreement**”) whereby parties agreed to develop and manage a bulk drinking water production unit at Hutan Kota, Jakarta. Pursuant to the BOOT Agreement, we also entered into a joint venture agreement in Indonesia with PT JUP (“**JV Agreement**”). PT JMA, our associated joint venture company, was incorporated to carry out the BOOT project. PTMI holds 40% of the shares in PT JMA, with PT JUP holding the remaining 60%. In relation to the BOOT project, PT JMA entered into (i) an EPC contract with PTMI whereby PTMI was appointed to construct the water treatment plant and (ii) an operational and maintenance contract with PTMI whereby PTMI was appointed to operate and maintain the water treatment plant. Our Group completed the construction of the water treatment plant and handed over the water treatment plant in August 2019. Unless otherwise terminated, the BOOT Agreement will be automatically renewed on the end of the 20th year for another five (5) years before being terminated on the 25th year (the “**BOOT Concessionary Period**”) and the water treatment plant will be transferred to PT JUP. There are no transfer fees payable to PT JUP or remediation expenses at the end of the BOOT Concessionary Period. Additionally, the BOOT Agreement requires a minimum amount of treated water to be produced by the water treatment plant and obliges PT JUP to purchase such treated water at an agreed water tariff, subject to any tariff increase based on a pre-determined formula every two (2) years.



GENERAL INFORMATION ON OUR GROUP



Photographs of the Hutan Kota-located BOOT water treatment plant

GENERAL INFORMATION ON OUR GROUP

OUR WATER TREATMENT PROCESSES AND SOLUTIONS

We offer a wide range of solutions across the water value chain to address our customers' needs in the fields of Water Treatment Solutions, Wastewater Treatment Solutions, Water Recycling Treatment Solutions and Sea Water Treatment and Desalination Solutions. Depending on the condition of the influent water and the requirements of the output water, we leverage on our expertise and technological know-how to customise solutions using a combination of physical, chemical and biological processes to process the water for a wide variety of industrial and municipal applications.

Water Treatment Solutions (“WTS”)

The process of water treatment utilises water from rivers, lakes, wells and other reserves as a supply source of raw water. The quality of output is customised to the specific requirements of our customers, and ranges from clean water (including potable water for human consumption) to pure and ultrapure water for use in the real estate, municipalities and process industries such as the power plant, electronics and semiconductor, pharmaceutical, refineries and petrochemical industries. Water treatment solutions involve different water purification technologies to treat different impurities present in the feed water for diverse applications and requirements.

Filtration and chemical processes are employed for the removal of suspended solids, large organic materials, certain dissolved minerals, salts and gases in the feed water to produce clean water. We use membrane processes and ion exchange processes to further remove traces of smaller suspended solids and dissolved minerals, salts and gases present in the clean water to produce pure and ultrapure water. Our treated water is used (i) as an ingredient in the production of food and beverages and pharmaceuticals; (ii) in boilers to generate hot water or steam for industries such as power plants and palm oil and (iii) as ultrapure water in the manufacturing process of electronics and semiconductors.

Wastewater Treatment Solutions (“WWTS”)

Wastewater is water that has been used and contaminated and includes both domestic wastewater and industrial wastewater. Due to environmental concerns and regulatory restrictions, wastewater is not suitable for discharge into public sewers or the environment such as rivers, lakes and oceans unless it has first undergone treatment to remove certain pollutants. Environmental regulations typically stipulate the standards to which wastewater must be treated before it is permitted to be discharged into the environment. The main pollutants in sewage and industrial wastewater include dissolved and undissolved organic and inorganic materials, suspended solids, complex chemicals and heavy metals.

Once the pollutants in the wastewater are identified, a combination of some or all of the following technologies are used:

- Physical removal methods through the use of screening, sedimentation, clarification and membrane separation to remove suspended solids;
- Chemical treatment methods through the use of various chemicals to break down pollutants through chemical reaction, disinfection, pH adjustment and precipitation (coagulation and flocculation); and
- Biological treatment methods through the use of different micro-organisms, mostly bacteria, to break down and remove organic wastewater contents, ammonium and nitrate contaminants such as through the activated sludge process.

GENERAL INFORMATION ON OUR GROUP

We also use MBBR and MBR processes to enhance our Wastewater Treatment Solutions:

- MBBR is a wastewater treatment process which consists of an aeration tank, with speciality floating carrier medium or house such as PVA gel from Kuraray for maximum contact with the wastewater, air and bacteria to increase efficiency of the process and minimise the size of the tank. This process is used for the removal of organic substances, such as BOD and COD, ammonia, nitrification and denitrification. The aeration tank keeps the floating carrier medium or house with activated sludge in motion. The excess bacteria growth and sludge will be separated from the floating carrier medium or house and will flow with the treated water towards the final separator.
- MBR is an integration of biological treatment process such as the activated sludge process with separation of microorganisms performed by membrane filtration processes such as microfiltration and ultrafiltration ensuring a high quality effluent.
- As a by-product of biological treatment processes, sludge is produced and a sludge handling system, consisting of sludge thickeners, centrifuges and filter presses, is used to separate solid materials from liquids in the sludge slurry to form a compact sludge for disposal.
- Odour is also removed through odour control facilities prior to the release of treated water into the environment.

Water Recycling Treatment Solutions (“WRTS”)

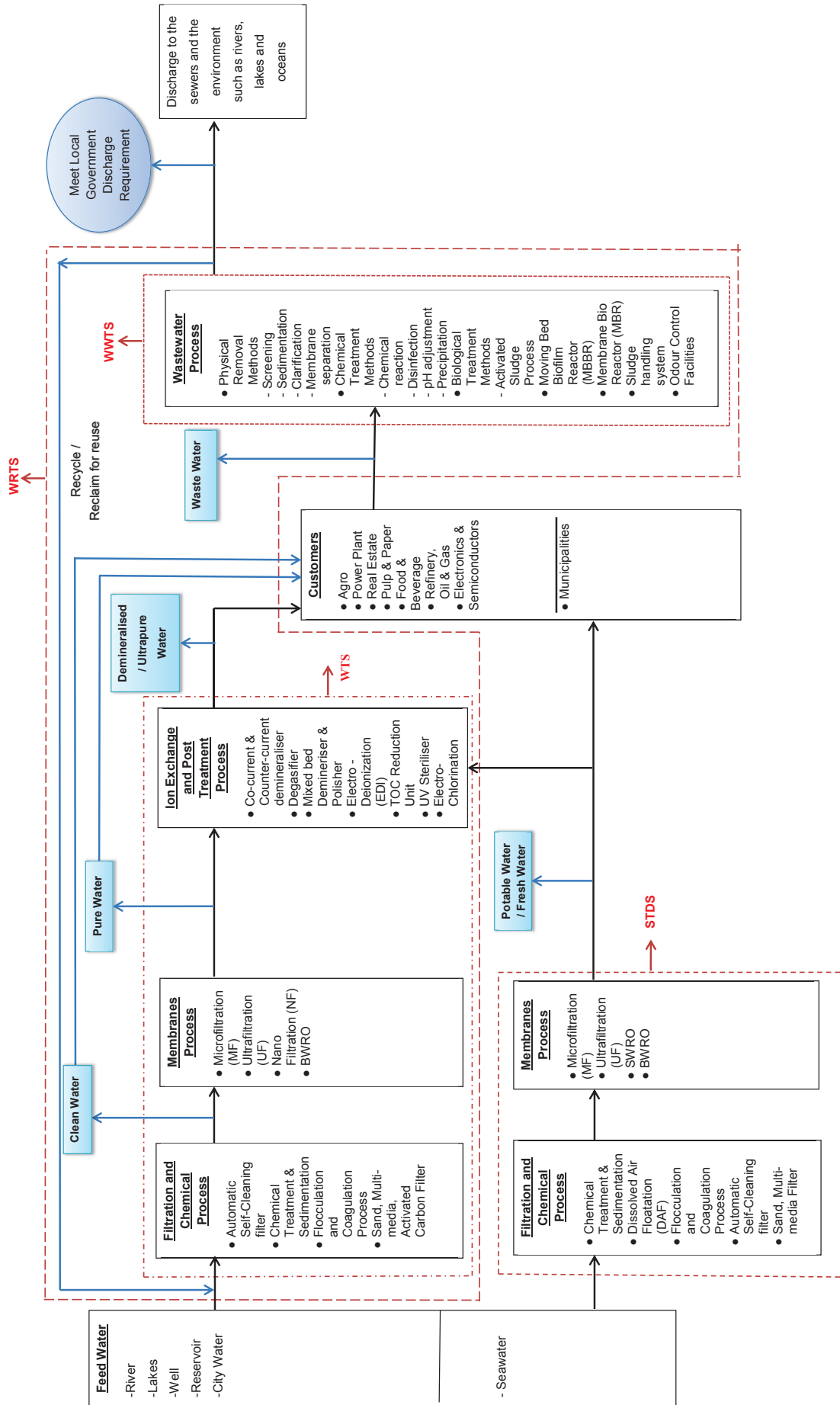
Further to our wastewater treatment capabilities, our Group is also in the business of engineering customised water recycling solutions for reuse. Through the process of water recycling, treated wastewater goes through the Water Treatment Solutions (typically Ultrafiltration and BWRO) where it is further treated to such standards where it once again becomes clean, pure or ultrapure water for municipal or industrial applications. In resource-scarce countries such as Singapore, the recycling of wastewater for reuse reduces reliance on freshwater sources and thus not only protects the environment but also helps to reduce the operating costs of our customers.

Sea Water Treatment and Desalination Solutions (“STDS”)

In recent years, desalination is one of the methods that water-scarce countries have looked to, to diversify their supply of potable water. Desalination, which involves the removal of salt, utilises sea water as a supply source to produce potable water for human consumption and for use in industries. Filtration and chemical processes, such as dissolved air flotation and automatic self-cleaning filters, are used as pre-treatment to remove oil and grease and suspended solids to prevent or minimise biofouling, scaling and plugging. Sea water will then be pressurised and forced through a semi-permeable membrane through the sea water reverse osmosis process to produce potable water.

GENERAL INFORMATION ON OUR GROUP

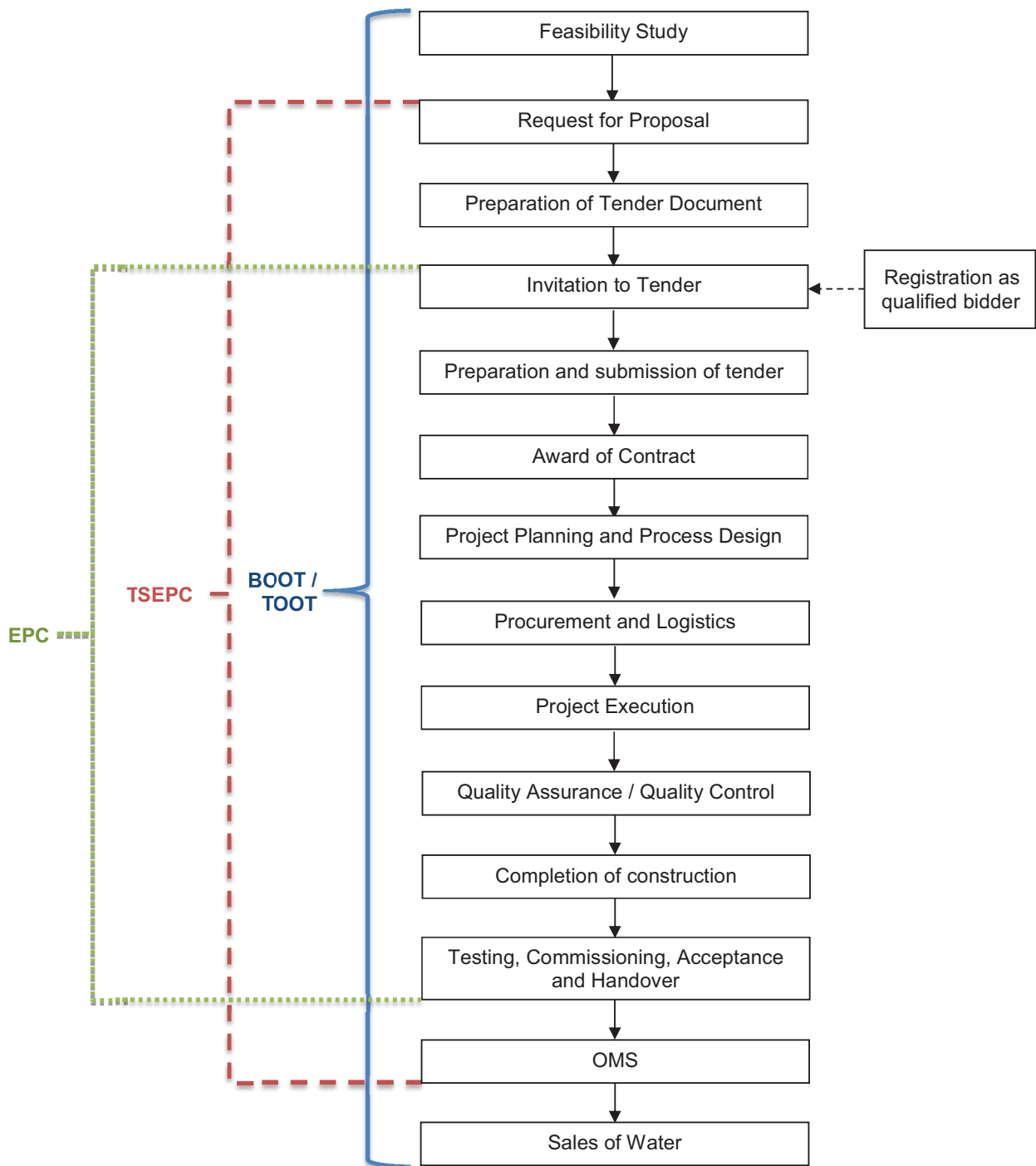
The diagram below illustrates the applicability of our Group's technology across the water value chain:



GENERAL INFORMATION ON OUR GROUP

THE BOOT/TOOT, TSEPC AND EPC PROJECTS PROCESS

Our Group has demonstrated and proven capabilities over the entire process for BOOT, TOOT, EPC and TSEPC projects. The key processes for typical BOOT/TOOT, TSEPC and EPC projects are set out below:



Feasibility Study

Prior to the commencement of a BOOT or TOOT project, the local government may invite our Group to conduct a feasibility study to assess the proposed BOOT or TOOT project. The feasibility study comprises an evaluation of the technical and economic feasibility of undertaking the proposed BOOT or TOOT project. Other considerations include the apportionment of equity interest in the project and the licences required to undertake the project and the subsequent construction and operation of the plant.

GENERAL INFORMATION ON OUR GROUP

Request for Proposal

This step marks the beginning of a typical TSEPC project. The prospective customer issues a request for proposal which outlines the preliminary requirements for the project, the tender process, the evaluation criteria and the contract terms.

Preparation of Tender Document

On occasion, before the invitation to tender is issued and upon request from the prospective customer, our Group assists with the preparation of the tender document which is used to invite qualified water technology companies to participate in the tender. The tender document sets out the technical requirements of the proposed project and specifies the quality of output to be produced by the proposed treatment plant. Typically, having assisted with the preparation of the tender document, our Group is given the opportunity to quote for the tender.

Invitation to Tender

This step marks the beginning of a typical EPC project. In Singapore, public sector tenders for work in the water, waste and environment industries are called by the relevant government authorities or agencies. Such public tenders are open to qualified and licensed companies which have obtained the requisite classes of registration with the BCA. Projects awarded by public tender usually call for the provision of EPC services according to a well-defined scope of work and in accordance with the bill of quantities.

For private sector EPC work, contracts are also typically awarded by way of tender. The two types of tenders by which we secure our private sector EPC work are open tenders and tenders by invitation. Our Group sources for open tender opportunities from key suppliers, newspapers, the internet, and by general word of mouth. Invitations to tender are typically referred from consultants, past and existing customers and the associates of such customers. When necessary, in particular for government tenders, our Group must register as a qualified bidder by satisfying certain prescribed criteria.

Our subsidiary MPL has obtained ME11 L6 Registration as a Mechanical Engineering Contractor and a Class 1 General Builder Licence under the BCA, neither of which is subject to tendering limits.

Preparation and submission of tender

Our management decides whether to participate in the tender, considering factors such as the creditworthiness of the prospective customer, the requirements of the proposed project and our Group's capabilities and capacity. At this point, any clarifications required are sought from the prospective customer. If a decision is made to participate in the tender, a detailed study is undertaken of the project's technical requirements to enable our Group to estimate the costs involved in executing and implementing the project. As part of the cost-estimation exercise, our tender team will obtain quotes from a range of suppliers and subcontractors so as to factor their costs into our final estimate. Other considerations taken into account in arriving at our tender price are the nature and complexity of the project, whether there is an element of urgency, and the prevailing market conditions. The process of preparing and submitting our tender bid usually spans three (3) to eight (8) weeks depending on the nature and complexity of the proposed project, not accounting for any subsequent negotiations.

Award of Contract

Upon award of contract, a project team is formed comprising members possessing the technical expertise required for the particular project. A kick-off meeting will be conducted between the tender and proposal team and the project team, where the tender and proposal team will hand over the tender documents, project budget and preliminary project milestones to the project team.

Project Planning and Process Design

A technical briefing is then held where our project team becomes apprised of the scope of work and the specific requirements of the project as well as its duration and any site or cost constraints.

GENERAL INFORMATION ON OUR GROUP

Once our project team is apprised of the project's specific technical requirements, planning for the project can begin. A project manager is appointed from among the team, with overall responsibility for coordination and oversight of the project. An execution plan is prepared, which sets out, among others, the scope of work involved and the timelines and milestones for each stage of the project. A budget for the project is prepared and set according to the bill of quantities. The final project plan is subject to the approval of our management. Once finalised, the necessary resources are set aside for the project.

As part of the planning phase, once consultation in relation to, and the design of, the required works are completed, our Group may construct a pilot plant to ensure that the design rendered is able to perform to the required standard. For instance, the pilot plant must be able to produce treated water which meets specified output requirements relating to effluent quality.

Procurement and logistics

Based on the plan at the project planning and process design stage, our project team will prepare the relevant purchase requisition and submit the requisition to the procurement and logistics team. Our procurement team will send out enquiries and technical specifications of all relevant equipment and components required to approved and/or qualified vendors. All quotations received will be assessed and evaluated together with the project team, taking into account the specifications, quality and performance of the product, the competitiveness of the quotation, the delivery and after-sales support of the vendor.

Final negotiations will be conducted with the shortlisted vendors and the project team and the procurement and logistics team will raise the final purchase requisition and get approval for the purchase from the relevant party, based on our internal authorisation procedures. The procurement and logistics team will then issue a purchase order to the supplier for its acceptance based on the agreed terms and conditions. In the event of a large purchase from overseas vendors, a formal sales and purchase agreement shall be entered into. The procurement and logistics team will coordinate with the finance and project teams to ensure the proper execution of these contracts.

The procurement and logistics team will then track the delivery schedule of products ordered. The products delivered at site will be visually inspected by authorised project staff. Acceptance of the goods shall be by either the project manager or the engineer authorised to sign on the delivery order of the supplier. The delivered goods are then kept under the custody of our project team at site.

Project Execution

In the execution phase, the project manager retains oversight of the project to ensure adherence to timelines. Other aspects monitored by the project manager include manpower resources, site safety, environment management, waste minimisation, efficiency maximisation, and quality control of materials. The project manager meets regularly with the project team to track the progress of the project to ensure that the execution plan is adhered to. The project manager is also tasked with conducting regular site inspections and ad hoc troubleshooting.

In the event of any unforeseen delays due to reasons beyond our control, the project manager will revise the project schedule and budget upon discussion with our customers, subject to the approval of our management.

Quality Assurance and Quality Control

As part of our quality assurance and quality control procedures, our engineers conduct stringent quality checks and inspections throughout the duration of the project to ensure that the work is carried out to the standards contractually agreed on. For further details on the quality assurance function of our Group, please refer to the section entitled "General information on our Group – Quality Assurance and Quality Control" of this Offer Document. Additionally, our management conducts periodic site visits and progress meetings with our project managers to ensure that projects proceed as scheduled and in accordance with the execution plan, and that project costs are kept within budget.

GENERAL INFORMATION ON OUR GROUP

Testing, Commissioning, Acceptance and Handover

Upon completion of the project, the commissioning manager and his team will carry out system pre-commissioning tests. We will then conduct testing and commissioning, followed by plant proving to ensure the reliability of the plant. Thereafter, a certificate of completion is issued and the project is handed over to the customer, with a list of minor defects to rectify within an agreed timeframe. From the handover date, there is typically a year-long defects liability period. For certain customers, a retention sum, typically 5% of the contract value, will only be released after the defects liability period if there are no defects which have not been rectified. Otherwise, this sum may be deducted by our customers. During such period, our Group is required to remedy any defects arising by reason of our workmanship or that of our equipment suppliers.

OMS

Upon handover of the project, it is common for our TSEPC customers to award us a contract for maintenance and service for a fixed duration commencing after the handover date. In such situations, once the project is handed over to the customer, our maintenance and service team will take over and assist the customer in the servicing and maintenance of the facility. We are able to operate around the clock and do so for some of our customers.

For our TOOT and BOOT projects, we will also operate, maintain and service the water treatment plants.

Sales of water

For our TOOT and BOOT projects, once the water treatment plant is operational, our Group continues to generate revenue through the sale of treated water from the plant. Typically, one or more offtake agreements are entered into which stipulates the quantity of water agreed to be purchased and the standard of purity such water must meet, at a pre-agreed tariff.

PAST AND CURRENT PROJECTS

The following are some of our representative projects up to the Latest Practicable Date:

Customer	Completion year / Estimated completion year	Location	Type of project	Description of Project
PUB	2021	Singapore	TSEPC (STDS)	Complete replacement of membrane filtration system at Tuas South Desalination Plant
PUB	2021	Singapore	EPC (WRTS)	Replacement of membranes and supervisory control and data acquisition system for a membrane bioreactor at Jurong Water Reclamation Plant
PT LIPPO Karawaci Tbk	2021	Tangerang, Indonesia	TSEPC (WTS)	Design, build, engineering, supply, installation, testing and commissioning of river water treatment plant complete with intake pumping station for Lippo Village Kawaraci, Tangerang, Indonesia
A wildlife park ⁽¹⁾	2020	Singapore	TSEPC (WRTS)	Design, supply, installation and maintenance of an animal life support system for the penguin exhibit
PUB	2019	Singapore	TSEPC (WTS)	Construction of a chlorine contact tank and diversion of residual streams to the sewers at Bedok Waterworks. This is a project undertaken jointly with Jin Choon Civil Engineering Pte Ltd, with MPL as the lead

GENERAL INFORMATION ON OUR GROUP

Customer	Completion year / Estimated completion year	Location	Type of project	Description of Project
PT JMA	2019	Jakarta, Indonesia	TSEPC (WWTS and WTS)	A total solutions project to design and build a water treatment plant that treats raw water from river canals to produce clean water and then to further treat the clean water to produce clean water suitable for drinking
PT Sinar Kencana Inti Perkasa	2018	Kasuari Papua, Indonesia	TSEPC (WTS)	Design, build, engineering, supply, installation, testing and commissioning of river water treatment reverse osmosis plant for boiler feed water for palm oil mill at Kasuari Papua, Indonesia
PUB	2018	Singapore	TSEPC (WWTS)	Design, procurement, supply, engineering, installation, delivery, testing and commissioning of a wet weather facilities high rate clarification equipment for Phase II of the expansion of Changi Water Reclamation Plant
A company in the semiconductor and electronics industry ⁽¹⁾	2016	Singapore	TSEPC (WTS)	Design and build a demineralised water system and process cooling water system
A public agency in Singapore ⁽¹⁾	2015	Singapore	TSEPC (WWTS)	Design, construction, installation, testing and commissioning of a wastewater treatment plant for Phase II of the development of Semakau Landfill
PT Energy Sejahtera Mas (Sinarmas)	2015	Dumai, Indonesia	TSEPC (STDS and WTS)	Design and building, installation, testing and commissioning for intake, pre-treatment, desalination, BWRO and mix bed columns
Top Great Engineering & Marine Pte Ltd	2011	Oman, UAE	TSEPC (STDS)	Design, supply, fabrication and assembly of a containerised double pass sea water reverse osmosis system complete with pre-treatment
A regional power plant in Central Java, Indonesia ⁽¹⁾	2009	Semarang, Indonesia	TSEPC (STDS, WTS and WWTS)	Design, building, installation, testing and commissioning of two desalination plants complete with pre-treatment and portable water marker systems, sea water reverse osmosis and BWRO systems, a demineralisation polisher and oily wastewater plant for an Indonesia power plant
A global marine and offshore engineering group ⁽¹⁾	2008	Thailand	TSEPC (STDS)	Design, supply, fabrication and assembly of a potable sea water reverse osmosis system for a transmission pipeline project in Thailand

Note:

- (1) The identity of the customer has not been disclosed as we were unable to obtain consent from our customer for the disclosure of its identity.

GENERAL INFORMATION ON OUR GROUP

MAJOR CUSTOMERS

The following are the customers which accounted for 5.0% or more of our revenue during the Period Under Review:

Customer	Product / Service supplied	As a percentage of total revenue (%)				
		FY2016	FY2017	FY2018	6M2018	6M2019
PUB ⁽¹⁾	EPC	35.6	69.7	32.2	41.0	57.3
A petrochemical company in Singapore ⁽²⁾⁽³⁾	TSEPC	0.4	7.0	2.7	2.0	1.0
STATS ChipPAC Pte Ltd ⁽⁴⁾	TSEPC	18.1	8.8	4.0	1.6	0.9
Sinarmas Group ⁽⁵⁾	TSEPC	14.9	7.8	3.9	9.6	2.7
PT JMA ⁽⁶⁾	TSEPC	–	2.7	39.2	26.7	6.0

Notes:

- (1) The increase in percentage revenue contribution from PUB in FY2017 was mainly due to the increase in revenue from our existing projects with PUB attributable mainly to substantial work done for our PUB Phase II expansion of Changi Water Reclamation Plant project and our PUB Woodleigh project in FY2017. The decrease in percentage revenue contribution from PUB in FY2018 was mainly due to substantial completion of our PUB Electro Chlorination project and our PUB Woodleigh project in FY2017. The increase in percentage revenue contribution from PUB in 6M2019 was mainly due to commencement of new TSEPC projects and OMS contracts and increase in revenue from on-going projects.
- (2) The identity of the customer has not been disclosed as we were unable to obtain consent from our customer for the disclosure of its identity.
- (3) The increase in percentage revenue from the customer in FY2017 was due to the higher percentage of work done in FY2017 for a TSEPC project which commenced in the last quarter of FY2016. The decrease in percentage revenue from the customer in FY2018 was mainly due to higher percentage of work done in FY2017 for the TSEPC project as compared to FY2018.
- (4) The decrease in percentage revenue contribution from STATS ChipPAC Pte Ltd (“**STATS**”) in FY2017 was mainly due to the higher percentage of work done for our TSEPC project with STATS in FY2016. The decrease in percentage revenue contribution from STATS in FY2018 was due to substantial completion of the project in FY2017.
- (5) The decrease in percentage revenue contribution from Sinarmas Group in FY2017 was mainly due to the higher percentage of work done for our TSEPC projects with Sinarmas Group in FY2016. The decrease in percentage revenue contribution from Sinarmas Group in FY2018 was mainly due to substantial completion of the TSEPC projects in FY2017. The decrease in percentage revenue contribution from Sinarmas Group in 6M2019 was mainly due to lower sales of systems and equipment to Sinarmas Group in 6M2019 and completion of a smaller scale TSEPC project in FY2018.
- (6) PT JMA became our TSEPC customer in FY2017. The increase in percentage revenue contribution from PT JMA in FY2018 and the decrease in percentage contribution in 6M2019 was due to the project being substantially carried out and completed in FY2018. The trade receivables from PT JMA of S\$0.20 million as at 30 June 2019 have been fully repaid as at the Latest Practicable Date.

Save as disclosed above, there are no individual customers who each accounted for 5.0% or more of our Group’s revenue during the Period Under Review. Save for PUB, we are of the view that our business and profitability is currently not dependent on any particular industrial, commercial or financial contract with any customer.

Our Group is of the view that our risk of dependency on PUB is mitigated in view of the following:

- (a) PUB has been one of our Group’s major customers since 2014 and our Group was recently awarded a contract worth S\$33.2 million by PUB in September 2019 for the design and construction works for the complete replacement of a membrane filtration system at Tuas South Desalination Plant;
- (b) PUB is one of the main government bodies in Singapore that will call for tenders in the water treatment industry and companies which are involved in public sector projects in the water treatment industry in Singapore would likely have dealings with PUB;

GENERAL INFORMATION ON OUR GROUP

- (c) Our Group believes that opportunities to participate in and work on public sector projects in Singapore remain positive in the near future as there will be continued demand for water and wastewater treatment services in the public sector in Singapore. Please refer to the section entitled “General Information on our Group – Prospects” of this Offer Document for further information.
- (d) As part of our Group’s growth strategy, our Group has diversified our business in 2016 to include a TOOT project and BOOT project with PT JUP. Please refer to the section entitled “General Information on our Group – Business Overview” of this Offer Document for further information on our Group’s business segments.

Our revenue is largely project-based and the revenue contribution from our Group’s major customers varies from year to year depending on the number of projects, scope of work, contract value and percentage of project completion in each of the financial years/periods.

To the best of our Director’s knowledge, as at the Latest Practicable Date, we are not aware of information or arrangement, which would lead to a cessation or termination of our relationship with any of our major customers.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders or Executive Officers or their respective Associates has any interest, direct or indirect, in, and/or are involved in the management of, any of our major customers.

To the best of our Directors’ knowledge and belief, there are no arrangements or understandings with any customers pursuant to which any of our Directors and Executive Officers were appointed.

MAJOR SUPPLIERS

The following are the suppliers which accounted for 5.0% or more of our cost of sales during the Period Under Review:

Supplier	Product / service supplied	As a percentage of cost of sales (%)				
		FY2016	FY2017	FY2018	6M2018	6M2019
PT Legno Tropicalindo ⁽¹⁾	Civil and structural engineering services	–	–	17.9	14.9	2.2
VA Tech Wabag Singapore Pte Ltd ⁽²⁾	Maintenance and service of carbon filters	–	–	9.6	3.5	6.1
Veolia Water Solutions & Technologies (HK) Ltd ⁽³⁾	High rate clarification systems	0.9	11.5	6.5	6.0	–
Advance-Tec Engineering Pte Ltd ⁽⁴⁾	Civil and structural engineering services	9.9	2.4	–	–	–
Yoli Engineering & Construction Pte Ltd ⁽⁵⁾	Mechanical engineering services	1.6	7.4	3.4	5.1	–
Evoqua Water Technologies LLC ⁽⁶⁾	MEMCOR membranes	5.9	–	5.3	0.1	10.9
ABB Pte Ltd ⁽⁷⁾	Supply of electrical components and services	–	–	–	–*	8.7

* Less than 0.1%.

Notes:

- (1) PT Legno Tropicalindo (“PT Legno”) is a civil contractor, providing civil and structural engineering services, for a key TSEPC project in Indonesia. The decrease in percentage of cost of sales from PT Legno in 6M2019 was mainly due to substantial work done for this TSEPC project in FY2018.

GENERAL INFORMATION ON OUR GROUP

- (2) VA Tech Wabag Singapore Pte Ltd (“**VA Tech Wabag**”) is the principal supplier of maintenance and service of carbon filters, for an OMS contract for the maintenance of odour control facilities in Singapore. The increase in percentage of cost of sales from VA Tech Wabag in 6M2019 was mainly due to more scheduled maintenance works in 6M2019, as compared to 6M2018 where majority of the maintenance works was scheduled in the second half of FY2018.
- (3) Veolia Water Solutions & Technologies (HK) Ltd (“**Veolia**”) is the key equipment supplier of high rate clarification systems, for a TSEPC project in Singapore. The increase in percentage of cost of sales from Veolia in FY2017 and the subsequent decrease in percentage of cost of sales from Veolia in FY2018 was mainly due to substantial work done for this TSEPC project in FY2017, with the balance of the work done in FY2018. Accordingly, no cost of sales was recognised in 6M2019.
- (4) Advance-Tec Engineering Pte Ltd (“**Advance-Tec**”) provided civil and structural engineering services for two of our TSEPC projects in Singapore. The decrease in percentage of cost of sales from Advance-Tec in FY2017 was mainly due to substantial work done for both the TSEPC projects in FY2016, with the balance of the work done in FY2017.
- (5) Yoli Engineering & Construction Pte Ltd (“**Yoli**”) provided mechanical engineering services to several of our TSEPC projects in Singapore. The increase in percentage of cost of sales from Yoli in FY2017 and the subsequent decrease in percentage of cost of sales from Yoli in FY2018 was mainly due to substantial work done for these TSEPC projects in FY2017, with the balance of the work done in FY2018. Accordingly, no cost of sales was recognised in 6M2019.
- (6) Evoqua Water Technologies LLC (“**Evoqua**”) is the original equipment manufacturer of MEMCOR membranes, used in some of our TSEPC projects. No cost of sales was recognised from Evoqua in FY2017 as there were no projects in FY2017 which required the purchase of MEMCOR membranes. The cost of sales recognised from Evoqua in FY2018 was in relation to a key TSEPC project in Indonesia, while the cost of sales recognised from Evoqua in 6M2019 was in relation to a TSEPC project in Singapore, which commenced in end FY2018.
- (7) ABB Pte Ltd was one of the principal suppliers of electrical components and services for an OMS project in Singapore, which commenced in 6M2019.

Save as disclosed above, there is no other supplier who accounted for 5.0% or more of our cost of sales during the Period Under Review.

Purchases from our suppliers vary from year to year due to the project-based nature of our business. The volume and type of equipment, materials and sub-contracting services used may vary from project to project and year to year, depending on the size and scope of our projects each year. Our Group only places an order with our suppliers when we have secured a project.

We believe that our business and profitability will not be materially affected by the loss of any single supplier nor are we dependent on any particular industrial, commercial or financial contract with any supplier.

Save for the sales and distributorship agreements (i) between MPL and Evoqua Water Technologies LLC which commenced on 13 August 2019 for a period of three (3) years; (ii) between Kuraray AQUA Co., Ltd. and PTMI which commenced on 1 July 2017 for a period of three (3) years, with an automatic renewal of another three (3) years if PTMI purchases a minimum quantity of products over the preceding three (3) years; and (iii) between Arista Technologies, Inc. and PTMI which commenced on 9 July 2018 for a period of one (1) year, with an automatic renewal for successive one (1)-year periods unless a party gives the other party a written notice of intent to terminate of 30 days or more, we do not enter into agreements or arrangements with our major suppliers of more than one (1) year as this would provide us with the flexibility to evaluate and select suppliers based on, among others, their track record, their pricing and ability to meet our requirements and our past working experience with them. Please refer to the section entitled “General Information on our Group – Business Overview” for further information on the products covered under the sales and distributorship agreements.

To the best of our Directors’ knowledge, save that Advance-Tec is in liquidation and undergoing compulsory winding up, we are not aware of any information or arrangement, which would lead to a cessation or termination of our relationship with any of our major suppliers.

As at the Latest Practicable Date none of our Directors, Substantial Shareholders or Executive Officers or their respective Associates has any interest, direct or indirect, in, and/or are involved in the management of, any of the above major suppliers.

To the best of our Directors’ knowledge and belief, there are no arrangements or understandings with any suppliers pursuant to which any of our Directors and Executive Officers were appointed.

GENERAL INFORMATION ON OUR GROUP

PROPERTIES AND FIXED ASSETS

Properties

As at the Latest Practicable Date, our Group does not own any properties and we lease the following material properties:

Leased by	Location	Tenure	Approximate gross area	Rental	Lessor	Usage	Encumbrance
MPL	20 Woodlands Link #04-30	30 years commencing from 1 May 1997	131 sq m	Consideration of S\$300,200	Jurong Town Corporation ("JTC")	Design and assembly of water and wastewater treatment equipment	Charged to United Overseas Bank Limited (Singapore)
MPL	20 Woodlands Link #04-31	30 years commencing from 1 June 1997	142 sq m	Consideration of S\$339,000	JTC	Office	Charged to United Overseas Bank Limited (Singapore)
MPL	22 Woodlands Link #04-69 Singapore 738734 ⁽¹⁾	Three (3) years commencing from 10 September 2018	93 sq m	S\$1,693 per month, based on a rate of S\$15.18 per square metre per month	JTC	Fabrication and assembly of water treatment system	None
MPL	1 room and 2 loose beds for 14 registered occupants located in a dormitory	One (1) year commencing from 1 April 2019	N.A.	S\$3,962 per month, based on a rate of S\$283.00 per registered occupant	A builder and operator of foreign workers dormitory ⁽²⁾	Workers' dormitory	None
MPL	1 bed, 1 wooden board and 1 locker each for 10 registered occupants located in the dormitory known as Kiat Lee Dormitory ⁽³⁾	One (1) year commencing from 26 March 2018, thereafter automatically renewed unless one (1) month notice is given by either party in writing and duly acknowledged by the receiving party	N.A.	S\$2,700 per month, based on a rate of S\$270.00 per registered occupant	Kiat Lee Holdings Pte. Ltd. ("Kiat Lee")	Workers' dormitory	None
MPL	1 standard room located in the dormitory known as Changi Lodge 2 ⁽⁴⁾	Six (6) months commencing from 5 August 2019 thereafter automatically renewed for the same term unless MPL gives written notice of not less than two (2) months prior to expiry of the term	N.A.	S\$3,060 per month	S11 Capital Investments Pte Ltd ("S11")	Workers' dormitory	None

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Leased by	Location	Tenure	Approximate gross area	Rental	Lessor	Usage	Encumbrance
PTMI	Kavling Industri Ringan Sentra Niaga 5 Blok 3 No. 11, Harapan Indah	Three (3) years commencing 1 July 2019	1,000 sq m	IDR 400,000,000 per annum	PTWT	Warehouse	None
PTMI	Jl. Cakung Cilincing, Jakarta Garden City, Rukan Avenue Blok F/8 No. 136-137, RT 001/RW 014, Cakung Timur, Jakarta Timur	Three (3) years commencing 1 July 2019	334 sq m for unit number 136 and 227 sq m for unit number 137	IDR 145,000,000 per annum	PTWT	Office space	None
MIT Water	No. 3 factory building located at 9 Baicao Road, Chengdu Hi-tech District ⁽⁵⁾	Two (2) years commencing from 20 April 2018	1,073 sq m	RMB 25,000 per month	Chengdu Wan An Color Printing Co., Ltd.	Factory and office	None

Notes:

- (1) The lease agreement contains a unilateral termination clause whereby the lessor can terminate the tenancy with at least three (3) months' notice in writing.
- (2) The identity of the lessor has not been disclosed as we were unable to obtain consent from our lessor for the disclosure of its identity.
- (3) The agreement contains a unilateral termination clause whereby Kiat Lee can terminate the agreement by immediate written notice (i) in the event of non-performance or breach of the obligations by MPL under the agreement, and such non-performance, if capable of being remedied, is not remedied to the Kiat Lee's satisfaction within seven (7) calendar days after the lessor has given the notice to remedy to MPL or within such notice specified in the said notice to remedy; (ii) if MPL is sued in the Singapore courts or enters into an agreement with its creditors by composition or otherwise or suffers any distress, attachment or execution against its goods, or enters into judicial management or liquidation or commits an act of bankruptcy; or (iii) if Kiat Lee has received any disapproval from the government of the Republic of Singapore or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to the government of the Republic of Singapore.
- (4) On 5 February 2020, MPL entered into a new agreement with S11 for the 1 standard room located in the dormitory known as Changi Lodge 2 for a period of 12 months commencing from 5 February 2020 to 4 February 2021. The rental remains unchanged at S\$3,060 per month. The agreement contains a unilateral termination clause whereby S11 can upon three (3) days' prior notice being given to MPL and without prejudice to any other right accrued or accruing to it under the terms of the agreement or at law, terminate the agreement (i) if the licence fee, service charge or any other payment to be made by MPL to S11 pursuant to the provisions of the agreement or any part thereof shall be unpaid whether formally demanded or not within seven (7) days after the date on which payment is due; (ii) if MPL shall commit a breach of any of the covenants, stipulations or agreements contained in the agreement on the part of MPL to be observed or performed and shall have failed to remedy the breach notwithstanding prior notice had been given to MPL to remedy such breach; (iii) if MPL becomes or may become insolvent, or (in S11's reasonable opinion) is unable to pay its debts, or stops or suspends, or threatens to stop or suspend, payment of all or a material part of its debts, or makes an arrangement or composition for the benefit of its creditors, or any step or petition is taken by any person including MPL or its members for the winding up, dissolution or bankruptcy of MPL or a judicial manager and/or receiver is appointed in respect of any properties or assets of MPL or distress or execution is enforced against any part of the assets of MPL; or if events or circumstances analogous to any of the foregoing events occurs in relation to MPL under the laws of any jurisdiction; or (iv) if MPL comes under criminal investigation or if criminal proceedings have been instituted against MPL. Additionally, where the BCA or any other relevant public authority in Singapore revokes or withdraws its consent to the licence herein or any part thereof or revokes or withdraws S11's licence to provide foreign workers' accommodation or terminates S11's rights to use the land on which the development is sited, and such revocation or withdrawal or termination is not due to MPL's non-compliance of any conditions or policies in connection with the use of the licensed units or the development and not otherwise due to any fault of MPL, S11 may terminate the agreement by giving no less than 21 days' written notice to MPL.

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- (5) The lease agreement contains a unilateral termination clause whereby the lessor can terminate the tenancy if any of the following events occur: (i) overdue rental and other fees payable for more than 30 days; (ii) use of the leased premises for illegal purposes; (iii) sub-lease or assignment of the factory without consent of the lessor; (iv) decoration or change of the factory structure without consent of the lessor; (v) failure in compliance with the government standards of fire safety and environment protection and further failure in rectification upon request of the government authorities and (vi) failure to rectify relevant contract defaults within a reasonable time upon written request of the lessor.

Certain of our leases contain provisions whereby the lessor has the right to terminate the lease unilaterally under certain circumstances as set out in the table above. Save as set out in the table above, none of our lessors may unilaterally terminate the respective leases. Our Directors are of the view that any unilateral termination by any lessor is unlikely to have a material impact on our Group's business or operations as we believe that we will be able to secure leases for alternative premises in such event.

As at the Latest Practicable Date, our Directors are not aware of any existing breach of any of the terms and conditions of, or any obligations under the above-mentioned lease agreements that would result in the termination by the lessors.

Fixed Assets

As at 30 June 2019, we had fixed assets comprising leasehold properties, water treatment facility, renovation, machinery and equipment, office equipment, furniture and fittings, motor vehicles and computers which amounted to an aggregate carrying amount of S\$1.71 million. Please refer to "Appendix C – Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period ended 30 June 2019" of this Offer Document for further information on our fixed assets.

To the best of our Directors' knowledge, save for the licences, permits, registrations and approvals as set out in the section entitled "General Information on our Group - Material Licences, Permits, Registrations and Approvals" of this Offer Document, there are no regulatory requirements or environmental issues that may materially affect our utilisation of the above properties and fixed assets.

As at the Latest Practicable Date, save for our leasehold properties as disclosed and our motor vehicles, none of our fixed assets or properties was subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowing.

AWARDS, ACCREDITATIONS AND GRANTS

Our subsidiary, MPL, was listed by DP Information Group in its annual SME 1000 Ranked Companies as one of Singapore's top 1,000 small and medium enterprises ("**SME**") in 2017 and 2018.

In support of our Group's regionalisation and globalisation plans, MPL has recorded government grants amounting to a total of S\$0.45 million in FY2018.

RESEARCH AND DEVELOPMENT

Our Group previously participated in the "Competitive Research Programme (CRP) (Water)" organised by the PUB in 2018. We will continue to participate in such programmes as and when such programmes are available for the water and environment industries. We will also continue to collaborate with various technology incubators and research institutes and conduct research and development projects as and when suitable opportunities arise. While the amounts spent on research and development for the Period Under Review is insignificant, we may allocate appropriate resources for the research and development of prospective technologies which are near commercialisation with third party research institutions and specialised component / system companies.

STAFF TRAINING

We believe that the continued development of our employees is instrumental in maintaining our competitive edge, and in driving the growth and success of our Group. Our employees are given the opportunity to develop their technical skillsets through various training courses that are relevant to their respective job scopes. Our human resource department maintains a record of all relevant training received by our employees.

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Some of the training programmes available to our staff include the following:

- Orientation training upon induction into our Group
- On-the-job training managed by our employees' immediate supervisors
- Continuous learning through periodic internal and external training seminars

During the Period Under Review, our staff training costs were not material.

INVENTORY

Due to the nature of our Group's business, we do not carry substantial inventory and will only purchase equipment and materials when needed for our projects.

CREDIT POLICY

Credit Terms to our Customers

We typically issue progress claims to our customers progressively in accordance with the milestones stipulated under our contracts. The progress claim will then be certified by our customers and we will issue an invoice based on the agreed amount after the payment certificate is issued by the customers. We typically grant our customers a credit term of 30 days from the date of our invoice.

Our Group has put in place credit control policies and procedures to manage our credit exposure and our management periodically evaluates the creditworthiness of our customers. The credit terms and limits are granted to our customers based on a number of factors, such as the customer's financial background and creditworthiness, the contract value, payment history and the length of relationship with us.

Our finance team monitors collections from our customers regularly and follows up on any overdue amounts. For customers who have overdue amounts, we will decide, on a case-by-case basis, on the actions to be taken to recover the debt. Such actions include, but are not limited to, escalating the issue of non-payment to their management, requiring the customer to settle overdue amounts before carrying out extra work for the customer, sending letters of demand and taking formal legal action.

We review and assess the need to make allowance for our overdue debts periodically. Specific allowance or write-off will be made when we are of the view that our customer is in severe financial difficulty and there is no realistic prospect of recovery. This is assessed on a case-by-case basis, based on, among others, the customer's current financial position and the past default experience of the customer. For the Period Under Review, we have not made any allowance for doubtful debts or written off any bad debts arising from trade receivables.

Our average trade receivables' turnover days for the Period Under Review were as follows:

	FY2016	FY2017	FY2018	6M2019
Average trade receivables' turnover days	63	29	37	51

Notes:

- (1) The trade receivables' turnover days for FY2016, FY2017 and FY2018 is calculated on the basis of average trade receivables (net of allowance for doubtful debts, if any) divided by revenue multiplied by 365 days.
- (2) The average trade receivables' turnover days for 6M2019 is calculated on the basis of average trade receivables (net of allowance for doubtful debts, if any) divided by revenue multiplied by 182 days.

The average trade receivables' turnover days significantly exceeded our credit terms in FY2016 mainly due to an unbilled revenue of S\$1.69 million in respect of one (1) TSEPC project in Singapore which was only certified, billed and paid after December 2016. The average trade receivables' turnover days significantly exceeded our credit terms in 6M2019 mainly due to higher billings at the end of 6M2019 and the increase in unbilled revenue attributable mainly to our OMS project in Singapore and trading contracts in Indonesia.

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Our trade receivables as at 30 June 2019 amounted to S\$3.92 million. The aging schedule for our trade receivables as at 30 June 2019 was as follows:

Age of trade receivables	Percentage of total trade receivables (%)
Not past due	75.4
Less than 30 days overdue	11.0
30 to 60 days overdue	3.2
More than 60 days overdue	10.4
	<hr/>
	100.0
	<hr/>

Credit Terms from our Suppliers

Our cost of sales is recognised based on (i) work done by our subcontractors and (ii) goods delivered to site. Trade payables are recorded when invoices are received from suppliers in accordance with the purchase order or contract as agreed between ourselves and our suppliers.

The payment terms granted by our suppliers vary and are dependent on various factors, such as the contract value, past transactions with the suppliers and the length of our relationship with them. Generally, the credit terms granted by our suppliers range from 30 to 60 days.

Our average trade payables' turnover days for the Period Under Review were as follows:

	FY2016	FY2017	FY2018	6M2019
Average trade payables' turnover days	127	99	112	110

Notes:

- (1) The trade payables' turnover days for FY2016, FY2017 and FY2018 is calculated on the basis of average trade payables divided by cost of sales less staff cost multiplied by 365 days.
- (2) The average trade payable's turnover days for 6M2019 is calculated on the basis of average trade payables divided by cost of sales less staff cost multiplied by 182 days.

Our average trade payables' turnover days were generally longer than the credit terms granted by our suppliers during FY2016, FY2017, FY2018 and 6M2019 due to prudent cash flow management. The decrease in average trade payables' turnover days in FY2017 was mainly due to the trade accruals made for one (1) TSEPC project in FY2016, where such accruals were only certified, billed and paid after December 2016. The increase in average trade payables' turnover days in FY2018 was mainly due to the increase in trade accruals for services performed by subcontractors, and purchases made for OMS contracts in FY2018.

HEALTH AND SAFETY

Our Group has established health and safety management policies applicable to our senior management, project managers, engineers, supervisors, technicians, workers and subcontractors for all projects. These policies cover all stages of our projects, from the time we occupy the worksites, up to the point of completion of the projects and are displayed prominently at strategic areas within our work sites.

In Singapore, our Director of MPL, Mr. Lim, assisted by our Quality, Health and Safety Management Committee bears overall responsibility for ensuring adherence to our health and safety management policies. On site, our project managers are in charge of site control and safety matters. Our Group has set the operational health and safety objectives of zero MOM-reportable accidents and zero MOM fines and demerit points. Our operational health and safety measures include:

- (a) periodic risk assessments conducted by our risk assessment team for all our projects to identify and evaluate hazards, and the preparation and maintenance of a list of occupational health and safety hazards associated with our work activities, products and services, based on job safety analyses, inspection reports, incident rates and professional judgment;

GENERAL INFORMATION ON OUR GROUP

- (b) regular meetings conducted by senior management to identify and address health and safety issues;
- (c) established emergency preparedness and response procedures for the identification of and quick response to emergency situations including internal and external notification and follow-up procedures;
- (d) safety monitoring, corrective actions, investigations and briefings conducted by our supervisors on site to ensure the effectiveness of our health and safety policies;
- (e) training, instruction and guidance, including first aid training, conducted to improve the safety competencies of our employees and ensure that our workplace safety and health policies are effectively communicated to all employees; and
- (f) monitoring our occupational health and safety performance by identifying key performance characteristics and proactive and reactive monitoring indicators and calibrating our health and safety policies as applicable.

In Indonesia, our Director, Indonesia, Ms. Irawati, assisted by employees in our health, safety and environment team, are responsible for ensuring the implementation of the health, safety and environment management system. Our health, safety and environment measures in Indonesia include:

- (a) identifying and assessing health, safety and environment risks and controlling the impact of such risks;
- (b) identifying relevant legislations and other requirements that are relevant and applicable to our Group in relation to health, safety and environment matters;
- (c) training and development of human resources to ensure that our employees are aware of our health, safety and environment policies;
- (d) monitoring the effectiveness of our health, safety and environment management system periodically to ensure that it remains consistent with our health, safety and environment policies and targets;
- (e) identifying potential emergencies that may occur in our workplace and putting in place plans to respond to these emergencies;
- (f) recording, investigating and analysing incidents that occur in a timely manner and identifying any corrective or preventive actions that may be taken; and
- (g) establishing and maintaining records as proof of implementation of our health, safety and environment management system.

In the PRC, our general manager, who reports directly to Mr. Tay, is responsible for ensuring the implementation of our operational safety procedures. Our general manager is assisted by other employees in our health, safety and environment team. Our operational safety procedures in the PRC include:

- (a) monitoring the safety requirements of each department on a monthly basis and devising and implementing solutions to the major safety issues;
- (b) implementing training for employees on relevant safety requirements and relevant labour laws and regulations;
- (c) periodically conducting checks to ensure that the operational safety procedures are adhered to; and
- (d) reporting any incidents that occur in a timely manner and putting in place measures to prevent such incidents from re-occurring.

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As a testament to our commitment to high safety standards, we have received the following certifications:

Certificate	Scope	Certifying Authority	Entity	Expiry Date
ISO 45001:2018	Occupational health and safety management systems for the design, build and integration of water and wastewater treatment systems including servicing and maintenance	SOCOTEC Certification International	MPL	7 July 2022
bizSAFE Star	Workplace safety and health	Workplace Safety and Health Council	MPL	7 July 2022

QUALITY ASSURANCE AND QUALITY CONTROL

We believe that our brand is built on our reputation and track record of providing quality services and therefore quality assurance is a key area of focus for our Group. Our quality assurance policies are applicable at all levels throughout our Group from our senior management to our engineers, project managers, supervisors and administrative staff.

Our quality objectives are the receipt of not more than one (1) customer complaint a month and the completion of 95% of our projects within the customer approved or contractually agreed date. In working towards our quality objectives our Group has in place the following measures:

- (a) quarterly education and training of staff on matters relating to, among others, our quality control policies with an emphasis on the importance of fulfilling customer requirements and customer satisfaction;
- (b) monthly monitoring of quality outcomes and adapting operational procedures to facilitate quality performance;
- (c) following up with customers after delivery to receive feedback on the quality of the services and products;
- (d) maintenance of an interactive and open working culture to foster a collaborative approach towards attaining our quality objectives; and
- (e) evaluation of the quality of the products, services and workmanship of new suppliers and subcontractors prior to engagement of their services.

The following ISO certification is a testament to our commitment to providing quality services:

Certificate	Scope	Certifying Authority	Entity	Expiry Date
ISO 9001:2015	Quality management systems for the design, build and integration of water and wastewater treatment systems including servicing and maintenance	SOCOTEC Certification International	MPL	16 July 2022

Warranty



Under our TSEPC agreements, there is typically a year-long defects liability period upon handover of the project, after the completion of testing and commissioning. During such period, our Group is usually contractually required to remedy any defects arising by reason of workmanship. The warranty provided by our Group would generally cover defects in design, materials and workmanship and a failure to meet performance guarantees.

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INTELLECTUAL PROPERTY RIGHTS

We believe that our brands and trademarks are one of the key elements of the success of our business, and we depend on their increased recognition for the continuing success in branding and marketing our services to our customers. Save as disclosed in this Offer Document, our business or profitability is not materially dependent on any patent or licence, industrial, commercial or financial contract (including a contract with a customer or supplier) or new manufacturing process.

As at the Latest Practicable Date, our Company has registered and/or is licensed to use the following trademarks which are material to our business:

Trademark	Registered Proprietor	Class Code	Country of Registration	Expiry Date	Trade Mark Number
	MPL	Class 11 ⁽¹⁾	Singapore	8 September 2024	T9407825I
	MPL	Class 07 ⁽²⁾	Singapore	10 April 2023	T9302599B

Notes:

- (1) Class 11: Goods / Services; filters (part of household or industrial installations); filters for drinking water; sewage (purification installations for); softening apparatus (water); water sterilizers; valve (level controlling) in tanks; water distribution installations; water filtering apparatus; water purification installations; water purifying apparatus and machines; water softening apparatus and installations; water supply installations; watering installations, automatic; desalination plants; distillation apparatus; distillation columns.
- (2) Class 7: Goods / Services; water purifying machines cartridges for filtering machines, filtering machines, filter presses, filters (parts of machines or engines), filters for cleaning cooling air (for engines), water separators, waste compacting machines water heaters (part of machines), watering machine for agricultural purposes, mineral water making machines, mixing machines, aerated water making apparatus and aerated beverages making machines.

MATERIAL LICENCES, PERMITS, REGISTRATIONS AND APPROVALS

As at the Latest Practicable Date, our Group has the following licences, permits, registrations and approvals which are material to our business and operations:

Singapore

Licence Name / Authority / Reference Number	Licence Holder	Effective Date	Expiry Date
Certificate of Registration of Contractors / Building and Construction Authority / Workhead reference ME02, ME05, ME11 and SY05	MPL	6 September 2018	1 July 2021
Confirmation of Factory Notification for Workplace / Commissioner for Workplace Safety and Health, Ministry of Manpower / 199605648M0006	MPL	26 March 2010	N.A. Under the factory notification scheme, a one-time notification is required and there is no requirement to renew the notification.
Certificate of Factory Registration / Commissioner for Workplace Safety and Health, Ministry of Manpower / 199605648M0013	MPL	10 January 2019	N.A. The company must terminate its factory registration once it has stopped operations at the factory premises. The contract period for this project is from 7 January 2019 to 6 July 2021.

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Licence Name / Authority / Reference Number	Licence Holder	Effective Date	Expiry Date
Certificate of Factory Registration / Commissioner for Workplace Safety and Health, Ministry of Manpower / 199605648M0014	MPL	12 March 2019	N.A. The company must terminate its factory registration once it has stopped operations at the factory premises. The contract period for this project is from 7 January 2019 to 6 July 2021.
General Builder Class 1 Licence / Building and Construction Authority, Commissioner of Building Control	MPL	15 June 2019	15 June 2022
Permit to Store and Use Hazardous Substances / Director-General, Environmental Protection, National Environment Agency / M0351P191479	MPL	21 December 2019	20 December 2020
General Builder Class 2 Licence / Building and Construction Authority, Commissioner of Building Control	MIPL	23 November 2018	23 November 2021

Indonesia

Licence Name / Authority / Reference Number	Licence Holder	Effective Date	Expiry Date
Tax Registration / Tax Office of Jakarta Sunter / Taxpayer Identification Number 01.752.696.3-407.000 and Taxpayer Registration Letter No. S-6020KT/WPJ.21/KP.0803/2019	PTMP	23 November 1995	N.A.
Master Business Number / Online Single Submission managed by Indonesia Investment Coordinating Board / Business Identification No. 9120007120842	PTMP	4 January 2019	N.A.
Membership Certificate of Employment Social Security / PT Jamsostek (Persero) (now managed by Employment Social Security Administration Body) / Certificate No. 05HJ3010	PTMP	19 August 2005	N.A.
Trading Business Licence / Online Single Submission managed by Indonesia Investment Coordinating Board	PTMP	19 August 2019 ^{(1),(5)}	N.A.
Construction Service Business Licence / Online Single Submission managed by Indonesia Investment Coordinating Board and the Implementing Unit Integrated One-Stop Service of Administration City of Jakarta Utara / National Construction Service Business Licence No. 105/C.31.1/31.72.01.1002.03.012.I.1.b/2/-1.728/2019	PTMP	9 August 2019 ^{(2),(5)}	N.A.
Construction Service Commercial Licence / National Construction Services Development Board / Certificate of Implementing Construction Service Business Entity No. 0-3175-07-002-1-09-9066969	PTMP	18 February 2019	17 February 2022

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Licence Name / Authority / Reference Number	Licence Holder	Effective Date	Expiry Date
Membership Certificate as Implementing Construction Service Company / National Contractors Association of Indonesia / Ordinary Member Certificate No. 01.2019.31.3175.928068	PTMP	1 January 2019	31 December 2019 ⁽³⁾
Certificate of Expertise / National Construction Services Development Board / Certificate of Expertise No. 0642415 for Agus Suropto as Building Technical Expert – Mid level with Registration No. 1.2,201,2.142.31.1146970	PTMP	23 August 2016	N.A.
Certificate of Expertise / National Construction Services Development Board / Certificate of Expertise No. 1062455 for Wahyu Kasiyanto as Drinking Water Technical Expert – Mid level with Registration No. 1.5,504,2.142.04.1895770	PTMP	14 May 2018	N.A.
Environmental Document – Statement of Commitment to Manage and Monitor Environment / One Stop Service Unit of Kecamatan Kelapa Gading / Receipt No. 88/K.17/31.72.06/-1.744.15/2019	PTMP	19 March 2019 (received by regulatory authority on 20 March 2019)	N.A.
Environmental Document – Statement of Commitment to Manage and Monitor Environment / One Stop Service Unit of Kecamatan Tanjung Priok / Receipt No. 160/K.17/31.72.02/-1.744.15/2019	PTMP	1 August 2019 (received by regulatory authority on 21 August 2019)	N.A.
Certificate of Domicile / One Stop Service of Kelurahan Cakung Timur / Certificate No. 33/27.1BU/31.75.06.1004/-071.562/e/2017	PTMI	8 May 2017	8 May 2022
Tax Registration / Tax Office of Jakarta Cakung Dua / Taxpayer Identification No. 02.191.124.3-043.000, Taxpayer Registration No. S-3783KT/WPJ.20/KP.0503/2018, Taxable Enterprise Confirmation No. S-82PKP/WPJ.20/KP.0503/2018	PTMI	27 December 2005	N.A.
Master Business Number / Online Single Submission managed by Indonesia Investment Coordinating Board / Business Identification No. 8120000870914	PTMI	1 August 2018	N.A.
Membership Certificate of Employment Social Security / Employment Social Security Administration Body / Certificate No. 05HJ3006 with entity no. JJ032027	PTMI	21 August 2018	N.A.
Membership Certificate of Health Social Security / Health Social Security Administration Body / Certificate for PTMI with entity no. 01161879	PTMI	1 January 2014	N.A.
Construction Service Business Licence / Online Single Submission managed by Indonesia Investment Coordinating Board and Ministry of Public Works and Public Housing	PTMI	5 November 2019 ^{(4),(5)}	N.A.
Construction Service Commercial Licence / National Construction Services Development Board / Certificate of Implementing Construction Service Business Entity with Registration No. 0-3172-07-002-2-09-601235	PTMI	16 April 2019	15 April 2022

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Licence Name / Authority / Reference Number	Licence Holder	Effective Date	Expiry Date
Membership Certificate as Implementing Construction Service Company / National Contractors Association of Indonesia / Special Member Certificate with Registration No. 03.2019.31.3172.936192	PTMI	1 January 2019	31 December 2019 ⁽³⁾
Certificate of Expertise / National Construction Services Development Board / Certificate of Expertise No. 0939293 for Wiwik Ratnasariningdyah as Water Resources Expert – Mid level with Registration No. 1.2,211,2.142.31.1057652	PTMI	26 January 2018	N.A.
Certificate of Expertise / National Construction Services Development Board / Certificate of Expertise No. 1062455 for Wahyu Kasiyanto as Drinking Water Technical Expert – Mid level with Registration No. 1.5,504,2.142.04.1895770	PTMI	14 May 2018	N.A.
Environmental Document – Statement of Commitment to Manage and Monitor Environment / One Stop Service Unit of Kecamatan Cakung / Receipt No. 017/ K.17/31.75.06/-1.744.15/2018	PTMI	15 March 2018	N.A.

The PRC

Licence Name / Authority / Reference Number	Licence Holder	Effective Date	Expiry Date
Foreign investment filing / Chengdu Investment Promotion Committee / 201700444	MIT Water	29 April 2015	28 April 2065
Business Registration / Chengdu Hi-tech Administration for Industry and Commerce (now known as Chengdu Hi-tech Administration for Market Supervision) / 915101003295227605	MIT Water	29 April 2015	28 April 2065
Account Opening Permit for Basic RMB Bank Account Opening / Operation Administration Division, Chengdu Branch / 6510-03118740	MIT Water	13 April 2018	N.A.
Customs registration / Chengdu Customs / 5101344486	MIT Water	20 May 2015	N.A.
Commodity quality and quarantine inspection / Chengdu Customs / 18042009253200000110	MIT Water	24 April 2018	N.A.
Tax Registration / Chengdu Hi-tech District Taxation Bureau	MIT Water	30 April 2015	N.A.
Foreign Exchange Registration / Sichuan Province Branch of State Administration of Foreign Exchange / 14510000201505134655	MIT Water	13 May 2015	N.A.

Note:

- (1) Licence was first effective on 15 May 2019.
- (2) Licence was first effective on 15 May 2019.
- (3) Our Group was in the midst of renewing the licences as at the Latest Practicable Date. Our Group has not previously encountered any difficulties or failures, and does not foresee any difficulty in renewing/obtaining such approvals, licences and/or permits in a timely manner. As at the date of this Offer Document, the licences have been renewed and are valid from 1 January 2020 to 31 December 2020.
- (4) Licence was first effective on 3 July 2018.

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- (5) To the best of NSMP's knowledge, the change in effective date of the licence is primarily due to the migration of the OSS system to a new system in November 2019 by the BKPM to streamline certain process and to enhance its efficiency. PTMI and PTMP do not have to re-register the licences with the relevant authorities after the migration of the OSS system. NSMP has confirmed that there is no impact on the previous validity of the respective licences as the migration of the OSS system is administrative in nature, the respective licences had been issued earlier, and there is no change to the Indonesian Standard Classification of Business (Klasifikasi Baku Lapangan Usaha Indonesia, KBLI) Code of the respective licences. NSMP has also confirmed that both PTMI and PTMP have been operating in compliance with the relevant laws and regulations.

As at the Latest Practicable Date, our Directors, confirm that, to the best of their knowledge, our Group has obtained all requisite licences, permits, registrations and approvals which are material for our current operations. As at the Latest Practicable Date, none of the aforesaid licences, permits, registrations and approvals obtained by our Group have been suspended or revoked and to the best of our knowledge and belief, there are at present no facts or circumstances which would cause such licences, permits, registrations and approvals to be suspended or revoked or for any applications for, or for the renewal of, any of these licences, permits, registrations and approvals to be rejected by the relevant authorities.

In Singapore, we have obtained the ME11 L6 BCA contractor registration, which allows us to tender for public sector projects relating to mechanical engineering works without any tendering limits.

Pursuant to the Restructuring Exercise in respect of our Indonesian operations, PTMI, a PMA Company, upgraded its construction service licence from Class B1 to B2, while PTMP, a PMDN Company, applied for a Class B1 construction service licence. A PMA company can only apply for a Class B2 licence. Both the B1 and B2 licences are large-scale qualifications and companies with such licences are able to conduct integrated construction work that is high-risk and/or high-technology and/or high-cost. However, B2 companies generally engage in larger scale work as compared to B1 companies, in accordance with their financial capabilities and the requirements of sub-qualification regulated under LPJK Regulation No. 5 of 2014 regarding Integrated Construction Services Registration issued by the Construction Services Development Institute of Indonesia ("LPJK"). Under LPJK, a company has to, among others, have a net worth of at least IDR 50 billion and experience in construction work over the past 10 years with a total cumulative value of at least IDR 250 billion or it must have been involved in a construction project with a minimum value of IDR 83.33 billion in the last 10 years. B2 is the highest qualification for a construction services company and companies that receive this qualification can engage in almost any large-scale integrated construction work.

The complementary type of companies and the licensing arrangements of PTMI and PTMP will enable our Indonesian subsidiaries to secure a wider spectrum of TSEPC contracts in the water and environmental industries for both public and private companies in Indonesia.

INSURANCE

As at the Latest Practicable Date, our Group maintains insurance to cover our operational, human resource and fixed asset risks, including, among others, insurance for loss or damage to our properties by fire, public liability insurance, workmen injury compensation, group hospitalisation and surgical insurance for our employees, and motor vehicle insurance. The above insurance policies are reviewed annually to ensure that our Group has sufficient insurance coverage.

There have been no material insurance claims made by us in FY2016, FY2017, FY2018 and 6M2019 and up to the Latest Practicable Date. To the best of our Directors' knowledge and belief, the above insurance policies are adequate for the operations of our Group and are in line with market practice. We will procure the necessary additional coverage for our business operations, properties and assets as and when the need arises.

SALES AND MARKETING

The overall business development, including our sales and marketing activities are headed by our Executive Chairman and CEO, Mr. Tay, our Managing Director, Ms. Dewi and our Executive Director, Mr. Low. They formulate our Group's overall business strategies, expansion plans and long-term marketing policies and will follow up with our sales and marketing team to secure new business and sales orders. They are assisted by our Executive Officers, Mr. Lim in Singapore and Ms. Irawati in Indonesia and by our General Manager in the PRC.

GENERAL INFORMATION ON OUR GROUP

Our sales and marketing team is responsible for generating new customer accounts, managing relationships, as well as concluding sales contracts. They attend to customers' queries and prepare proposals based on the potential customers' specifications and requirements. As part of our marketing strategy, we also visit our existing and potential new customers regularly to better understand their needs and recommend the most effective solutions to address their water management requirements. We also receive repeat orders from our existing customers, who will also refer us to other prospective customers. We also look out for tender opportunities from databases, newspapers, internet, key suppliers and by general word-of-mouth.

In addition, our Group maintains close relationships with various stakeholders in the water industry. Such relationships enable us to keep apprised of the latest developments and tender opportunities as and when they arise. Our Group also participates in trade shows and exhibitions and advertises our products and services in industrial directories and trade journals.

COMPETITION

We operate in a highly competitive sector and compete on various factors, such as pricing, quality of solutions and knowhow, and track record. While demand for water services is increasing in Singapore and Indonesia, there are competitive pressures our Group is subject to, including competitive tendering for public sector EPC projects in Singapore, competition for BOOT projects in Indonesia and competition for quality engineering staff.

We believe our key competitors who offer water treatment solutions in Singapore include Sanli Environmental Limited, Ovivo Singapore Pte Ltd and UES Holdings Pte Ltd. Our key competitors offering water treatment solutions in Indonesia include PT Lautan Organo Water, PT Metito Indonesia and PT Envitech Perkasa.

COMPETITIVE STRENGTHS

Our Group believes that we have the following competitive strengths:

We are a one-stop integrated total solution provider in the water treatment industry

Leveraging on our technical knowledge of physical, chemical and biological treatment processes, and our in-house capabilities in design, sourcing and fabrication of systems, we provide customised solutions to meet the stringent and diverse requirements of our customers.

We integrate third party technologies such as membrane, ion exchange and MBR technologies, with our proprietary knowhow in design and engineering to provide a suite of services that span across the value chain in water industry, comprising water and wastewater treatment, desalination and other recycling applications.

Our experience and expertise enable us to provide quality, cost effective and timely solutions that are tailored to the requirements of each customer.

We have a diversified revenue stream

Our business segments include (a) TSEPC projects, (b) OMS of water treatment plants, (c) trading and distribution of water systems and equipment, and (d) the sale of treated water deriving from TOOT and BOOT projects (via our 40% owned associate, PT JMA) in Indonesia. As such, we derive revenue from multiple channels and different parts of the value chain in the water industry and different geographical locations. This is because we possess strong engineering and integration capabilities and good relationship and credentials with key users of our solutions.

To ensure a more stable income stream, we participated in TOOT and BOOT projects in Indonesia in 2016, which, barring unforeseen circumstances, will allow us to tap into the potential growth in demand for clean water in Jakarta, Indonesia.

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Our strategy is to create synergy across our business segments, providing a wide spectrum of services and products to customers. As a testament to the success of our strategy, we have successfully ventured into Indonesia, which, with a population of more than 260 million, provides significant business opportunities for us.

We have a strong regional presence in the water treatment industry

We have a presence in Singapore, Indonesia as well as the PRC. In particular, as we have a long-standing presence in Indonesia, we are well-positioned to meet the growing demand for water resources and infrastructure in Indonesia. At the same time, our presence in the PRC will allow us to provide support for procurement and also supply cost-competitive, customised and standardised water and wastewater treatment package systems to our Singapore and Indonesian subsidiaries for use in our Group's own TSEPC projects. Such in-house support increases the overall cost competitiveness of our Group's operations. Our reputation as a Singapore-based water treatment group gives our customers the assurance that the services we provide are technologically sound, reliable and of good quality.

We have a proven track record of over 20 years with an established and diverse customer base

We believe our established track record of over 20 years gives us an edge in the water industry, an industry that is vital to any economy. Given the demands for reliability and quality of water supply, which then require strong expertise and experience in the industry, we believe that the barriers of entry are relatively high, including in countries such as Singapore and Indonesia.

Over the past years, we have successfully completed large-scale municipal and industrial projects for government agencies and multinational corporations, respectively. Our industrial customers come from various industries such as agro-industry, food and beverage, power, petrochemical, palm oil, chemical, semiconductor, as well as real estate related. We have a track record of successful public tenders, which is testament to our capabilities to offer efficient solutions and provide quality products and services. We believe that our long-standing reputation of providing innovative solutions, flexibility, reliability and timely delivery of water treatment plant and systems put us in a good stead with customers and enables us to compete cost effectively with other industry players. Thus, we have developed strong working relationships with both public and private sector customers such as the PUB, Petrochemical Corporation of Singapore (Private) Limited, PT JMA and Sinarmas Group.

Additionally, in Singapore, with our ME11 L6 BCA contractor registration, we are able to tender for public sector projects relating to mechanical engineering works without any tendering limits. In Indonesia, our subsidiary PTMI possesses a B2 construction service license whilst PTMP holds a B1 construction service license. Accordingly, with these two licences, PTMP is qualified to participate in tenders and carry out water treatment projects which are medium risk, medium technology and/or medium cost from both public and private sectors while PTMI is qualified to participate in tenders and carry out water treatment projects which are high risk, high technology and/or high cost from both public and private sectors.

In 2017 and 2018, our key operating subsidiary, MPL, was ranked by DP Information Group as one of Singapore's top 1,000 SMEs.

We have a qualified, experienced and competent management team

Our management team possesses extensive experience, technical expertise and business relationships with local and international industry players in the water treatment sector. Each of our Executive Chairman and CEO, Mr. Tay, and our Managing Director, Ms. Dewi, has over 28 years of relevant experience in the water treatment industry and provides our Group with strategic leadership. As co-founders of our Group, they are committed to the development of our business, and will continue to spearhead our business operations and future plans and to drive the growth of our Group. Our Executive Director, Mr Low, has more than 28 years of relevant experience in charting direction, formulating business strategies and managing operations of various companies in the engineering, water and environmental solutions industries. Our Directors are supported by our Executive Officers, an experienced and dedicated team of finance staff, sales & marketing staff, project managers, engineers and other employees who are committed to fostering strong relationships with our customers and suppliers. We believe that our employees are an invaluable resource and strive to cultivate long-standing relationships with them. Please refer to the section entitled "Directors, Executive Officers and Staff" of this Offer Document for further information on the experience of our Directors and Executive Officers.

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ORDER BOOK

Our order book for our TSEPC, OMS, sales and distribution of systems and equipment, and sales of water revenue segments, based on unfulfilled orders from signed contracts, confirmed variation orders and letters of awards obtained during the period from 1 July 2019 to the Latest Practicable Date amounted to approximately S\$73.05 million. These contracts will be completed by FY2021 and revenue of S\$16.41 million, S\$39.29 million and S\$17.35 million is expected to be recognised from these contracts in the second half of FY2019, FY2020 and FY2021 respectively. However, our order book may not be an accurate indicator of our future performance as we have not taken into account any potential delays, renegotiations, cancellations or deferment of orders in determining our order book.

For our existing BOOT project, we expect to generate revenue of approximately IDR17.74 billion (approximately S\$1.74 million) per annum from the operation, maintenance and service of the project for the concessionary period of the BOOT Agreement. The BOOT Agreement will be automatically renewed on the end of the 20th year for another five (5) years before being terminated on the 25th year. This figure is computed by taking the contracted tariff rate in the first year multiplied by the minimum offtake quantity stipulated in the BOOT Agreement. Under the BOOT Agreement, there may be an increase in the tariff rate based on a pre-determined formula every two (2) years. Our Group commenced the provision of such services in December 2019.

SEASONALITY

Due to the nature of our business, we have not observed any significant seasonal trends during the Period Under Review.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the growth and expansion of our businesses are as described below:

(a) **Expanding and extending our businesses in existing markets**

We plan to expand our businesses in our existing markets, namely Singapore, Indonesia and the PRC by offering a suite of services, solutions and products such as (a) TSEPC; (b) OMS; (c) sales and distribution of systems and equipment; and (d) sales of water through participating in TOOT or BOOT projects. In relation to the latter, we intend to form equity partnerships with partners in the development of PPP or BOOT water infrastructure projects. We have also begun offering, and will continue to offer, consultancy and front-end engineering design services.

In Singapore, we intend to continue focusing on public tenders for larger scale projects (for instance, projects such as the Tuas Water Reclamation Plant which the PUB is currently implementing) and industrial projects in the TSEPC space (such as water and wastewater treatment projects or water recycling plants for our existing and new customers who are multinational companies). We will also provide OMS services to our existing and new customers, in the semi-conductor, pharmaceutical, and petrochemical sectors.

In Indonesia, we intend to continue to pursue TSEPC projects for a wide range of industries (such as palm oil, power, paper and pulp, food and beverage, and oil and gas) where we provide total solutions for system integration using a spectrum of water technologies, as well as continue to participate in TOOT and BOOT projects.

In the PRC, we intend to continue focusing on providing water and wastewater treatment systems and equipment to our Singapore and Indonesia subsidiaries and will also continue pursuing TSEPC projects.

Our Group intends to continue to work closely with our current established principal partners in the water industry to carry out sales and distribution activities. As the authorised distributors of products by our partners, we can adopt our partners specialised and advanced products and technologies for use in our own BOOT plants and our customised water systems for sales, as well as for sales to resellers and our network of customers. We also plan to distribute our own brand of water treatment chemicals and components for use in our own plant and other customers' plant.

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(b) **Expansion into new geographical markets**

We intend to leverage on our expertise and extensive experience in the water industry as a springboard to expand our business, including sales and distribution of systems and equipment, into overseas markets in Southeast Asia. Our plan is to implement such expansion through business collaborations, strategic alliances, joint ventures, acquisitions or investments. Our Group is also open to exploring business opportunities in other parts of the world as and when they arise. This will both increase and diversify our customer and partner base for our water technology services and products. Our Group has been evaluating the potential of new geographical markets, and has yet to identify any particular geographical markets as at the Latest Practicable Date.

(c) **Expansion through mergers and acquisitions (“M&A”)**

Depending on the available opportunities, feasibility and market conditions, we will leverage on our network and explore M&A opportunities with parties in complementary businesses in the region, both in countries in which we currently have a presence and outside of those countries. Through such M&A opportunities, we may gain access to new markets, strengthen our market position and/or develop our supply chain more cost effectively. When evaluating such opportunities, we will consider factors such as the acquisition of capabilities, skills, technology and/or operational processes which are synergistic to our business. As at the Latest Practicable Date, we have not entered into any agreements for the acquisition of any specific M&A targets.

(d) **Investing in more BOOT and TOOT projects**

Our Group plans to invest in more TOOT and BOOT projects to generate recurring and potentially, stable income streams. Our maiden TOOT project in Jakarta, Indonesia has been in operation since 2018 while our first BOOT project in Jakarta, which water treatment plant was built by us, was successfully handed over to PTJMA in August 2019. This BOOT project commenced commercial operations and generated revenue from December 2019.

Due to the relatively capital-intensive nature of such TOOT and BOOT projects, we may invite strategic investors and partners to co-invest in such projects, subject to terms that are attractive and acceptable to our Group. In addition, we believe that such investors or partners would mitigate the financial risks that we may face in these projects.

(e) **Further advancement of our water and wastewater treatment technologies**

Our Group is looking at innovative products that will improve the yield of water produced and reduce energy and chemical consumption by membranes to offer more cost effective and space-efficient water treatment processes to our customers. We intend to work collaboratively with renowned water treatment companies and research institutes to do piloting of plants, using new and innovative water technologies, as part of the technological and economical evaluation prior to commercialisation. Our Group may be able to develop some proprietary know-how and co-own patents with our collaboration partners. We may also apply for relevant grants and incentives from the authorities such as PUB, Enterprise Singapore and other agencies in Singapore that will bring about more business and benefit the water industry.

We intend to use approximately S\$0.80 million of the net proceeds from the Placement for business strategy (b) and approximately S\$2.10 million for business strategies (c) and (d) as set out above. Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for further information.

PROSPECTS

The information in this section is extracted from published or otherwise publicly available sources. The authors of such sources, such as the National Geographic, the Asian Development Bank (“ADB”), Muhammad Zulfikar Rakhmat, the Asia Sentinel, the World Bank, the Kementerian PPN/Bappenas, the Ministry of Public Works and Housing, Directorate General Cipta Karya, Reghi Perdana, the Ministry of National Development Planning / National Development Planning Agency, Jakarta Berketahanan, PUB, Ministry of the Environment and Water Resources (“MEWR”), Mr Masagos Zulkifli, the National Environmental Agency (“NEA”) and The Straits Times, have not consented to the inclusion of the below information in this Offer Document for the purpose of Section 249 of the SFA and are therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While our Directors have taken

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reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

For the next 12 months from the Latest Practicable Date, barring unforeseen circumstances and taking into consideration the reasons stated below, we believe that the scarcity of usable water in Singapore and Indonesia, increasing environmental awareness, continued industrialisation and growth of Singapore and Indonesia and the needs for Singapore and Indonesia to meet increasing water and wastewater treatment demands would enhance the prospects for our Group.

Water is one of the most important natural resources for the existence of life. Although water covers nearly 70% of our planet, only 2.5% of it is fresh and just 1% of the freshwater is easily accessible¹. Even though water is considered a renewable resource, our water resources are facing serious threats due to human activities, including but not limited to pollution from population growth, industrial growth, commercial and agricultural activities, deforestation and climate change. Fresh water from rivers, lakes, ground, reservoir and other water collection infrastructure often contain chemical or physical pollutants such as heavy metal, suspended organic and inorganic materials, dissolved impurities such as gases, minerals, toxic chemicals, biological pollutants such as bacteria, viruses and other pollutants caused by the untreated discharge of wastewater into the environment. As such, water from such primary sources, or feed water, may not be suitable for consumption by humans or for industrial use due to the presence of pollutants and impurities. Feed water must undergo a purification process to produce potable, pure or ultrapure water for human consumption and industrial use.

Indonesia

Rising Demand for Clean Water

Although the total water availability in Indonesia is a lot higher than the demand² and Indonesia's water resources account for almost six (6) per cent. of the world's water or 21 per cent. of the Asia-Pacific region's total water resources³, nearly one (1) out of two (2) Indonesian lacks access to safe water, with more than 70% of Indonesia's 260 million people relying on potentially contaminated sources⁴. In 2017, clean water needs in Jakarta, the capital city of Indonesia, reached 28 cubic metres per second but were only fulfilled at 18 cubic metres per second, and it is expected that Jakarta's clean water supply needs in 2030 will reach 41.6 cubic metres per second⁵.

Across the whole of Indonesia, the urban domestic demand for water is predicted to increase from about 190 cubic metres per second in 2015 to 260 cubic metres per second by 2030, whereas the rural demand is expected to decline slightly from about 110 cubic metres per second in 2015 to 100 cubic metres per second by 2030⁶. The industrial demand for water is predicted to double from 14 cubic metres per second in 2013 to 29 cubic metres per second in 2030⁷. The future water demand for irrigation for agriculture is expected to increase from 1,500 cubic metres per second to about 6,000 cubic metres per second in 2030⁸. It is also expected that water required to produce energy will increase by a factor of about 8 in the next few decades, from 90 cubic metres per second in 2012 to 737 cubic metres by 2050⁹.

¹ The information was extracted from the internet publication titled "Freshwater Crisis" of the National Geographic at <https://www.nationalgeographic.com/environment/freshwater/freshwater-crisis/>, last accessed on 2 December 2019.

² The information was extracted from the internet publication titled "Indonesia – Country Water Assessment" of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

³ The information was extracted from an article titled "Indonesia's Growing Water Safety Crisis" written by Muhammad Zulfikar Rakhmat and published on the Asia Sentinel at <https://www.asiasentinel.com/society/indonesia-growing-water-safety-crisis/>, last accessed on 2 December 2019.

⁴ The information was extracted from the press release titled "Six Million Indonesians Will Gain Access to Water at Home" of the World Bank at <https://www.worldbank.org/en/news/press-release/2018/06/06/six-million-indonesians-will-gain-access-to-water-at-home>, last accessed on 2 December 2019.

⁵ The information was extracted from an article titled "Indonesia's Growing Water Safety Crisis" written by Muhammad Zulfikar Rakhmat and published on the Asia Sentinel at <https://www.asiasentinel.com/society/indonesia-growing-water-safety-crisis/>, last accessed on 2 December 2019.

⁶ The information was extracted from the internet publication titled "Indonesia – Country Water Assessment" of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

⁷ The information was extracted from the internet publication titled "Indonesia – Country Water Assessment" of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

⁸ The information was extracted from the internet publication titled "Indonesia – Country Water Assessment" of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

⁹ The information was extracted from the internet publication titled "Indonesia – Country Water Assessment" of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

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Sources of Water

The main sources of water in Indonesia are surface water in its river systems and groundwater from groundwater basins. As at 2016, Indonesia had a total reservoir capacity of about 12.56 billion cubic metres, or a ratio of storage per capita of about 52.55 cubic metres per capita, a very small number compared with the storage per capita in other countries in Asia¹⁰. This has declined over the years as storage capacity did not keep pace with population increase and the Indonesia government had plans to build 65 new reservoirs with a capacity of 8.2 billion cubic metres by 2019 to increase the water availability per capita¹¹. Groundwater has also been overexploited in most urbanised areas in Indonesia and a low coverage or poor performance of water companies, combined with a lack of permit enforcement has led to many industries and housing estates using deep groundwater. As the deep aquifers from which groundwater are drawn are usually not replenished, they are gradually depleted, causing a rapid drawdown of groundwater¹². Under the Law of the Republic of Indonesia Number 17 of 2007 on Long-Term National Development Plan of 2005-2025, the Indonesia government identified that the development of water containing facilities, such as dams, water ponds, lakes and water source, is not yet adequate to meet the needs for water in Indonesia and there was a need to increase the supply of raw water by developing the water containing facilities¹³.

Poor Water Quality

In Indonesia, water quality is classified into four (4) classes: (i) Class One, water that can be used as drinking water or other uses requiring similar quality; (ii) Class Two, water that can be used for water recreation, fish cultivation, animal husbandry, water plants or other uses requiring similar quality; (iii) Class Three, water that can be used for breeding of fish, watering plants or other uses requiring similar quality of water; and (iv) Class Four, water usable for watering plants and/or other uses requiring similar quality¹⁴. The water quality of rivers and lakes in Indonesia is poor, with more than half of the river water samples not meeting the Class Two criteria while groundwater is also polluted, with 45% of groundwater in Jakarta being contaminated by fecal coliform and 80% by *Escherichia coli*¹⁵. The Indonesia government identified that pollution had not been appropriately handled and that it had to implement endeavours to maintain the quality of existing water and for restoring the quality of water that has already been polluted through the management of the natural environment and technology application¹⁶. As the Indonesia government seeks to increase the sources of water to meet the demand for clean water and to improve the water quality of existing water sources, our Group is of the view that there may be opportunities for our Group to be involved in new projects, leveraging on our recent successful delivery of a wastewater treatment (to treat the poor quality river water into clean water) and water treatment (to treat the water into clean water suitable for drinking) plant in North Jakarta, built by our Group under a lump sum turnkey contract for our associated company, PT JMA.

The PPP Framework

At present, the water supply system in the cities is managed by the regional government through local, government-owned utility companies (“**PDAMs**”)¹⁷. PDAMs have faced challenges in providing reliable piped drinking water, such as (i) the aging drinking water infrastructure; (ii) the lack of technical and non-technical capacity for the management of drinking water systems and their infrastructure; (iii) a decrease in the quality and quantity of water resources caused by rapid population growth, inappropriate land use and climate change; and (iv) a lack of investment and funding, which has affected the performance of PDAMs¹⁸.

¹⁰ The information was extracted from the internet publication titled “Indonesia – Country Water Assessment” of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

¹¹ The information was extracted from the internet publication titled “Indonesia – Country Water Assessment” of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

¹² The information was extracted from the internet publication titled “Indonesia – Country Water Assessment” of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

¹³ The information was extracted from the Long-Term National Development Plan of 2005 – 2025, downloaded from the Kementerian PPN/Bappenas website at <https://www.bappenas.go.id/index.php?cid=11314>, last accessed on 2 December 2019.

¹⁴ Article 8, Indonesia Government Regulation No. 82/2001 dated 14 December 2001

¹⁵ The information was extracted from the internet publication titled “Indonesia – Country Water Assessment” of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

¹⁶ The information was extracted from the Long-Term National Development Plan of 2005 – 2025, downloaded from the Kementerian PPN/Bappenas website at <https://www.bappenas.go.id/index.php?cid=11314>, last accessed on 2 December 2019.

¹⁷ The information was extracted from the internet publication titled “Indonesia – Country Water Assessment” of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

¹⁸ The information was extracted from the publication titled “National Urban Water Supply Project (NUWSP) – Environmental and Social Management Framework” prepared by the Ministry of Public Works and Housing, Directorate General Cipta Karya published by The World Bank at <http://documents.worldbank.org/curated/en/820051488801881939/pdf/SFG3114-REVISED-EA-P156125-Box405301B-PUBLIC-Disclosed-10-2-2017.pdf>, last accessed on 2 December 2019.

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The Indonesia government has started to adopt a public-private partnership (“PPP”) framework to mobilise the huge investments needed for the development and maintenance of appropriate infrastructure and distribution networks. The Indonesia government has in the past invested approximately three (3) to four (4) per cent. of its gross domestic product on infrastructure, which is far below other countries such as China and India¹⁹. The Indonesia government has recognised that such investments cannot be funded solely by the government budget. Based on an estimation of infrastructure funding needs in 2015 to 2019, the Indonesia government is only able to fulfil 41.3% of total infrastructure funding needs and approximately 36.5% of the funding gap is expected to be fulfilled through cooperation with the private sector using the PPP scheme²⁰. Private sector participation is intended not only to fill the funding gap but also to share knowledge and experience in the development, operation and management of qualified infrastructure services²¹. To facilitate the participation by potential investors, the Kementerian Perencanaan Pembangunan Nasional / Badan Perencanaan Pembangunan Nasional (the Indonesia Ministry of National Development Planning / National Development Planning Agency) (“**Kementerian PPN/BAPPENAS**”) issues a handbook periodically to provide information on available infrastructure investment in Indonesia (the “**PPP Handbook**”).

As at February 2019, there were a total of five (5) solicited projects which were either in operation, under construction or in progress involving the supply of water under the PPP framework, and an additional three (3) projects involving the supply of water initiated by the private sector²². The PPP Handbook 2019 further listed seven (7) prospective PPP projects involving water supply²³. A common form of PPP for water supply in Indonesia is the Build, Operate, Transfer model where (i) business entities establish and manage raw water units to take in raw water and production units to process raw water; (ii) processed water is then sold by the business entity to the regional water company; (iii) the regional water company will build and manage distribution units to distribute water to service units; and (iv) assets that are built and managed by the business entity will be handed over to the regional water company at the end of the concession period²⁴. Our Group has already successfully completed one BOOT project in the past and is of the view that there may be more opportunities for our Group to participate in more PPP projects involving water supply in the future.

National Urban Water Supply Project

Additionally, the World Bank had on 6 June 2018 agreed to commit US\$100 million to the National Urban Water Supply Project (the “**NUWSP**”) ²⁵, which seeks to improve access to and quality of piped water supply services for urban communities and improve the capacity of local governments and PDAMs in the provision of water supply services²⁶. The Government of Indonesia had set a goal of achieving universal access to safe water in urban areas by the end of 2019, whereby (a) 60% of the population has access to piped water sources and 40% to non-piped water sources; (b) 85% of the urban population gets clean water of at least 100 litres per person per day, with the remaining 15% getting 60 litres per person per

¹⁹ The information was extracted from the publication titled “National Urban Water Supply Project (NUWSP) – Environmental and Social Management Framework” prepared by the Ministry of Public Works and Housing, Directorate General Cipta Karya published by The World Bank at <http://documents.worldbank.org/curated/en/820051488801881939/pdf/SFG3114-REVISED-EA-P156125-Box405301B-PUBLIC-Disclosed-10-2-2017.pdf>, last accessed on 2 December 2019.

²⁰ The information was extracted from the publication titled “Public-Private Partnership – Infrastructure Projects Plan in Indonesia 2019” issued by Kementerian PPN/BAPPENAS at <http://kpsrb.bappenas.go.id/?page=pppbook>, last accessed on 2 December 2019.

²¹ The information was extracted from the publication titled “Public-Private Partnership – Infrastructure Projects Plan in Indonesia 2019” issued by Kementerian PPN/BAPPENAS at <http://kpsrb.bappenas.go.id/?page=pppbook>, last accessed on 2 December 2019.

²² The information was extracted from a presentation given by Reghi Perdana, Deputy Director of Public-Private Partnerships and Financial Engineering, Ministry of National Development Planning / National Development Planning Agency accessed on the Jakarta Berketahanan website at <http://jakberketahanan.org/wp-content/uploads/2019/03/PPt-BAPPENAS-Public-Private-Partnership-1.pdf>, last accessed on 2 December 2019.

²³ The information was extracted from the publication titled “Public-Private Partnership – Infrastructure Projects Plan in Indonesia 2019” issued by Kementerian PPN/BAPPENAS at <http://kpsrb.bappenas.go.id/?page=pppbook>, last accessed on 2 December 2019.

²⁴ The information was extracted from a presentation given by Reghi Perdana, Deputy Director of Public-Private Partnerships and Financial Engineering, Ministry of National Development Planning / National Development Planning Agency accessed on the Jakarta Berketahanan website at <http://jakberketahanan.org/wp-content/uploads/2019/03/PPt-BAPPENAS-Public-Private-Partnership-1.pdf>, last accessed on 2 December 2019.

²⁵ The information was extracted from the press release titled “Six Million Indonesians Will Gain Access to Water at Home” of the World Bank at <https://www.worldbank.org/en/news/press-release/2018/06/06/six-million-indonesians-will-gain-access-to-water-at-home>, last accessed on 2 December 2019.

²⁶ The information was extracted from the publication titled “National Urban Water Supply Project (NUWSP) – Environmental and Social Management Framework” prepared by the Ministry of Public Works and Housing, Directorate General Cipta Karya published by The World Bank at <http://documents.worldbank.org/curated/en/820051488801881939/pdf/SFG3114-REVISED-EA-P156125-Box405301B-PUBLIC-Disclosed-10-2-2017.pdf>, last accessed on 2 December 2019.

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day; and (iii) ensuring that the water supply services fulfil the requisite standards²⁷. To achieve this, approximately 27 million new connections in both urban and rural areas will need to be installed, which is anticipated to cost IDR 253 trillion²⁸.

The NUWSP is intended to support the Indonesia central government in providing investment support to at least 40 local governments and PDAMs²⁹ to improve and expand coverage of piped water supply services for urban communities, including services for low-income households³⁰. The local governments can obtain investment support from the Indonesia central government in the form of seed grants, matching grants or performance-based grants for the development of a new water supply system in urban areas or for the expansion and optimisation of existing water supply systems³¹. Through the NUWSP, local governments and PDAMs will also receive support in the form of technical assistance and capacity building³². As Indonesia continues to invest to further develop water infrastructure and increase access to water supply, we believe that this may lead to more opportunities for our Group in the market, as shown by our ongoing participation as a qualified water technology company in tenders for regional projects. Additionally, our Group is well-positioned to continue working with new and existing customers in industries such as agro industry, food and beverage, oil and gas, paper and pulp and chemicals which have high to very high demand for water³³.

Singapore

Water demand in Singapore is currently about 430 million gallons a day (“mgd”) and it is expected that this could almost double by 2060³⁴. Singapore currently has four (4) water sources – (i) water from local catchment; (ii) imported water; (iii) NEWater and (iv) desalinated water. Under an agreement between Singapore and Johor (the “1962 Water Agreement”), Singapore can draw up to 250 million gallons of water a day from the Johor River, and Singapore is in turn obliged to provide Johor with treated water up to 2% of the water we import. The 1962 Water Agreement will expire in 2061.

Municipal Sector

Overview

To ensure that Singapore is self-sufficient in meeting its water demand in the future, the Singapore government’s strategy is to (i) collect every drop of water and turn as much of Singapore as possible into water catchment areas; (ii) recycle used water and (iii) turn sea water into drinking water³⁵. To further ensure that Singapore’s water needs are not solely dependent on rainfall, the Singapore government has also announced plans to increase its water recycling and desalination capacity to meet the rising demand

²⁷ The information was extracted from the publication titled “National Urban Water Supply Project (NUWSP) – Environmental and Social Management Framework” prepared by the Ministry of Public Works and Housing, Directorate General Cipta Karya published by The World Bank at <http://documents.worldbank.org/curated/en/820051488801881939/pdf/SFG3114-REVISED-EA-P156125-Box405301B-PUBLIC-Disclosed-10-2-2017.pdf>, last accessed on 2 December 2019.

²⁸ The information was extracted from the publication titled “National Urban Water Supply Project (NUWSP) – Environmental and Social Management Framework” prepared by the Ministry of Public Works and Housing, Directorate General Cipta Karya published by The World Bank at <http://documents.worldbank.org/curated/en/820051488801881939/pdf/SFG3114-REVISED-EA-P156125-Box405301B-PUBLIC-Disclosed-10-2-2017.pdf>, last accessed on 2 December 2019.

²⁹ The information was extracted from the press release titled “Six Million Indonesians Will Gain Access to Water at Home” of the World Bank at <https://www.worldbank.org/en/news/press-release/2018/06/06/six-million-indonesians-will-gain-access-to-water-at-home>, last accessed on 2 December 2019.

³⁰ The information was extracted from the publication titled “National Urban Water Supply Project (NUWSP) – Environmental and Social Management Framework” prepared by the Ministry of Public Works and Housing, Directorate General Cipta Karya published by The World Bank at <http://documents.worldbank.org/curated/en/820051488801881939/pdf/SFG3114-REVISED-EA-P156125-Box405301B-PUBLIC-Disclosed-10-2-2017.pdf>, last accessed on 2 December 2019.

³¹ The information was extracted from the publication titled “National Urban Water Supply Project (NUWSP) – Environmental and Social Management Framework” prepared by the Ministry of Public Works and Housing, Directorate General Cipta Karya published by The World Bank at <http://documents.worldbank.org/curated/en/820051488801881939/pdf/SFG3114-REVISED-EA-P156125-Box405301B-PUBLIC-Disclosed-10-2-2017.pdf>, last accessed on 2 December 2019.

³² The information was extracted from the publication titled “National Urban Water Supply Project (NUWSP) – Environmental and Social Management Framework” prepared by the Ministry of Public Works and Housing, Directorate General Cipta Karya published by The World Bank at <http://documents.worldbank.org/curated/en/820051488801881939/pdf/SFG3114-REVISED-EA-P156125-Box405301B-PUBLIC-Disclosed-10-2-2017.pdf>, last accessed on 2 December 2019.

³³ The information was extracted from the internet publication titled “Indonesia – Country Water Assessment” of the ADB at <https://www.adb.org/sites/default/files/institutional-document/183339/ino-water-assessment.pdf>, last accessed on 2 December 2019.

³⁴ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/singaporewaterstory>, last accessed on 2 December 2019.

³⁵ The information was extracted from the internet publication entitled “Our Water, Our Future” of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>, last accessed on 2 December 2019.

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and to supply up to 85% of our water needs in 2060³⁶. We believe that the initiatives and plans of the Singapore government may lead to opportunities for our Group to participate in the maintenance and service work of existing water infrastructure and engineering, procurement and construction projects for the development of future water infrastructure.

Collecting water from local water catchment areas

Since 2011, the water catchment area has increased from half to two-thirds of Singapore's land surface with the completion of the Marina, Punggol and Serangoon Reservoirs, bringing the total number of reservoirs in Singapore to 17³⁷. Rainwater is collected through a comprehensive network of drains, canals and rivers and channelled to the reservoirs before it is conveyed to one of our eight (8) water treatment plants where it is treated. It is anticipated that by 2060, the water catchment area will cover 90% of Singapore's land area³⁸. To ensure a continuous supply of water from local water catchment areas, we believe that the Singapore government will continue to maintain, upgrade and expand the existing water catchment network and the existing water treatment plants. This may in turn lead to opportunities for our Group, such as for the provision of maintenance and service services for the existing water treatment plants.

Recycling used water

The NEWater process recycles our treated used water into ultra-clean, high-grade reclaimed water. As such water is ultra-clean, it is used mainly for industrial and air-con cooling purposes at wafer fabrication plants, industrial estates and commercial buildings³⁹. Currently, there are five (5) NEWater plants in Singapore, supplying up to 40% of Singapore's current water needs⁴⁰. By 2060, NEWater is expected to meet up to 55% of Singapore's future water demand⁴¹.

To facilitate this, the Singapore government is in the process of constructing an underground superhighway for used water, known as the Deep Tunnel Sewerage System ("DTSS") to streamline how Singapore collects, treats and disposes or reclaims used water, freeing up land for higher value uses⁴². DTSS Phase 1, which was completed in 2008 at a cost of S\$3.4 billion, comprises a 48km-long deep sewer tunnel running from Kranji to Changi, a centralised water reclamation plant at Changi, 60 km of link sewers and deep sea outfall pipes to serve Singapore's central and eastern parts⁴³. The highlight of DTSS Phase 1, the Changi Water Reclamation Plant, which was officially opened on 23 June 2009, is capable of treating 900,000 cubic metres of used water per day to international standards⁴⁴. Such water is then discharged into the sea through deep sea outfall pipes or channelled to the Changi NEWater factory on the rooftop of the reclamation plant where it is further purified into NEWater. DTSS Phase 2, which held its groundbreaking ceremony on 20 November 2017, will extend the system to serve the western part of Singapore when it is completed by 2025⁴⁵ and is expected to cost S\$6.5 billion⁴⁶. DTSS Phase 2 will comprise 30 km of domestic used water tunnel and 10 km of industrial used water tunnel, 60 km

³⁶ The information was extracted from the internet publication entitled "Our Water, Our Future" of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>, last accessed on 2 December 2019.

³⁷ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fournationaltaps/localcatchmentwater>, last accessed on 2 December 2019.

³⁸ The information was extracted from the internet website of the MEWR at <https://www.mewr.gov.sg/topic/reservoirs>, last accessed on 2 December 2019.

³⁹ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fournationaltaps/newater>, last accessed on 2 December 2019.

⁴⁰ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fournationaltaps/newater>, last accessed on 2 December 2019.

⁴¹ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fournationaltaps/newater>.

⁴² The information was extracted from the internet publication entitled "Our Water, Our Future" of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>, last accessed on 2 December 2019.

⁴³ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/dtss/phase1>, last accessed on 2 December 2019.

⁴⁴ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/dtss/phase1>, last accessed on 2 December 2019.

⁴⁵ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/dtss/phase2>, last accessed on 2 December 2019.

⁴⁶ The information was extracted from the speech by Mr Masagos Zulkifli entitled "Speech By Mr Masagos Zulkifli, Minister for the Environment and Water Resources, at Launch of Tunnel Boring Machine (TBM) for Deep Tunnel Sewerage System Phase 2, on 4 April 2019" published on the internet website of MEWR at <https://www.mewr.gov.sg/news/speech-by-mr-masagos-zulkifli--minister-for-the-environment-and-water-resources--at-launch-of-tunnel-boring-machine-tbm-for-deep-tunnel-sewerage-system-phase-2--on-4-april-2019>, last accessed on 2 December 2019.

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of link sewers and the Tuas Water Reclamation Plant and Integrated NEWater factory⁴⁷. The initial water treatment capacity of the Tuas Water Reclamation Plant is expected to be 650,000 cubic metres per day of domestic used water and 150,000 cubic meters per day of industrial used water⁴⁸ and is expected to have even more advanced features compared to the Changi Water Reclamation Plant to improve energy efficiency and reduce waste, and be highly automated to minimise manpower needs⁴⁹. Upon the completion of DTSS Phase 2, the existing Ulu Pandan and Jurong Water Reclamation Plants will be progressively decommissioned to make way for other developments⁵⁰.

The National Environmental Agency (“NEA”) will also site its Integrated Waste Management Facility (“IWMF”) next to the Tuas Water Reclamation Plant to harness potential synergies and enable NEA and PUB to reap the benefits of a water-energy-waste nexus and achieve cost savings⁵¹. Water from the Tuas Water Reclamation Plant can be supplied to the IWMF for its processes and used water can be channelled from IWMF to the Tuas Water Reclamation Plant for treatment.

Over the next few years, about 11 construction tender packages are expected to be called for the Tuas Water Reclamation Plant, estimated to be valued at over S\$2 billion while a total of three (3) EPC tender packages and one (1) build tender is expected to be called for the IWMF, estimated to be valued at over S\$3 billion⁵². This brings the total estimated value of tenders for the Tuas Water Reclamation Plant and the IWMF, comprising civil, mechanical and electrical engineering works to be more than S\$5 billion⁵³, which may in turn lead to opportunities for our Group, being a water technology company with a ME11 L6 BCA licence and proven a proven track record of past projects with the PUB over the last few years. Our Group has also been involved in tenders with potential main contractors for the above-mentioned tender packages.

Desalination

Currently, there are three (3) desalination plants in Singapore, namely the SingSpring Desalination Plant, the Tuaspring Desalination Plant and the Tuas Desalination Plant, supplying a total capacity of 130 mgd, which meet about 30% of Singapore’s water needs⁵⁴. By 2020, two (2) more 30 mgd desalination plants at Marina East and Jurong Island will be built⁵⁵. The Singapore government plans to continue increasing the desalination capacity over the years such that desalinated water will continue to meet up to 30% of Singapore’s water needs in 2060⁵⁶. Additionally, as the current process for desalination is energy-intensive and expensive to produce, the Singapore government is exploring low-energy desalination to ensure the sustainability of desalinated water⁵⁷. This may in turn lead to opportunities for our Group as the Singapore government increases the desalination capacity and improve on the existing desalination plants.

⁴⁷ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/dtss/phase2>, last accessed on 2 December 2019.

⁴⁸ The information was extracted from the internet publication entitled “Overview of Singapore’s Tuas Water Reclamation Plant” of PUB at https://www.pub.gov.sg/dtss/Documents/Overview_of_Singapore_Tuas_Water_Reclamation_Plant.pdf, last accessed on 2 December 2019.

⁴⁹ The information was extracted from the internet publication entitled “Our Water, Our Future” of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>, last accessed on 2 December 2019.

⁵⁰ The information was extracted from the internet publication entitled “Our Water, Our Future” of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>, last accessed on 2 December 2019.

⁵¹ The information was extracted from the internet publication entitled “Integrated Waste Management Facility (IWMF)” of NEA at <https://www.nea.gov.sg/docs/default-source/resource/iwmf.pdf>, last accessed on 2 December 2019.

⁵² The information was extracted from the internet website of NEA at <https://www.nea.gov.sg/media/news/news/index/pub-and-nea-to-call-over-s5-billion-in-tenders-for-tuas-nexus>, last accessed on 2 December 2019.

⁵³ The information was extracted from the joint press release between PUB and NEA entitled “PUB and NEA To Call Over S\$5 Billion In Tenders For Tuas Nexus” published on the website of NEA at <https://www.nea.gov.sg/media/news/news/index/pub-and-nea-to-call-over-s5-billion-in-tenders-for-tuas-nexus>, last accessed on 2 December 2019.

⁵⁴ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fournationaltaps/desalinatedwater>, last accessed on 2 December 2019.

⁵⁵ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fournationaltaps/desalinatedwater>, last accessed on 2 December 2019.

⁵⁶ The information was extracted from the internet publication entitled “Our Water, Our Future” of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>, last accessed on 2 December 2019.

⁵⁷ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fournationaltaps/desalinatedwater>, last accessed on 2 December 2019.

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Industrial Sector

Currently, approximately 55% of Singapore's water supply is channelled to the non-domestic sector, with the percentage expected to rise to 70% by 2060⁵⁸. As such, the Singapore government has made managing industrial water use a priority, especially as Singapore hosts water-intensive businesses like petrochemicals, electronics and pharmaceuticals⁵⁹. Organisations are encouraged to adopt a "Reduce, Replace and Reuse" approach, where they are encouraged to (i) run their facilities efficiently and monitor, review and reduce their water consumption; (ii) choose NEWater, seawater and/or rainwater, instead of potable water, for non-potable use including irrigation, general washing and cooling tower, when applicable and (iii) re-use potable water that is clean enough after one-time use⁶⁰.

From 1 January 2015, with the coming into operation of the Water Efficiency Management Practices under Part IVA of the Public Utilities (Water Supply) Regulations, it is mandatory for all large water users with water consumption of at least 60,000 cubic metres in the preceding year ("**qualifying consumers**") to submit a notification to PUB for their different sites meeting this water consumption threshold, submit a water efficiency management plan, install private water meters at key water usage areas within their premises to track and monitor water usage and appoint at least one (1) water efficiency manager⁶¹.

To support organisations for the implementation of water efficiency measures, PUB announced, on 3 June 2019, a S\$26 million fund for firms in water-intensive industries to implement water management solutions, in the hope of increasing industrial water savings by three (3) million mgd every year, which is equivalent to the water demand of over 25,000 households⁶². The fund by PUB and the National Research Foundation is intended to defray the cost of implementing water saving technologies, such as on-site recycling systems and water reclamation plants, over three (3) years. The S\$26 million will come from three (3) existing funding schemes, namely PUB's Industrial Water Solutions Demonstration Fund ("**IWSDF**") and Water Efficiency Fund, as well as the National Research Foundation's Living Lab Fund. The Water Efficiency Fund was set up to encourage organisations to seek out efficient ways to manage their water demands and would co-fund projects that would yield at least a 10% reduction in water consumption within organisations. The IWSDF supports new water solutions in industrial projects while the Living Lab Fund aims to accelerate the commercialisation of new technologies. As at 3 June 2019, PUB has helped to implement 22 water-efficiency projects, with over five (5) mgd saved, with another 13 industrial water saving projects expected to be completed by 2021, bringing water savings to 8 mgd⁶³. An additional 34 projects are in the pipeline, which could increase water savings by another 10 mgd⁶⁴.

We believe that the initiatives and plans of the Singapore government to manage industrial water use amidst the rising demand and the Singapore government's encouragement of organisations to lower water consumption and water operating costs may lead to opportunities for our Group in the industrial sector. Our Group has been involved in projects which seek to lower the water consumption of our industrial customers in the past, such as the building of a pilot plant for one (1) of our major customers to establish an optimal design for the subsequent building of a large-scale water recycling plant using the latest technology to recover treated wastewater effluent into NeWater and recycling such water for its water treatment plant.

⁵⁸ The information was extracted from the internet publication entitled "Our Water, Our Future" of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>, last accessed on 2 December 2019.

⁵⁹ The information was extracted from the internet publication entitled "Guide on Water Efficiency Management Practices" of PUB at <https://www.pub.gov.sg/Documents/Guide-on-Water-Efficiency-Management-Practices.pdf>, last accessed on 2 December 2019.

⁶⁰ The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/savewater/atwork>.

⁶¹ The information was extracted from the internet publication entitled "Our Water, Our Future" of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>, last accessed on 2 December 2019.

⁶² The information was extracted from an article entitled "\$26 million fund for water-intensive companies to adopt on-site water solutions" published by the Straits Times at <https://www.straitstimes.com/singapore/26-million-pub-fund-for-water-intensive-companies-to-adopt-on-site-water-solutions>, last accessed on 2 December 2019.

⁶³ The information was extracted from an article entitled "\$26 million fund for water-intensive companies to adopt on-site water solutions" published by the Straits Times at <https://www.straitstimes.com/singapore/26-million-pub-fund-for-water-intensive-companies-to-adopt-on-site-water-solutions>, last accessed on 2 December 2019.

⁶⁴ The information was extracted from an article entitled "\$26 million fund for water-intensive companies to adopt on-site water solutions" published by the Straits Times at <https://www.straitstimes.com/singapore/26-million-pub-fund-for-water-intensive-companies-to-adopt-on-site-water-solutions>, last accessed on 2 December 2019.

GENERAL INFORMATION ON OUR GROUP

TREND INFORMATION

Based on the revenue and operations of our Group as at the Latest Practicable Date and barring unforeseen circumstances, our Directors have made the following observations for the current financial year ending 31 December 2019 and for the twelve (12) months from the Latest Practicable Date:

- (a) revenue is expected to increase in FY2019 mainly attributable to our TSEPC segment as work continues to be completed for our existing projects. Revenue is expected to increase further in FY2020 as work continues to be completed for our existing projects as at the Latest Practicable Date and we expect to secure further contracts in FY2020;
- (b) our cost of sales is expected to increase proportionately more than the increase of revenue in FY2019 mainly attributable to our OMS segment arising mainly from the increase in material costs and subcontractor costs for projects such as gas engine generators and bio scrubber plants at Jurong Water Reclamation Plant and Changi Water Reclamation Plant, and maintenance of influent and effluent pumping systems at Changi Water Reclamation Plant. Our cost of sales is expected to increase in tandem with the increase in our revenue in FY2020; and
- (c) general and administrative expenses are expected to increase in FY2019 mainly due to the increase in staff-related costs arising from an increase in headcount at our Singapore head office, and expenses in connection with the Listing. General and administrative expenses are expected to increase further in FY2020 mainly due to our Directors' remuneration pursuant to the Service Agreements.

Barring unforeseen circumstances and taking into account the above, the Directors are of the view that our Group's profit before income tax for FY2019 will be lower than that of FY2018, as our cost of sales is expected to increase proportionately more than the increase in revenue, and the incurrence of listing expenses in FY2019.

Save as disclosed above and in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Position" and "General Information on our Group – Prospects" of this Offer Document, and barring any unforeseen circumstances, our Directors are not aware of any (i) significant recent trends in production, sales and inventory, and the costs and selling prices of our products and services since 30 June 2019, or (ii) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales, revenues, profitability, liquidity or capital resources for at least FY2019, or that may cause the financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition.

Please also refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.

GOVERNMENT REGULATIONS

The following description is a summary of material laws and regulations applicable to our Group. Our Group is in compliance with all the applicable laws and regulations that are material to our business operations as at the Latest Practicable Date. The regulations and policies set out below are not exhaustive and are only intended to provide general information to investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of the laws and regulations on our Group.

SINGAPORE

The Building and Construction Authority (“BCA”)

The construction industry in Singapore is regulated by the BCA, established under the Building and Construction Authority Act (Chapter 30A), which primary role is to develop and regulate Singapore’s building and construction industry. The functions of the BCA include strategic planning, approval of building plans, inspection of construction sites, issuance of permits for building works and review of building regulations.

Contractors Registry

The Contractors Registry is administered by the BCA and was established to register contractors who are able to provide construction related goods and services to the public sector, including government departments, statutory bodies and other public sector organisations. Business entities which are not registered with BCA are only allowed to conduct business as contractors or suppliers to organisations outside the public sector.

MPL is registered with the BCA under the following mechanical and electrical workheads (“ME”) and supply workheads (“SY”):

Workhead	Workhead description	Grade	Tender capacity for each project
ME02	Building Automation, Industrial and Process Control Systems	L2	S\$1.3 million
ME05	Electrical Engineering	L3	S\$4.0 million
ME11	Mechanical Engineering	L6	Unlimited
SY05	Electrical and Electronic Materials, Products and Components	L1	S\$0.65 million

The tendering limit corresponding to each grade is valid for one year from 1 July to 30 June and may be adjusted annually based on economic considerations. The grading given by the BCA is subject to renewal every three years. In granting grading renewal, the BCA will consider factors such as our paid-up capital, net worth, relevant technical personnel, management certifications and our track record. Our current gradings are due for renewal on 1 July 2021.

To qualify for our L6 grade under the ME workhead, at least one of our registrable professionals, professionals or technical personnel must hold a specialist diploma in construction productivity (“SDCP”). Our Executive Director, Ms. Dewi, was awarded the SDCP by the BCA Academy on 14 November 2016.

Licensing of Builders

The Building Control Act (Chapter 29) and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for the licensing of builders and is under the purview of the BCA. Builders who undertake building works for which plans are required to be approved by the BCA, and those who undertake works in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution have to be licensed by the BCA. The licensing requirements apply whether a builder undertakes public or private construction projects. The aim of the licensing of builders is to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency and to ensure that building works are carried out only by builders with experienced key personnel to manage the business and properly qualified technical personnel to supervise the execution of the works.

GOVERNMENT REGULATIONS

There are two types of builder licences, the General Builder Licence and the Specialist Builder Licence, each of which is renewable on a three-yearly basis. There are two (2) classes of General Builder Licences. General Builder Class 1 allows the builder to undertake projects of unlimited value and General Builder Class 2 allows the builder to undertake projects of contract values of S\$6.0 million or less.

As at the Latest Practicable Date, MPL is licensed under General Builder Class 1 until 15 June 2022 and MIPL is licensed under General Builder Class 2 until 23 November 2021.

Contractors licensed under General Builder Class 1 will need to have a minimum paid-up capital of S\$300,000 while contractors licensed under General Builder Class 2 will need to have a minimum paid-up capital of S\$25,000. Licensed contractors will need to have an approved person and a technical controller who hold the required qualifications and possess the required number of years of practical experience in the execution of construction projects. The approved person is the appointed key personnel in-charge of the management of the business and shall be a director or member of the board of management of the company or an employee with similar duties and responsibilities as a director or member of the board of management. The technical controller is the appointed key personnel who carries out personal supervision of the execution and performance of any general building works in Singapore undertaken by the builder. The technical controller could be a director or a member of board of management of the company or an employee with similar duties and responsibilities as such director or member of board of management.

Payments in the Building and Construction Industry

The Building and Construction Industry Security of Payment Act (Chapter 30B) ("**BCISPA**"), which is under the purview of the BCA, facilitates payments for construction work done or for related goods or services supplied in the building and construction industry and provides a fast and low-cost adjudication mechanism to deal with payment disputes. It confers a statutory entitlement to progress payments on any person who has carried out any construction work or supplied any goods or services under a contract. The BCISPA also provides for, among others, the amount of progress payments to which such person is entitled under a contract, the valuation of the construction work carried out or goods or services supplied, and the date on which a progress payment becomes due and payable, even where the contract does not provide for such date. Under the BCISPA, a "pay when paid" provision in a contract is unenforceable and has no effect in relation to any payment for construction work carried out or for goods or services supplied under the contract.

In addition, the BCISPA provides for the following rights:

- (i) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to the claimant) and accepted by the claimant in writing, to make an adjudication application in relation to the payment claim. The BCISPA has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;
- (ii) the right of a claimant to have a lien on goods supplied by the claimant to the respondent that are unfixated and which have not been paid for, to suspend the carrying out of construction work or the supply of goods or services if the requisite written notice has been served and the adjudicated amount has not been paid, and to enforce an adjudication determination, with leave of the court, in the same manner as a judgement or an order of court to the same effect; and
- (iii) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the construction work or goods or services that is the subject of the contract between the respondent and the claimant) to make direct payment of the amount outstanding, or any part thereof, to the claimant, together with the right for such principal to recover such payment as a debt due from the respondent.

GOVERNMENT REGULATIONS

Ministry of Manpower (“MOM”)

The MOM is the ministry of the Singapore government responsible for all labour and workforce-related matters in Singapore. Divisions of the MOM include the occupational health and safety division, which promotes workplace safety and health; the work pass division, which oversees the employment of foreign nationals in Singapore; and the labour relations and workplaces division, which formulates policies on employment matters and industrial relations.

Workplace Safety and Health

Under the Workplace Safety and Health Act (Chapter 354A) (“**WSHA**”), every employer has the duty to take, so far as reasonably practicable, measures necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining a safe working environment for the employees, without risk to health, adequate facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while the employees are at work and ensuring that the employee at work has adequate instruction, information, training and supervision as is necessary for that employee to perform his work. More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations 2006 (“**WSHR**”). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any infectious or bio-hazardous material which may constitute a risk to their health.

Pursuant to the WSHA, machinery or equipment such as bar-benders and welding equipment, are required to be tested and examined to ensure that the machinery or equipment used is safe, and without risk to health, when properly used.

In addition to the above, under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (“**CWSH**”) may, among others, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace relevant for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. A remedial order directs the person served with the order to take such measures, to the satisfaction of the CWSH, to, among others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst a stop-work order directs the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

During the Period Under Review and up to the Latest Practicable Date, there were no remedial orders or stop-work orders issued to our Group under the WSHA.

GOVERNMENT REGULATIONS

Work Injury Compensation

Work injury compensation is governed by the Work Injury Compensation Act (Chapter 354) (the “**WICA**”), and is regulated by the MOM. The WICA applies to employees in respect of injuries suffered by them arising out of and in the course of their employment and sets out, amongst others, the amount of compensation they are entitled to and the methods of calculating such compensation. The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, his employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation shall be computed in accordance with the Third Schedule of the WICA, subject to a maximum and minimum limit, taking into account factors such as the severity and permanence of the personal injury suffered.

Further, the WICA provides that where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the employer) for the execution by the employer of the whole or any part of any work, or for the supply of labour to carry out any work, undertaken by the principal, the principal shall be liable to pay to any employee employed in the execution of the work any compensation which he would have been liable to pay if that employee had been immediately employed by the principal.

Every employer is required to maintain work injury compensation insurance for all employees doing manual work and all employees earning less than S\$1,600 per month. Failure to do so is an offence carrying a fine of up to S\$10,000 and/or imprisonment of up to 12 months. Under the Work Injury Compensation Insurance Regulations (“**WICIR**”), every employer entering into a contract of insurance in accordance with the requirements of WICA shall be issued, by the insurer with whom he contracts, with a certificate of insurance which shall contain certain prescribed particulars. The WICIR further provides that such employer shall display a copy of the certificate of insurance at each place of business at which he employs any employee whose claims may be the subject of indemnity under the policy of insurance to which that certificate relates.

As at the Latest Practicable Date, we have maintained work injury compensation insurance in compliance with the WICA.

Factory Notification and Registration

Under the Workplace Safety and Health (Registration of Factories) Regulations 2008 (“**WSHFR**”), all factories must either register or notify their activities with the MOM by way of an online application before commencing operations. Factories that fall within classes of factories described in the First Schedule to the WSHFR are regarded as engaging in high-risk activities and are subject to registration requirements, while other factories not falling within the First Schedule to the WSHFR are regarded as engaging in low-risk activities and are subject to notification requirements.

The definition of “factory” under the WSHA includes, among others:

- (i) any premises within which persons are employed in:
 - a. the handling, sorting, packing, storing, altering, repairing, construction, processing or manufacturing of any goods or product;
 - b. any building operation or work of engineering construction; and
 - c. the operation or maintenance of any facility or system related to the provision of any public utility; and
- (ii) any premises where building operations or any work of engineering construction are carried out; and
- (iii) any premises where mechanical power is used for the purposes of or in connection with a water supply.

GOVERNMENT REGULATIONS

If there are any changes to the particulars of the factory which have been notified to or registered with the MOM, the occupier of the factory must furnish particulars of the changes to the MOM not later than 14 days of the change taking place. The occupier must also notify the MOM at least 14 days in advance if he intends to cease his occupation or use of the factory. Where any change is to be made to the type of work carried out in the factory as notified to or registered with the MOM, the occupier must inform the MOM at least one (1) month in advance of the proposed change in writing and provide the MOM with the relevant documents pertaining to the change and such other information as the MOM may require. Failure to notify the MOM of any of the foregoing changes in relation to a notified or registered factory is an offence.

Our Group's operations in Singapore are primarily EPC projects for which the bulk of work is undertaken at our customers' premises. Due to the nature of our business, certain of such premises from which we operate are classified as factories under the WSHA and are subject to registration requirements under the WSHFR. Our Group's premise located at 20 Woodlands Link Road #04-03 Singapore 738733 is notified as a factory to the MOM.

Employment Act

The Employment Act (Chapter 91) (the "**Employment Act**") is administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees. In particular, Part IV of the Employment Act sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen or persons employed in managerial or executive positions) who receive salaries not exceeding S\$2,600 a month. Section 38(8) of the Employment Act provides that an employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security, where urgent work is to be done to machinery or plant, or where an interruption of work which was impossible to foresee. In addition, Section 38(5) limits the extent of overtime work that an employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour (the "**CL**") for exemption if they require an employee or class of employees to work for more than 12 hours a day or more than 72 overtime hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by order in writing, exempt such employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 and/or to imprisonment for a term not exceeding 12 months.

Employment of Foreign Workers

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A) (the "**EFMA**"), and regulated by the Ministry of Manpower (the "**MOM**"). Under Section 5(1) of the EFMA, no person shall employ a foreign worker unless the foreign worker has obtained a valid work pass from the MOM. An employer of foreign workers is also subject to, among others, the Employment Act (Chapter 91) (the "**Employment Act**") and the Immigration Act (Chapter 133) (the "**Immigration Act**").

The availability of foreign workers to the construction industry is regulated by the MOM through the following requirements:

(i) Approved source countries

The approved source countries for construction workers are Malaysia, the PRC, Non-Traditional Sources ("**NTS**") and North Asian Sources ("**NAS**"). NTS countries comprise India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines while NAS countries comprise Hong Kong Special Administrative Region, Macau Special Administrative Region, South Korea and Taiwan.

GOVERNMENT REGULATIONS

(ii) Age requirements

Work permit applicants, at the time of application, must be at least 18 years old. Non-Malaysian applicants must be below 50 years old, while Malaysian applicants must be below 58 years old.

(iii) Dependency ceiling based on the ratio of local to foreign workers

The dependency ratio ceiling or quota for the construction industry is currently set at a ratio of one (1) full-time local worker, who earns at least S\$1,300 per month, for every seven (7) foreign workers. This means that for every full-time Singapore Citizen or Singapore Permanent Resident employed by our Company at the qualifying salary, our Company can employ up to seven (7) foreign workers holding work permits. If the quota is exceeded, new applications for and renewals of work passes may be rejected.

(iv) Minimum Percentage of Higher-Skilled (R1) Workers

From 1 January 2018, it is a requirement that at least 10% of construction work permit holders must be Higher-Skilled (R1) workers before any Basic-Skilled (R2) construction workers can be hired or the work permits of existing R2 construction workers can be renewed. From 1 January 2019, firms that do not meet the 10% minimum requirement of R1 workers will not be able to hire or renew the work permits of R2 construction workers and will also have the work permits of any excess R2 construction workers revoked.

(v) Security bonds and foreign worker levies

All employers are required to purchase, for each non-Malaysian work permit holder, a S\$5,000 security bond in favour of the MOM, in the form of a banker's or insurance guarantee. The security bond must be furnished prior to the foreign worker's arrival in Singapore, failing which entry into Singapore will not be allowed. The security bond will be returned only if (i) the work permit has been cancelled, (ii) the foreign worker has returned to his home country, and (iii) there were no breaches of the conditions of the work permit, the conditions of the security bond or any relevant law. The security bond may be forfeited if the conditions of the work permit or the conditions of the security bond were violated, the employer did not pay the foreign worker's salary on time, the employer failed to send the foreign worker back when his work permit expired, was revoked or was cancelled, or the foreign worker has gone missing. If a foreign worker has gone missing, half of the security bond will be forfeited if the employer has made reasonable effort to locate the worker and has filed a police report.

The employment of foreign workers is subject to the payment of levies. For the construction sector, employers pay the levy according to the qualifications of the workers and the countries where they are from. The monthly levy for work permit holders ranges from S\$300 to S\$950.

(vi) Man-year entitlement

The man-year entitlement ("**MYE**") work permit allocation system applies to construction workers from NTS countries and the PRC. Employers who wish to hire construction workers from NTS countries and the PRC are required to apply for MYE prior to hiring such workers. One man-year is equivalent to one year of employment under a work permit. The MYE reflects the total number of such work permit holders a main contractor is entitled to employ for a project based on the value of the project or contract awarded. The number of MYE allocated is calculated based on the value of the building project or civil engineering project. Only main contractors may apply for MYE and they may allocate their MYE to subcontractors involved in the same project. All subcontractors must obtain their MYE allocation from the main contractor.

As at the Latest Practicable Date, our Group is in compliance with the laws and regulations governing the work permit requirements for foreign workers in the construction sector under the Ministry of Manpower of Singapore.

GOVERNMENT REGULATIONS

The National Environment Agency (“NEA”)

The NEA is Singapore’s regulator for the environment and public health and is responsible for ensuring a clean and green environment, and the sustainable development of Singapore. Its key roles are to protect Singapore’s resources from pollution, maintain a high level of public health and provide timely meteorological information. The NEA’s functions include pollution control, the promotion of energy efficiency and conservation, the prevention and control of vector-borne diseases and enforcement of public hygiene and cleanliness.

Environmental Protection and Management Act (Chapter 94A) (“EPMA”)

The EPMA is regulated by the NEA and provides, among others, that every person storing, using or otherwise dealing with any hazardous substance and every agent, servant or employee of such person shall do so in such a manner as not to threaten the health or safety of any person, or to cause pollution of the environment. Any person who contravenes the above requirement shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding two (2) years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$2,000 for every day or part thereof during which the offence continues after conviction.

In addition, the Environmental Protection and Management (Hazardous Substances) Regulations (“**EPM(HS)R**”), provides, among others, that a person shall not use, keep or have in his possession or under his control any hazardous substance specified in the Schedule of the EPM(HS)R unless he is authorised to store such hazardous substance. Any person who contravenes the above requirement shall be liable on conviction to a fine not exceeding S\$30,000 or to imprisonment for a term not exceeding two (2) years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$1,000 for every day or part thereof during which the offence continues after conviction. A person shall be authorised to store hazardous substances where, among others, he is issued with a permit to store and use such hazardous substances. It shall not be lawful for any person to store or use any hazardous substance specified in the Schedule of the EPM(HS)R unless the storage or use of the hazardous substance is effected in accordance with the provisions of the permit and with any condition specified therein.

As at the Latest Practicable Date, MPL held a permit under Regulation 17 of the EPM(HS)R to use ferric chloride, hydrochloric acid and sodium hydroxide. The said permit expires on 20 December 2020.

Indonesia

PTMP

Certification of Construction

A company carrying out a construction services business in Indonesia shall be certified by the National Construction Service Development Institution as this is a pre-requisite before the company can make an application to obtain a Construction Service Business Licence as stipulated in Regulation of the National Construction Service Development Institution Number 3 of 2017 on the Certification and Registration of Construction Implementing Service. This regulation also stipulates the qualifications of Construction Service Business Licence, the process for obtaining a Membership Card or Kartu Tanda Anggota (“**KTA**”) from the National Contractors Association of Indonesia or Gabungan Pelaksana Konstruksi Nasional Indonesia (“**Gapensi**”) and a Certificate of Construction Service Business Entity or Sertifikat Badan Usaha (“**SBU**”) from the National Construction Service Development Institution, and the minimum capital investment required to be satisfied by a construction service company in accordance with the grade of the Construction Service Business Licence it is applying for. Under this regulation, PTMP, being a national construction services company, is required to have a minimum capital of IDR10,000,000,000 (ten billion Rupiah).

The SBU given by the National Construction Service Development Institution to PTMP is subject to renewal every three (3) years and reregistration every year, and the KTA obtained by PTMP from the National Construction Association (in this matter National Contractors Association of Indonesia or Gapensi) is subject to renewal every year. The Construction Service Business Licence issued to PTMP is subject to renewal every three (3) years.

GOVERNMENT REGULATIONS

Contractor Registration

A company carrying out a construction services business has to obtain a Construction Service Business Licence administered by the Ministry of Public Works and Public Housing set forth in Law Number 2 of 2017 on Construction Service (“**Law Number 2 of 2017**”). The application process of such a licence for a national construction services company is stipulated under Ministerial Regulation Number 08/PRT/M/2019 of 2019 on Permit Service Guideline of National Construction Service Business.

As PTMP is considered a national construction services company, the application process of its Construction Service Business Licence is administered by the Regional Government, which in this case is the Implementing Unit Integrated One-Stop Service of Administration City of North Jakarta.

The details of the Construction Business Licence of PTMP are as follows:

Sub-qualification code	Sub-qualification Description	Qualification/ Grade
SI001	Construction Services of Water Channels, Ports, Dam, and Other Water Resources Infrastructure	B1
SI002	Construction Services of Installation of Drinking Water and Wastewater Treatment Plants and Waste Management Buildings	B1
SI008	Construction Services of Local Drinking Water Piping	B1
SI009	Construction Services of Local Wastewater Pipeline	B1

The Construction Business Licence of PTMP given by the Implementing Unit Integrated One-Stop Service of Administration City of North Jakarta is subject to renewal every three (3) years.

Compliance with Standards for Construction Services Company

Pursuant to Article 59 Paragraph (3) of Law Number 2 of 2017, the construction services provided must comply with certain standards, including but not limited to the following areas (i) materials; (ii) equipment; (iii) security and safety; (iv) procedures; (v) quality of work; (vi) maintenance; (vii) worker-protection programmes and (viii) environmental protection.

The above standards are regulated by the relevant technical ministries. In addition, pursuant to Article 59 Paragraph (2) of Law Number 2 of 2017, the user and/or the provider must agree to meet certain standards in relation to the following:

- (a) the results of any construction assessment, planning and/or drafting process;
- (b) the formulation of any technical process which relates to construction, maintenance, demolition and/or reconstruction;
- (c) the implementation of any construction, maintenance, demolition and/or reconstruction activity;
- (d) the use of materials, equipment and/or technology; and/or
- (e) the results of the construction services.

In accordance with Article 96 Paragraph (1), read in conjunction with Article 96 Paragraph (2) of Law Number 2 of 2017, the construction services provided which do not comply with the above standards, may be subject to the following administrative sanctions:

- (a) a warning letter;
- (b) the administrative fines;

GOVERNMENT REGULATIONS

- (c) the suspension of construction services activities;
- (d) inclusion in the blacklist;
- (e) freezing of the licence; and/or
- (f) revocation of licence.

Trade Licence

A company carrying out a wholesale business has to obtain a Trading Business Licence or Surat Izin Usaha Perdagangan (“**SIUP**”) administered by the Ministry of Trade as set out in Law No. 7 of 2014 on Trading and supplemented by Ministry of Trade Regulation No. 77 of 2018 on Business Licensing Services Integrated Electronically in Trade. Such application will be processed and issued through the OSS system.

Water Treatment Licence

There is no presently specific business licence for a company carrying out water treatment business activities. Therefore, the NIB is currently treated as an evidence that the company can carry out water treatment business activities from the officials of Ministry of Public Works and Public Housing or *Kementerian Pekerjaan Umum dan Perumahan Rakyat* (“**PUPR**”) and BKPM. Further details of the NIB are set out below.

Pursuant to Article 40 Paragraph (3) of Law No. 17 of 2019 concerning Water Resources (“**Law 17/2019**”), a company shall obtain a licence from the Central Government and/or the respective regional government in accordance with their authority in order to carry out construction of water resources infrastructure. Moreover, in order to carry out the activities of water treatment, a company shall have a licence from the Central Government and/or the respective regional government as set forth in Article 44 of Law 17/2019.

Pursuant to Article 70 Paragraph of Law 17/2019, a company which carries out implementation construction activities of water resources infrastructure and/or activities of use water resources for business purposes without licence is subject to convicted with imprisonment for a minimum of one (1) year and a maximum of three (3) years and an administrative fine of no less than IDR1,000,000,000 (one billion Rupiah) and a maximum of IDR5,000,000,000 (five billion Rupiah).

The implementation of licenses regarding construction of water resources infrastructure and/or water treatment in Law 17/2019 will be specifically regulated in presidential regulations and other implementing regulations. However, such regulations are still under discussion by the government of Indonesia and PUPR as at the Latest Practicable Date.

PTMI

Certification of Construction

A company carrying out a construction services business in Indonesia shall be certified by the National Construction Service Development Institution as this is a pre-requisite before the company can make an application to obtain a Construction Service Business Licence as stipulated in Regulation of the National Construction Service Development Institution Number 3 of 2017 on the Certification and Registration of Construction Implementing Service. This regulation also stipulates the qualifications of Construction Service Business Licence, the process for obtaining a KTA from the Gapensi and a SBU from the National Construction Service Development Institution, and the minimum capital investment required to be satisfied by a construction service company in accordance with the grade of the Construction Service Business Licence it is applying for. Under this regulation, PTMI, being a foreign construction services company, is required to have a minimum capital of IDR 50,000,000,000 (fifty billion Rupiah).

The SBU given by National Construction Service Development Institution to PTMI is subject to renewal every three (3) years and reregistration every year, and the KTA obtained by PTMI from the Gapensi is subject to renewal every year.

GOVERNMENT REGULATIONS

Contractor Registration

A foreign construction services company such as PTMI which carries out a construction services business shall obtain a Construction Service Business Licence administered by the Ministry of Public Works and Public Housing as set out in Law Number 2 of 2017. The application process for such licence for a foreign construction services company is stipulated under the Ministerial Regulation Number 09/PRT/M/2019 of 2019 on Permit Service Guideline of Foreign Construction Service Business.

The details of the Construction Service Business Licence of PTMI are as follows:

Sub-qualification code	Sub-qualification Description	Qualification/ Grade
SI002	Construction Services of Installation of Drinking Water and Wastewater Treatment Plants and Waste Management Buildings	B2
SI008	Construction Services of Local Drinking Water Piping	B2
SI009	Construction Services of Local Wastewater Pipeline	B2

The Construction Service Business Licence of PTMI given by Minister of Public Works and Public Housing is valid so long PTMI is performing its activity.

As stipulated in Presidential Regulation Number 44 of 2016 on List of Business Field Restricted and Business Field Open With Requirement in the Investment Field, any foreign investment from ASEAN countries in an Indonesian company which is involved in the provision of construction services is to be restricted to a maximum of 70%, while foreign investments in an Indonesian company involved in water management services is restricted to a maximum of 95%. A stricter threshold of 70% applies to a company engaged in both lines of businesses (i.e. provision of construction services and water management services).

As PTMI engages in both construction services and water management services, its foreign ownership is limited to 70%. This is because PTMI's shareholder, MIPL, is a company established in Singapore, an ASEAN nation.

As PTMI is majority owned by MIPL which is deemed as a foreign party, hence it has to be in the form of a limited liability company, or commonly recognized as a foreign direct investment company or *perusahaan penanaman modal asing* ("**PMA**") as stipulated in the Indonesian Investment Law.

Compliance with Standards for Construction Services Company

Pursuant to Article 59 Paragraph (3) of Law Number 2 of 2017, the construction services provided must comply with certain standards, including but not limited to the following areas (i) materials; (ii) equipment; (iii) security and safety; (iv) procedures; (v) quality of work; (vi) maintenance; (vii) worker-protection programmes and (viii) environmental protection.

The above standards are regulated by the relevant technical ministries. In addition, pursuant to Article 59 Paragraph (2) of Law Number 2 of 2017, the user and/or the provider must agree to meet certain standards in relation to the following:

- (a) the results of any construction assessment, planning and/or drafting process;
- (b) the formulation of any technical process which relates to construction, maintenance, demolition and/or reconstruction;
- (c) the implementation of any construction, maintenance, demolition and/or reconstruction activity;
- (d) the use of materials, equipment and/or technology; and/or
- (e) the results of the construction services.

GOVERNMENT REGULATIONS

In accordance with Article 96 Paragraph (1), read with Article 96 Paragraph (2) of Law Number 2 of 2017, the construction services provided which do not comply with the above standards, may be subject to the following administrative sanction as follows:

- (a) a warning letter;
- (b) the administrative fines;
- (c) the suspension of activities construction service;
- (d) inclusion in the blacklist;
- (e) freezing of the license; and/or
- (f) revocation of license.

Water Treatment License

There is presently no specific business license for a company carrying out water treatment business activities. Therefore, the NIB is currently treated as evidence that a company can carry out water treatment business activities from the officials of Minister of PUPR and the BKPM. Further details of the NIB are set out below.

Pursuant to Article 40 Paragraph (3) of Law No. 17 of 2019 concerning Water Resources (“**Law 17/2019**”), a company shall obtain a licence from the Central Government and/or the respective regional government in accordance with their authority in order to carry out construction of water resources infrastructure. Moreover, in order to carry out the activities of water treatment, a company shall have a licence from the Central Government and/or the respective regional government as set forth in Article 44 of Law 17/2019.

Pursuant to Article 70 Paragraph of Law 17/2019, a company which carries out implementation construction activities of water resources infrastructure and/or activities of use water resources for business purposes without licence is subject to convicted with imprisonment for a minimum of one (1) year and a maximum of three (3) years and an administrative fine of no less than IDR1,000,000,000 (one billion Rupiah) and a maximum of IDR5,000,000,000 (five billion Rupiah).

The implementation of licenses regarding construction of water resources infrastructure and/or water treatment in Law 17/2019 will be specifically regulated in presidential regulations and other implementing regulations. However, such regulations are still under discussion by the Government and PUPR as at the Latest Practicable Date.

Company Administration Registration

Companies carrying out business activities in Indonesia has to secure a business licence which is issued electronically through the Online Single Submission (“**OSS**”). Such companies have to secure a NIB first, which serves as a source for registering a company’s business activity and a NIB will include all registered business activities of a company. The application for a business license may commence only after securing the NIB.

In the case of a construction services company, the Construction Service Business Licence issued by OSS will be effective after all commitments have been fulfilled, including the obtaining of a Construction Service Business Licence issued by the PUPR or the Regional Government, as the case may be.

PTMP and PTMI have both secured NIBs as the precursor requirements for the Construction Service Business Licence. Both PTMP and PTMI have secured effective Construction Service Business Licences issued by OSS.

GOVERNMENT REGULATIONS

PRC

FOREIGN INVESTMENT IN THE PRC

Foreign investment in the PRC is, among others, subject to the approval of or filing with the PRC Ministry of Commerce (商务部, the “**MOFCOM**”) or its local counterparts and registration with the State Administration for Market Supervision (“**AMS**”) or its local counterparts.

A foreign invested enterprise, including a wholly foreign owned enterprise, Sino-foreign equity or contractual joint venture (“**FIE**”) in the PRC shall only be deemed as being established upon approval of or filing with the MOFCOM and obtaining the business license issued by the AMS.

The proposed business of an FIE is subject to the industry review by relevant PRC authorities in accordance with the Guidance Catalogue of Industries for Foreign Investment (外商投资产业指导目录, the “**Industry Catalogue**”) jointly promulgated and amended from time to time by the PRC National Development and Reform Commission (国家发展和改革委员会, the “**NDRC**”) and the MOFCOM. As at the Latest Practicable Date, the Industry Catalogue currently in force was issued on 28 June 2017 and took effect on 28 July 2017, and classified the industries into four categories, with certain investment restrictions as follows:

- (i) Encouraged industries: Foreign investors are encouraged to invest in the industries falling under the encouraged industry catalogue. There are no legal requirements in terms of equity holding percentages for most encouraged industries;
- (ii) Restricted industries: There will be various restrictions in terms of equity holding percentages, or governmental approving levels, enterprise forms (either Sino-foreign equity or contractual joint venture) for foreign investors to invest in the industries falling under the restricted industry catalogue;
- (iii) Prohibited industries: Foreign investors are not allowed to invest in the industries falling under the prohibited industry catalogue; and
- (iv) Permitted industries: Industries which do not fall into the above three categories are permitted industries. Permitted industries are not explicitly set out in the Industry Catalogue.

There have been certain amendments to the Industry Catalogue. The list of encouraged industries for foreign investment contained in the Industry Catalogue has been replaced by the Catalogue of Industries for Encouraging Foreign Investment (鼓励外商投资产业目录) (2019), which was issued on 30 June 2019 and took effect on 30 July 2019. Pursuant to the Industry Catalogue, the restricted industries and prohibited industries for foreign investment are collectively referred as the Special Administrative Measures (Negative List) for the Access of Foreign Investment (外商投资准入特别管理措施(负面清单) (2019) (the “**Negative List**”). The latest version of the Negative List was issued on 30 June 2019 and took effect on 30 July 2019.

On 15 March 2019, the new Foreign Investment Law of PRC (中华人民共和国外商投资法) was passed by the Second Session of the 13th National People’s Congress and will come into force on 1 January 2020. This new landmark law clarifies the principle of equal treatment to both domestic and foreign investment if a proposed foreign investment does not fall under the Negative List, which may be updated from time to time. Pursuant to the Foreign Investment Law, organization form of foreign investment enterprises shall be regulated by the PRC Company Law and PRC Partnership Enterprise Law, which means a newly established foreign investment enterprise after 1 January 2020 will be registered as a limited liability company, company limited by shares (股份有限公司) or partnership enterprise, without distinguishing as wholly foreign-owned, Sino-foreign joint ventures or Sino-foreign cooperation.

GOVERNMENT REGULATIONS

Dividend Distribution

Pursuant to the PRC Company Law (中华人民共和国公司法), PRC companies, including any FIE, may pay dividends only out of their accumulated profits (after setting off the historical accumulative loss), if any, determined in accordance with PRC accounting principles. In addition, PRC companies, including any FIE, are required to set aside each year at least 10% of their after-tax profit based on PRC accounting principles to their statutory general reserve funds until the cumulative amount of such reserve fund reaches 50% of their registered capital. These reserves are not distributable as cash dividends. Furthermore, wholly foreign owned enterprises are also required to set aside funds for employee bonus and welfare, and Sino-foreign equity joint ventures are required to set aside funds for employee bonus and welfare and an enterprise development fund, the percentages of which from the profits are at the discretion of such FIEs and as stipulated in their articles of association. These reserves or funds are not distributable as cash dividends.

Product Quality

The PRC Product Quality Law (中华人民共和国产品质量法) provides that manufacturers and distributors of products (other than construction projects) in the PRC shall be liable for defects of products. Manufacturers and distributors shall: (i) adopt a check-for-acceptance system for stock replenishment to examine the quality certificates and other labels of such stock, (ii) adopt measures to keep products for sale in good quality, (iii) sell products with labels in accordance with the relevant provisions, (iv) not forge the origin of a product or falsely use the name and address of another manufacturer, (v) not forge or falsely use another manufacturer's authentication marks, marks of famous/premium brand names or other product quality marks, and (vi) not mix impurities or imitations into products, substitute a fake product for a genuine one, a defective product for a high-quality one, or pass off a substandard product as a qualified one in the sale of products.

Violations of any of the abovementioned obligations may result in the imposition of fines. In addition, the business operator may be ordered to suspend its operations and its business license may be revoked. Criminal liability may be incurred in serious cases.

Furthermore, pursuant to the Product Quality Law, consumers or other victims who suffer injury or property losses due to product defects may demand compensation from the manufacturer as well as the distributor.

IMPORT AND EXPORT

Pursuant to the Foreign Trade Law of the PRC (中华人民共和国对外贸易法), foreign trade operators in the business of goods or technology import and export shall make relevant filings with the relevant authorities in charge of foreign trade. A legally registered foreign trade operator is entitled to act as an agency on commission (as stated in its business scope) on behalf of other parties for their import and export business. The General Administration of Customs of the PRC (中华人民共和国海关总署) or its local counterparts ("**Customs**") shall refuse to process the declaration and clearance of goods imported or exported by the foreign trade operators that fail to make the relevant filings.

Pursuant to the Circular on Relevant Issues concerning the Record Keeping and Registration of Right to Foreign Trade of Foreign-funded Enterprises (关于外商投资企业外贸权备案登记有关问题的通知), FIEs established after 1 July 2004, which import and export of goods and technology produced by such enterprises or for their own use, need not apply for registration as a foreign trade operator.

Pursuant to the Administrative Provisions for the Registration of Customs Declaration Agents by PRC Customs Authorities (中华人民共和国海关报关单位注册登记管理规定), registration of Customs declaration entity is classified into (i) Customs declaration enterprise (报关企业) and (ii) consignors and consignees of imported and exported goods (进出口货物收发货人). The Customs declaration entity shall file a Customs declaration entity registration information annual report before 30 June of each year. The duration of Customs declaration entity registration certificate of a Customs declaration enterprise is 2 years and renewable before expiration, while the duration of Customs declaration entity registration certificate of a consignors and consignees of imported and exported goods is indefinite.

GOVERNMENT REGULATIONS

Pursuant to the Measures for the Administration of Entry-Exit Inspection and Quarantine Enterprises (出入境检验检疫报检企业管理办法), the legal entities for commodity inspection and quarantine filing are classified as (i) entities for inspection and quarantine filing of its own commodity (自理报检企业) and (ii) agent for inspection and quarantine filing (代理报检企业). The legal entities for commodity inspection and quarantine filing shall register with the administrative authority in charge of inspection and quarantine.

WORKPLACE SAFETY AND HEALTH

Pursuant to the Production Safety Law of the PRC (中华人民共和国安全生产法), which was promulgated on 29 June 2002 and with the latest amendment on 31 August 2014, as at the Latest Practicable Date, every enterprise which carries out manufacturing activity shall satisfy requirements of production safety set up by PRC laws or national or industry standards. The persons in charge of the business and management of the enterprises shall be responsible for the safety of manufacturing activities.

The Production Safety Law of PRC also imposes a duty on every enterprise which carries out manufacturing activities to ensure the safety and health of its employees. These measures include, among others, clearly stating its obligation of ensuring production safety in the labour contract with its employees, preventing its employees from occupational hazards and paying for its employees' medical insurance premium. Enterprises are also required to arrange for trainings for production safety for their employees and to purchase protective equipment for its manufacturing activities.

Pursuant to the Labour Law of the PRC (中华人民共和国劳动法, the "**Labour Law**"), every employer must draw up a regime regarding workplace safety and ensure the workplace safety facility is designed, constructed or used simultaneously with the main project and such facility shall be subject to the relevant national standards. The Labour Law also imposes a duty on every employer to ensure the safety and health of its employees.

LABOUR PROTECTION

Employers in the PRC shall comply with relevant laws and regulations in relation to the labour protection and social insurance.

Pursuant to the Labour Law, every employer (including FIEs) must enter into employment contracts with its employees, based on the principles of equality, consent and agreement through consultation. Every employer must establish and effectively implement a system for ensuring occupational safety and health, educating employees on occupational safety and health, preventing work-related accidents and reducing occupational hazards. Every employer is also required to provide for statutory holidays, sick leave, maternity leave, wedding and funeral leave, workplace-injury leave and other welfare benefits in accordance with the relevant state laws and regulations.

The Labour Contract Law of the PRC (中华人民共和国劳动合同法), which is intended to improve the protection of employees' benefits and rights, provides for certain requirements as follows:

- (i) an open-ended employment contract without a fixed term shall be entered into by the employer with employees, whose employment term has been renewed twice based on his or her previous fixed-term employment contract unless the employees request for a fixed-term employment contract;
- (ii) severance payment shall be made by the employer to the employee, based on the standard of one-month salary for every one working year when an employment contract expires in accordance with its terms, unless such employee declines the employer's offer to renew the contract, and where such offer is based on payment which is the same or higher than the previous employment contract (full details of severance payment shall be referred to the Labour Contract Law);
- (iii) if an employer prematurely terminates the contract unilaterally without justified reasons as provided in the PRC labour protection laws and regulations, double of the severance payment (as stated in paragraph (ii) above) shall be paid as compensation to the employees unless otherwise agreed with the employees or otherwise provided in the Labour Contract Law;

GOVERNMENT REGULATIONS

- (iv) if an employer fails to enter into an employment contract with the employees for more than 1 month from the factual commencement of employment, the employer shall pay an amount which is double the salary to the employees each month from the second month. If the status of factual establishment employment without an employment contract continues for more than 1 year, an open-ended employment contract shall be deemed being entered into with the employees.

SOCIAL INSURANCE

Pursuant to the PRC Social Insurance Law (中华人民共和国社会保险法), the social insurance includes basic pension, basic medical treatment insurance, work injury insurance, unemployment insurance and maternity insurance. Employers shall arrange urban employee social insurance for their full-time employees. If an enterprise fails to pay the required social insurance premiums on time, the administrative authority shall demand the enterprise to settle the overdue amount within a stipulated time period and impose an interest of 0.05% per day of the overdue amount. If the overdue amount is still not settled within the stipulated time period, an additional fine of one to three times of the overdue amount shall be imposed at the discretion of the administrative authority.

ENVIRONMENTAL PROTECTION

Pursuant to the latest PRC Environmental Protection Law (环境保护法), a company which brings environmental pollution and discharges other polluting materials that endanger the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection, adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the environment.

Pursuant to the PRC laws on Appraising of Environment Impacts (中华人民共和国环境影响评价法), environment impact appraisal is classified into three types as follows:

- (i) where a major environmental impact may be caused, an environmental impact report (环境影响报告书) shall be prepared to make a comprehensive assessment of the environmental impact;
- (ii) where a mild environmental impact may be caused, an environmental impact reporting form (环境影响报告表) shall be prepared to analyse or make a particular assessment of the environmental impact; and
- (iii) an environmental impact registration form (环境影响登记表) shall be filed if an environmental impact assessment is not necessary due to its minimal impact on the environment.

the environment impact report or environment impact reporting form of a manufacturing site shall be filed with the competent environment protection authority for opinions. The environment impact registration form shall be filed with the online Filing System for Environment Impact Registration Form (建设项目环境影响登记表备案系统). The construction of the manufacturing site shall only start after the environment impact appraisal documents have been approved by or filed with the competent environment protection authority. If a construction legal entity fails in filing the environment impact report or environment impact reporting form (as the case may be) before the construction of the manufacturing site, the competent environment protection authority may order the suspension of construction and impose a fine of 1% to 5% of the total construction investment amount, while if failing in filing the environment impact registration form before the construction of the manufacturing site, the environment protection authority may order the completion of such filing and impose a fine of no more than RMB 50,000.

Pursuant to the Regulations on the Administration of Construction Project Environmental Protection (建设项目环境保护管理条例), it is also legally required that a manufacturing site that is subject to environment impact report or environment impact reporting form shall complete environment protection acceptance checks after completion of construction.

GOVERNMENT REGULATIONS

EXCHANGE CONTROLS

The following is a description of the exchange controls that exist in the jurisdictions our Group operate.

Singapore

There are no Singapore governmental laws, decrees, regulations or other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

Indonesia

Obligation to use Indonesian Rupiah/ IDR

Pursuant to Article 2 Paragraph (1) of Regulation of Bank Indonesia No. 17/3/PBI/2015 regarding Obligation To Use Rupiah Within the Unitary State of the Republic of Indonesia ("**PBI 17/2015**"), every party shall use Indonesian Rupiah (IDR) in every transaction carried out within territory of the Unitary States of the Republic of Indonesia, and such transaction shall be applicable for cash and non-cash as set forth in Article 3 paragraph (1) of PBI 17/2015.

Pursuant to the Article 4 of PBI 17/2015, there is an exception to use Rupiah for transaction as follows:

- (a) certain transactions for the implementation of State's Budget of Revenues and Expenditures (APBN);
- (b) receipts or grants from or to other countries;
- (c) international trade transaction;
- (d) bank deposits in foreign currencies; or
- (e) transactions of international financing.

Pursuant to the Article 10 of PBI 17/2015, every party shall be prohibited from rejecting the acceptance of Rupiah for payment or for settlement of liabilities in Rupiah and/or for other financial transactions within the territory of the Republic of Indonesia.

Sanction

Pursuant to the Article 17 of PBI 17/2015 *juncto* Article 33 of Law No. 7 of 2011 concerning Currency ("**Law 7/2011**"), a violation of the obligation to use Rupiah for cash transaction and/or rejecting to accept Rupiah shall be subject to criminal imprisonment for maximum one (1) year and a maximum criminal fine of IDR200,000,000.00 (two hundred million Rupiah).

Moreover, a violation of the obligation to use Rupiah for non-cash transactions shall be subject to administration sanctions in the form(s) of (i) written warnings, (ii) obligations to pay, and/or (iii) a prohibition to take part in any transaction of payments, and the sanction on such obligations to pay shall be for as much as 1% (one per cent.) of the value of the transaction, up to a maximum amount of IDR1,000,000,000.00 (one billion Rupiah) as set forth in Article 18 of PBI 17/2015.

GOVERNMENT REGULATIONS

Foreign Exchange Transactions Against Rupiah

Pursuant to Article 2 of Bank Indonesia Regulation No. 18/19/PBI/2016 concerning Foreign Exchange Transactions against Rupiah between Banks and Foreign Parties ("**PBI 18/2016**"), foreign exchange transactions against Rupiah consist of the following:

- (a) Spot transactions; and
- (b) Foreign exchange derivative transactions against Rupiah, which consist of (i) standard derivative transactions, in the form of forward, swap, option, and cross currency swap transactions; and (ii) structured product foreign exchange transactions against Rupiah in the form of call spread options.

Banks may conduct foreign exchange transactions against Rupiah with foreign parties based on a contract/agreement as set forth in Article 3 paragraph (1) of PBI 18/2016 as mentioned above.

Pursuant to Article 15 of PBI 18/2016, the banks may not engage in the following with foreign parties:

- (a) providing credit or financing in Rupiah and/or foreign exchange but shall not apply to:
 - Loan or non-cash financing or bank guarantee relating to investment activity in Indonesia which has received counter guarantee from the Prime Banks or has a 100% collateral deposit of given guaranteed amount;
 - Syndicated loan or financing;
 - Credit card;
 - Consumption loan or financing used in Indonesia;
 - Intraday rupiah and foreign currency overdrafts supported by authenticated documents indicating confirmation of funds credited to the account on the same day;
 - Overdrafts in rupiahs and foreign currency due to imposition of administration charges;
 - Claims from the agency appointed by the government for management of bank assets within the framework of Indonesian bank restructuring, for which payment is guaranteed by a Prime Bank;
- (b) placements in Rupiah;
- (c) purchasing commercial paper in Rupiah issued by foreign parties, but shall not apply to:
 - Purchasing of Rupiah denominated securities relating to domestic and international trade (export-import);
 - Purchasing of Rupiah bank draft issued by overseas banks for the account of Indonesian overseas workers;
- (d) intercompany invoicing in Rupiah;
- (e) intercompany invoicing in foreign exchange in order to provide credit or financing overseas; and
- (f) capital participation in Rupiah; and
- (g) foreign exchange transaction against Rupiah relating to structured product.

GOVERNMENT REGULATIONS

Pursuant to Article 18 *juncto* Article 19 of PBI 18/2016, transfers of Rupiah are stipulated as follows:

- (a) Banks are prohibited from transferring of Rupiah to overseas account.
- (b) Banks may engage in Rupiah transfer to a foreign party's account or a joint account held in domestic bank with maximum equivalent amount up to USD1,000,000.00 (one million United States dollars) or Rupiah transfer between Rupiah accounts within the same ownership.
- (c) Rupiah transfer with the amount exceeding USD1,000,000.00 (one million United States dollars) is subject to underlying requirement. This requirement shall not apply to Rupiah transfer for settlement purpose in the cases of roll over, early termination, and unwinding of derivative transaction.
- (d) The receiving banks are required to verify the status of the fund receiver.

Pursuant to Article 13 of PBI 18/2016, the settlement of foreign exchange transaction against Rupiah is stipulated as follows:

- (a) Spot transaction between banks and foreign parties must be fully settled.
- (b) Derivative transaction between banks and foreign parties may be settled by netting for the purposes of roll over, early termination, and unwinding.
- (c) Derivative transactions with a maximum amount not exceeding USD1,000,000.00 (one million United States dollars) and supported by eligible underlying may be settled by netting.
- (d) The minimum tenor of derivative transaction for settlement in rollover, early termination, or unwinding activities is one (1) week.

Sanctions

Pursuant to Article 29 of PBI 18/2016, any bank in violation of this provision shall be liable to sanctions as follows:

- (a) administrative sanction in the form of written warning;
- (b) financial penalty of 1% (one per cent.) of the violating transaction amount for every violation, with a minimum amount Rp 10.000.000,00 (ten millions Rupiah) and maximum amount of up to Rp 1.000.000.000,00 (one billion Rupiah);
- (c) the amount of financial penalty is calculated using JISDOR (Jakarta Interbank Spot Dollar Rate) on the occurrence of a violation.

Foreign Debt of Banks and Other Liabilities of Bank in Foreign Currency

Pursuant to Article 2 paragraph (4) of Bank Indonesia Regulation No. 21/1/PBI/2019 concerning Foreign Debt of Banks and Other Liabilities of Bank in Foreign Currency ("**PBI 21/2019**"), banks that have foreign debts and other liabilities in foreign currencies ((i) domestic foreign currency debt and (ii) risk participation transactions) shall apply the precautionary principle. In addition, the precautionary principle means is activity market risk, credit risk, liquidity risk, operational risk, obedience risk, and other risk as set forth in Elucidation on PBI 21/2019.

Sanctions

Pursuant to Article 18 of PBI 21/2019, banks that violate this provision are subjected to administrative sanctions in the form of:

- (a) written warning;
- (b) obligation to pay;

GOVERNMENT REGULATIONS

- (c) prohibition of applying for plan approval market entry; and/or
- (d) limitation of participation in monetary operations.

PRC

Pursuant to the Regulation of Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理规定), the foreign invested enterprises (“FIE”), may only buy, sell or remit foreign currencies at the banks in China authorized to conduct foreign exchange business after providing valid commercial supporting documents and, in the case of capital account item transactions, upon obtaining approvals from or filing with the State Administration of Foreign Exchange (国家外汇管理局)(“SAFE”).

Foreign Exchange Registration of Foreign Direct Investment

Pursuant to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (关于进一步简化和改进直接投资外汇管理政策的通知), the required foreign exchange registration of foreign direct investment with the SAFE shall be conducted by a qualified commercial bank and the FIEs shall obtain the foreign exchange affair registration form (外汇业务登记凭证) for the subsequent foreign exchange bank account opening and foreign exchange capital related affairs.

Foreign Exchange Conversion and Use in the PRC by the FIEs

Pursuant to the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (关于改革外商投资企业外汇资本金结汇管理方式的通知), it is required that the RMB converted from foreign currency capital of a FIE may only be used for business activities (including but not limited to trade and service related payment) falling under the approved business scope set out in its business license and the equity investment in other business entities in the PRC upon approval and/or registration by relevant governmental authorities. In addition, SAFE strengthens its oversight of the flow and use of RMB converted from foreign currency capital. Pursuant to the notice, an FIE is entitled to convert its whole or partial foreign currency capital into RMB at its own discretion without the approval of SAFE according to its actual operational need but shall, when using the converted RMB, submit supporting documents to the commercial banks. Foreign currency capital or its converted RMB of an FIE shall not be used for the following purposes:

- (i) payment out of the approved business scope or payment being prohibited by the PRC laws;
- (ii) security investment, unless otherwise provided by the PRC laws;
- (iii) directly or indirectly granting RMB entrusted loans (unless permitted by its business scope); repayment of loans from other enterprises (including advances paid by the third party) or RMB bank loan which has been transferred to a third party; and
- (iv) purchase of non-self-used real estate, unless it is a foreign-invested real estate company.

Dividend Payment

Pursuant to the Implementing Rules of the Service Trading Foreign Exchange Administration Guideline (服务贸易外汇管理指引实施细则), FIEs are allowed to distribute profit in foreign exchange to their offshore shareholders by presenting a resolution of the board of directors of the FIEs to a bank qualified for foreign exchange affairs.

Cross Border Borrowings

Pursuant to the Measures for Foreign Debts Registration and Administration (外债登记管理办法), FIEs are allowed to make cross border borrowings, including loans from their offshore shareholders and other offshore legal entities. Prior registration with the SAFE is required before such borrowings are arranged. The quota of foreign debt available to an FIE is subject to the registered total investment amount, paid up registered capital or the risk weighted outstanding of cross border financing (跨境融资风险加权余额) calculated in accordance with the Circular on Relevant Issues of the General and Prudent Administration of Full-scale Cross Border Financing of the People’s Bank of China (中国人民银行关于全口径跨境融资宏观审慎管理有关事宜的通知).

GOVERNMENT REGULATIONS

Cross Border Guarantee

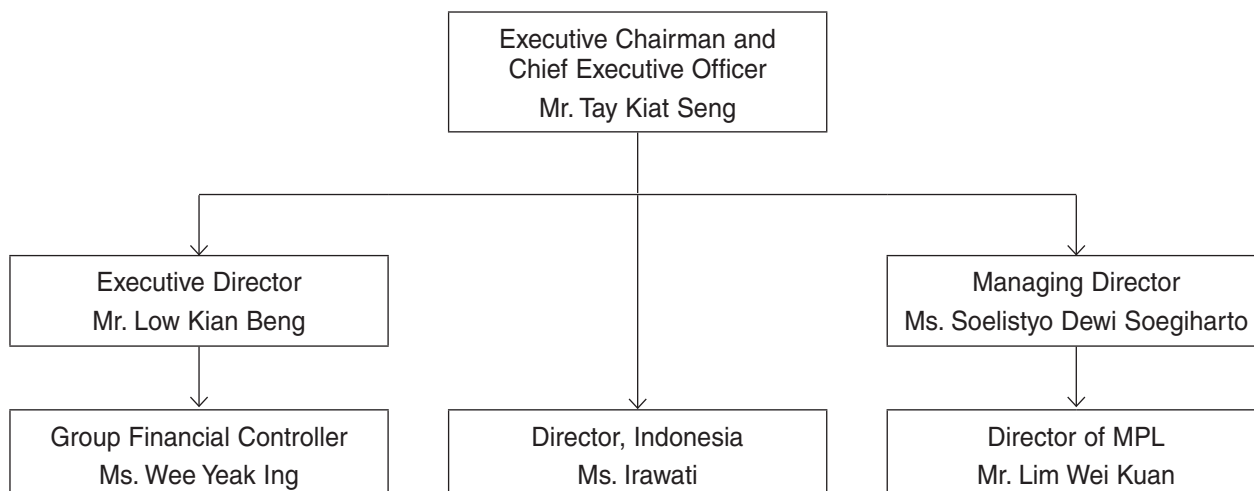
Pursuant to the Provisions on the Foreign Exchange Administration of Cross-border Guarantees (跨境担保外汇管理规定), prior registration with the SAFE is required for certain types of cross border guarantee, i.e. domestic guarantee for offshore borrowing (内保外贷) and offshore guarantee for domestic borrowing (外保内贷). Other types of cross border guarantee specified in the foregoing provisions are not subject to prior registration with SAFE as long as such cross-border guarantee does not contravene the PRC law and applicable foreign law and the relevant foreign exchange administrative requirements in respect of cross border indebtedness. Such other types of cross border guarantee include but not limited to the following circumstances:

- (i) the guarantor and the debtor are within the PRC territory, while the creditor is outside the PRC territory; or the guarantor and the creditor are within the PRC territory, while the debtor is outside the PRC territory;
- (ii) the guarantor and the debtor are outside the PRC territory, while the creditor is within the PRC territory; or the guarantor and the creditor are outside the PRC territory, while the debtor is within the PRC territory;
- (iii) the guarantor, debtor and creditor are all within the PRC territory while the security registration place is outside the PRC territory; and
- (iv) the guarantor, debtor and creditor are all outside the PRC territory while the security registration place is within the PRC territory.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure as at the Latest Practicable Date is set out below:



DIRECTORS

Our Directors are entrusted with the responsibility for the overall management of our Group. The particulars of our Directors as at the date of this Offer Document are set out below:

Name	Age	Designation
Mr. Tay Kiat Seng	57	Executive Chairman and CEO
Ms. Soelistyo Dewi Soegiharto	54	Managing Director
Mr. Low Kian Beng	63	Executive Director
Mr. Jackson Chevalier Yap Kit Siong	68	Lead Independent Director
Mr. Chua Kern	48	Independent Director
Mr. Hor Siew Fu	68	Independent Director
Mr. Lee Dah Khang	48	Independent Director

The correspondence address of all our Directors is 20 Woodlands Link, #04-30/31, Singapore 738733.

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Directors is set out below:

Mr. Tay Kiat Seng is our Executive Chairman and CEO.

Mr. Tay Kiat Seng is our Company's Executive Chairman and CEO. Mr. Tay has over 31 years of experience in the water treatment industry. He is a co-founder of our Group and has been a director of our Company since its incorporation on 6 March 2013. As Executive Chairman and CEO, Mr. Tay bears the overall responsibility of overseeing the business performance of our Group and charting the direction of our Group as well as formulating, developing and overseeing the execution of business strategies for the growth and expansion of our Group. He is also the main driving force behind our Group's business growth and directly responsible for growing our Group's foreign subsidiaries in Indonesia and the PRC, with the former contributing significantly to our Group.

Mr. Tay graduated from the University of Strathclyde, United Kingdom, with a Bachelor of Engineering in Mechanical Engineering in 1988. Upon graduation, Mr. Tay joined Memtec Ltd, an Australian water treatment company, where he worked as a design engineer, focusing on the MEMCOR membrane product line for two (2) years from March 1988 to March 1990. After leaving Memtec Ltd, Mr. Tay worked as a senior manager in Watermac Engineering Pte Ltd, a water treatment company for two (2) years. In August 1992, he, together with Ms. Dewi, incorporated a partnership under the business name Memiontec. In August 1996, the business and operations of the partnership Memiontec were transferred to MPL, a subsidiary of our Company.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Ms. Soelistyo Dewi Soegiharto is our Managing Director.

Ms. Soelistyo Dewi Soegiharto is our Managing Director. Ms. Dewi has more than 28 years of experience in the water treatment business. She is a co-founder of our Group and has been a director of our Company since its incorporation on 6 March 2013. As a co-founder of our Group, Ms. Dewi has taken a supporting role in the overall management and business operations of our Group, as well as the implementation of our Group's strategic plans to achieve its targeted sales and profits and improve the future prospects of the Singapore and Indonesia subsidiaries over the years. Ms. Dewi is responsible for the business direction, managing and overseeing the operations of MPL. Ms. Dewi was also instrumental in starting the market development and laying the foundation for continuous growth of our subsidiary company in Indonesia.

Ms. Dewi graduated from The University of New South Wales, Australia, with a Bachelor of Engineering in Chemical Engineering in 1991. Upon graduation, she worked as a sales and project engineer for a year at Scottscenter Pte. Ltd., a water treatment solutions company in Singapore. After leaving Scottscenter Pte. Ltd., she commenced a water treatment business as a partnership with Mr. Tay under the business name Memiontec in August 1992. In August 1996, the business and operations of the partnership Memiontec were transferred to a newly-incorporated company, MPL and Ms. Dewi became a director of MPL.

Mr. Low Kian Beng is our Executive Director.

Mr. Low Kian Beng is our Executive Director and joined our Group in June 2017. He was appointed as a director of our Company on 30 December 2019. As our Executive Director, Mr. Low is involved in the decision making on our Group's operational and financial matters, together with rest of the Board. He is primarily responsible for strategic and business development to grow our Group regionally; strengthening and improving the operational efficiency of our Group for cost competitiveness; and laying the foundation for our Group to achieve sustainable growth with appropriate governance.

Mr. Low graduated from Imperial College of Science and Technology, University of London with a Bachelor of Science in Engineering in August 1980.

Upon graduation, Mr. Low joined Hume Industries (F.E.) Ltd as a mechanical design engineer in October 1980. After leaving Hume Industries (F.E.) Ltd, Mr. Low worked at Petrochemical Corporation of Singapore (Private) Limited in August 1982 for 13 years and was the principal planner when he left. While working, Mr. Low obtained a Master of Business Administration from the Oklahoma City University in May 1989.

From July 1995, Mr. Low joined Nuri Holdings Pte. Ltd. as a senior business development manager and was assigned to take charge of its related group's businesses in Indonesia as General Manager of its chemical division, head of its synthetic rubber company and senior advisor of procurement and logistic division of its tyre company.

In June 2000, Mr. Low was appointed managing director and CEO of SP Corporation Limited. Mr. Low stepped down as managing director and CEO of SP Corporation Limited in February 2006, but remained as an executive director of SP Corporation Limited until April 2006. Mr. Low served as managing director and CEO of Envipure Pte Ltd from April 2006 to May 2010. From June 2010, Mr. Low was appointed deputy CEO of ecoWise Holdings Limited. He was also appointed as an executive director of ecoWise Holdings Limited from January 2011 before he stepped down in February 2017 and left in April 2017.

Since May 2012, Mr. Low has served as a non-executive council member of the Sustainable Energy Association of Singapore.

Mr. Jackson Chevalier Yap Kit Siong is our Lead Independent Director.

Mr. Jackson Chevalier Yap Kit Siong is our Lead Independent Director and was appointed on 30 December 2019. Mr. Yap graduated with a Bachelor of Engineering (Chemical and Materials) from Auckland University in 1974. Mr. Yap worked at several multinational companies in the oil and petrochemical industry before joining Exxon Chemical Asia Pte Ltd in April 1992. Prior to leaving in

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

September 1997, Mr Yap last held the position of Manager (Planning) of Major Ventures Asia Pacific of Exxon Chemical Asia Pte Ltd. He then joined United Engineers Limited as its Chief Operating Officer in October 1997, and was subsequently appointed as the Group Managing Director and Chief Executive Officer in February 2001 before retiring in January 2014. He continued serving as a Senior Advisor to United Engineers Limited and its Non-Executive, Non-Independent Director until April 2014.

Mr. Yap is a fellow of the Singapore Institute of Directors.

Mr. Chua Kern is our Independent Director.

Mr. Chua is our Independent Director and was appointed on 30 December 2019. Mr. Chua 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. Mr. Chua was admitted to the Supreme Court of Singapore as an Advocate and Solicitor in 1997 and worked for Peter Chua & Partners as an Associate. He left to join Colin Ng & Partners, where he worked from January 1998 to June 2002. He joined Khattar Wong & Partners until May 2003, when he left to go back to Colin Ng & Partners. He was a Senior Associate at Colin Ng & Partners until July 2005, where he started Chancery Law Corporation in August 2005 with his partners. Mr. Chua remains a Director of Chancery Law Corporation as at the Latest Practicable Date.

Mr. Chua is currently a member of the Law Society of Singapore and the Singapore Academy of Law.

Mr. Hor Siew Fu is our Independent Director.

Mr. Hor Siew Fu is our Independent Director and was appointed on 30 December 2019. Mr. Hor graduated with a Bachelor of Accountancy from the University of Singapore in 1976 and obtained a Master of Business Administration from Macquarie University in 1994. Upon his graduation, Mr. Hor worked for the Keppel group of companies from June 1976 to July 1984 as an accountant/administrative manager before he joined Deutz MWM Asia Pacific Ltd as its Company Secretary and Financial Controller from July 1984 to December 1996. Mr. Hor joined Bintan Resort Management Pte Ltd as its Assistant Director (Finance & Administration) from December 1996 to June 1997 and was the Financial Controller and Company Secretary of Pertama Holdings Ltd from August 1997 to October 1998. Mr. Hor was the Divisional Manager (Administration & Finance) of Singapore Corporation of Rehabilitative Enterprises from February 1999 to October 2000, before he joined Teckwah Industrial Corporation, where he was the Group Financial Controller from November 2000 to October 2002. He then joined Pramac Asia Pte Ltd as the Executive Director and Chief Financial Officer from November 2002 to December 2003. Mr. Hor was an Executive Director of Fu Lee (S.E.A.) Pte Ltd from January 2004 to September 2004 and an Executive Director of Sandav Pacific Pte Ltd from October 2004 to January 2007. Mr. Hor was the Chief Financial Officer of CosmoSteel Holdings Limited from January 2007 to September 2013 and the Chief Financial Officer of Albedo Limited from May 2014 to February 2016.

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.

Mr. Lee Dah Khang is our Independent Director.

Mr. Lee Dah Khang is our Independent Director and was appointed on 30 December 2019. Mr. Lee graduated with a Bachelor of Accountancy from the Nanyang Technological University in 1995.

Mr. Lee started his career with Deloitte & Touche LLP from August 1995 and left the firm in December 1998 as an Audit Senior. He joined Asia Pulp and Paper from January 1999 and left the company as an Internal Audit Manager in February 2001. He was a Practice Review Manager of the Institute of Certified Public Accountants of Singapore from May 2001 to December 2002 and a Practice Review Manager of the Public Accountants Board from January 2003 to September 2003. Mr. Lee joined C C Yang & Associates from January 2004 to October 2005. Mr. Lee has been the sole proprietor of DK & Co since June 2004 and a Director of Yang Lee Consulting Pte Ltd since October 2005.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Mr. Lee is 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.

The list of present and past directorships of each Director over the last five (5) years preceding the date of this Offer Document excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Mr. Tay Kiat Seng	MPL M Water MIPL MIT Water PTMI PTWT UI Pte. Ltd. Unity Strength	Memiontec (Wuxi) Co., Ltd
Ms. Soelistyo Dewi Soegiharto	MPL M Water MIPL PTMP PT JMA ¹ PTWT UI Pte. Ltd.	PTMI
Mr. Low Kian Beng	Medi.Kind International Private Limited Miclyn Express Offshore Pte. Ltd.	ecoWise Holdings Limited Bee Joo Industries Pte Ltd. Bee Joo Environmental Pte. Ltd. Ecowise International Pte. Ltd. Ecowise Resources Pte. Ltd. Ecowise Marina Power Pte. Ltd. Ecowise Rubbertech Pte. Ltd. Ecowise Solutions Pte. Ltd. Ecowise Ventures Pte. Ltd. Ecowise Technologists and Engineers Pte. Ltd. Ecowise New Energy Pte. Ltd. Ecowise Materials Pte. Ltd. Sunrich Resources Sdn. Bhd. Sunrich Marketing Sdn. Bhd. Sunrich Integrated Sdn. Bhd. Autoways Industries Sdn. Bhd. Ecogreen Products and Services Sdn. Bhd. Winner Suntex Sdn. Bhd. Sun Rubber Industry Sdn. Bhd. Trakar Suntex Sdn. Bhd. Sunrich Global Marketing Sdn. Bhd. Sunrich Tyre and Auto Products Sdn. Bhd. Gulf Rubber (M) Sdn. Bhd. Saiko Rubber (Malaysia) Sdn. Bhd. Gulf Rubber Suntex Sdn. Bhd. Sun Tyre Industries Sdn. Bhd. Chongqing ecoWise Investment Management Co., Ltd. Wuhan ecoWise Energy Co., Ltd. Changyi Enersave Biomass to Energy Co., Ltd. Geocycle Singapore Pte. Ltd. Hivern Investments Pte Ltd ecoWise Energy Pte. Ltd.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Name	Present Directorships	Past Directorships
Mr. Jackson Chevalier Yap Kit Siong	Apex Healthcare Berhad Leafydom Limited	Greatearth Pte. Ltd. PT United Engineers Indonesia NJCapital Sdn Bhd
Mr. Chua Kern	Chancery Corporate Solutions Private Limited Chancery Law Corporation Lion Group Holdings Private Limited Providence Presbyterian Church Ltd. TLV Holdings Limited	GS Holdings Limited Sim Leisure Group Pte. Ltd. Lion Trust (Singapore) Limited Liontrust Corporate Services Pte. Ltd.
Mr. Hor Siew Fu	Plastoform Holdings Limited Cosmosteel Holdings Limited Edition Ltd Q Industries & Trade Pte Ltd	Sandav Business Solutions Pte Ltd
Mr. Lee Dah Khang	LY Corporation Limited Orion BPO Pte Ltd Orion Information Systems Pte Ltd Acumen Consultants Pte Ltd Yang Lee Consulting Pte. Ltd.	GS Holdings Limited Orion Management Consulting Pte. Ltd. Pteris Global Limited Shinvest Holding Ltd

Note:

(1) Ms. Dewi is a commissioner of PT JMA.

The Directors, save for Mr. Chua, Mr. Hor and Mr. Lee who are currently independent directors of companies which are listed on the SGX-ST, have been briefed on the roles and responsibilities of a director of a public-listed company in Singapore.

Each of Mr. Low, Mr. Yap, Mr. Chua, Mr. Hor and Mr. Lee has served as a director of one (1) or more public-listed companies in Singapore previously. Mr. Tay and Ms. Dewi do not have experience as directors of public-listed companies in Singapore, and will undertake training as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules by the end of the first year of our Company's listing on Catalist. As it has been more than five (5) years since Mr. Yap was last a director of a public-listed company in Singapore, he will also undertake training as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules.

None of our Independent Directors have been appointed to the board of any of our subsidiaries or associated company.

EXECUTIVE OFFICERS

Our day-to-day operations are entrusted to our Executive Chairman and CEO, Managing Director and Executive Director who are assisted by our experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Designation
Ms. Wee Yeak Ing	53	Group Financial Controller
Mr. Lim Wei Kuan	38	Director of MPL
Ms. Irawati	39	Director, Indonesia

The correspondence address of all our Executive Officers is 20 Woodlands Link, #04-30/31, Singapore 738733.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:

Ms. Wee Yeak Ing is our Group Financial Controller.

Ms. Wee Yeak Ing joined our Group in November 2018 as our Group Financial Controller. She is responsible for the overall financial management of our Group including accounting, treasury, risk management and governance framework.

Ms. Wee obtained a Diploma in Accounting from Stamford College, Singapore in 1987 and obtained the Association of Accounting Technicians from Stamford College, Singapore in 1988. She obtained the Chartered Association of Certified Accountants from Emile Woolf, London, in 1991. Upon her graduation, Ms. Wee joined accounting and auditing firm Paul Wan & Co. where her career progressed from audit assistant in December 1991 and to audit partner in June 2002.

Ms. Wee left Paul Wan & Co in June 2017 to join Rigel Technology (S) Pte Ltd in July 2017 as the head of finance. She left Rigel Technology (S) Pte Ltd in October 2018 to join our Group.

Ms. Wee is currently a fellow member of the Association of Chartered Certified Accountants, United Kingdom, and a member of the Institute of Singapore Chartered Accountants.

Mr. Lim Wei Kuan is our Director of MPL.

Mr. Lim Wei Kuan is our Director of MPL and is responsible for design and engineering, securing sales orders, overseeing project implementation and maintenance and service work in Singapore. He is also accountable for the budget, cost control and overall performance of our operations in Singapore.

Mr. Lim has been with our Group since his graduation from the University of Malaya with a Bachelor of Engineering in Chemical Engineering in 2006. He joined our Group as a Project & Application Engineer in June 2006 and was promoted to General Manager of MPL in January 2014. In 26 December 2019, Mr Lim was appointed as Director of MPL, a position which he still holds currently.

Ms. Irawati is our Director, Indonesia.

Ms. Irawati is our Director, Indonesia and joined our Group in June 2009. As our Director, Indonesia, Ms. Irawati 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 our Group's Indonesia business units.

Ms. Irawati graduated from Bina Nusantara University with a Bachelor of Accounting in 2004. Upon graduation, she joined the Astel Group, where she held various roles, including budget and finance controller. Before Ms. Irawati left the Astel Group in June 2009 to join our Group, she last held the position of procurement manager.

There is no arrangement or understanding with a Substantial Shareholder, customer or supplier of our Group or other person, pursuant to which any of our Directors or Executive Officers was selected as a Director or Executive Officer of our Company.

Save that Mr. Tay and Ms. Dewi are spouses, none of our Directors or Executive Officers has any family relationships with one another, or with our Substantial Shareholders.

The list of present and past directorships of each Executive Officer over the last five (5) years preceding the date of this Offer Document excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Ms. Wee Yeak Ing	Nil	Morison Consulting Singapore Pte Ltd
Ms. Irawati	PTMP	PTMI
Mr. Lim Wei Kuan	MPL	Nil

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

COMMISSIONERS

Identity of Commissioners

The commissioners of each of our Indonesia-incorporated subsidiaries are as follows:

Subsidiary	Name of Commissioner
PTMI	Yufendy ⁽¹⁾
PTMP	Wahju Kasijanto ⁽²⁾

Notes:

- (1) Yufendy is a lawyer by profession. He is not related to our Company, our Directors or Controlling Shareholders or their respective Associates.
- (2) Wahju Kasijanto is a sales manager of PTMI. He is not related to our Company, our Directors or Controlling Shareholders or their respective Associates.

Powers and Duties

Under Indonesian law, the board of commissioners is the organ responsible for supervising the board of directors in performing its duties and responsibilities in a company. The board of commissioners is not involved in the day-to-day operations of the company.

The primary duties of the board of commissioners of each of our Indonesia-incorporated subsidiaries, in respect of each subsidiary, include:

- supervising the company and giving advice to the board of directors in the interests of the company and in accordance with the purposes and objectives of the company;
- examining the annual report and approving the budget plan submitted by the board of directors;
- preparing minutes of meetings of the board of commissioners and keeping or maintaining a copy;
- reporting to the company their own and their immediate family members' share ownership in the company or other companies;
- reporting the performance of their supervision duties during the past year to the general meeting of shareholders; and
- assisting or supervising the board of directors in certain transactions such as mergers, acquisitions, consolidations or disposals and approving the transaction plan.

STAFF

As at 30 June 2019, we have a workforce of 157 full-time employees. We do not experience any significant seasonal fluctuations in our number of employees. We do not employ a significant number of temporary employees.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

None of our employees is unionised. During the Relevant Period, there has not been any incidence of work stoppages or labour disputes that affected our operations. Accordingly, we consider our relationship with our employees to be good.

The number of employees of our Group as at the end of each of 31 December 2016, 2017 and 2018 and 30 June 2019 segmented by function are as follows:

Function	← Number of Employees →			
	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 30 June 2019
General Management and Corporate Development	8	9	8	8
Finance	9	9	12	12
Human Resources, IT and Administration	4	8	5	9
Procurement and Logistics	7	10	10	10
Sales and Tender	6	11	13	12
Design and Engineering and Project Management	34	40	42	45
Operation, Maintenance and Service	39	51	45	59
Total	107	138	135	155

The geographical distribution of our Group's full time employees as at the end of each of 31 December 2016, 2017 and 2018 and 30 June 2019 is as follows:

Country	← Number of Employees →			
	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 30 June 2019
Singapore	71	83	75	85
Indonesia	17	36	44	54
PRC	19	19	16	16
Total	107	138	135	155

The increase in the number of employees of our Group between 31 December 2016 and 31 December 2017 was mainly due to the additional hiring of administrative and support staff for our Indonesia operations, the commencement of preparations for our BOOT project and the implementation of three (3) major projects in FY2017. The increase in the number of employees of our Group between 31 December 2018 and 30 June 2019 was mainly due to the commissioning of our BOOT project, which led to an increase in the number of operation, maintenance and service employees required for that project. There was also a need to increase the number of operation, maintenance and service employees for our projects in Singapore.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

Directors and Executive Officers

The remuneration paid to our Directors and Executive Officers (which includes benefits-in-kind and bonuses) for services rendered to us on an aggregate basis and in remuneration bands of S\$250,000 during FY2017 and FY2018 (being the two (2) most recent completed financial years) and as estimated for FY2019 (excluding bonuses under any profit-sharing plan or any other profit-linked agreement(s)) are as follows:

	FY2017	FY2018	FY2019 (estimated)
Directors			
Mr. Tay Kiat Seng	B	B	B
Ms. Soelistyo Dewi Soegiharto	B	B	B
Mr. Low Kian Beng	A	A	A
Mr. Jackson Chevalier Yap Kit Siong	— ⁽⁴⁾	— ⁽⁴⁾	A
Mr. Chua Kern	— ⁽⁴⁾	— ⁽⁴⁾	A
Mr. Hor Siew Fu	— ⁽⁴⁾	— ⁽⁴⁾	A
Mr. Lee Dah Khang	— ⁽⁴⁾	— ⁽⁴⁾	A
Executive Officers			
Ms. Wee Yeak Ing	— ⁽⁴⁾	A	A
Ms. Irawati	A	A	A
Mr. Lim Wei Kuan	A	A	A

Notes:

- (1) Band A: Compensation from S\$0 to S\$250,000 per annum.
- (2) Band B: Compensation from S\$250,001 to S\$500,000 per annum.
- (3) Band C: Compensation from S\$500,001 to S\$750,000 per annum.
- (4) Not in our employment or appointed during the relevant periods.

No remuneration was paid or is to be paid in the form of share options to any of our Directors, Executive Officers or employees.

As at the Latest Practicable Date, save as required for compliance with the applicable laws of Singapore, Indonesia and the PRC, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees and Directors.

Related Employees

As at the Latest Practicable Date, save that Mr. Tay and Ms. Dewi are spouses and save that Ms. Rachel Kwok is the sister of Ms. Dewi, none of our employees are immediate family members or are otherwise related to our Directors, CEO or Substantial Shareholders. Ms. Rachel Kwok is the Information Technology Manager of our Company. Ms. Rachel Kwok joined our Group in March 2017 and has received remuneration (including benefits-in-kind, contributions to CPF and bonuses) of between S\$50,001 to S\$100,000 for each of FY2017 and FY2018.

The remuneration of employees who are related to our Directors, CEO or Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related employees and the proposed terms of their employment will be subject to the review and approval of our Nominating Committee. In the event that a member of our Remuneration Committee or the Nominating Committee is related to the employee under review, he will abstain from the review.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

In line with the Code of Corporate Governance, we will disclose in our annual report details of the remuneration of employees who are Substantial Shareholders, or who are immediate family members of our Directors, our CEO or Substantial Shareholder, and whose remuneration exceeds S\$100,000 during the year, in bands of no wider than S\$100,000.

SERVICE AGREEMENTS

On 30 December 2019, our Company entered into a Service Agreement with each of Mr. Tay, Ms. Dewi and Mr. Low (the “**Executive**”) for an initial term of three (3) years, three (3) years and two (2) years respectively (the “**Initial Term**”). During the Initial Term, the Service Agreements may be terminated by either party upon giving to the other party notice in writing of six (6) months or by our Company paying the Executive an amount equal to six (6) months’ salary in lieu of notice. After expiry of the Initial Term, the Service Agreements shall be automatically renewed on a yearly basis and may be terminated by either party upon giving to the other party notice in writing of six (6) months or by our Company paying the Executive an amount equal to six (6) months’ salary in lieu of notice. Our Company may also terminate the employment of an Executive immediately without prior notice if the Executive shall at any time:

- (a) commit any material or repeated breach of any of the provisions contained in the Service Agreement;
- (b) be guilty of dishonesty, any grave or wilful misconduct or gross neglect or gross negligence in the discharge of his duties under the Service Agreement or shall commit any continued material breach of the terms of the Service Agreement after written warning (other than a breach which is capable of remedy and has been remedied by the Executive to the satisfaction of the Board within 30 days upon his being called upon to do so in writing by the Board);
- (c) become bankrupt, applies for a bankruptcy petition or has a bankruptcy order made against him, applies for or has made against him a receiving order or makes any composition or enters into any deed of arrangement with his creditors;
- (d) be guilty of conduct tending to bring himself or our Company into disrepute or to prejudice the business interest of our Group;
- (e) become of unsound mind;
- (f) be disqualified or prohibited from acting as a director or as a key executive officer of managerial position in any jurisdiction by reason of an order made by any competent court for reasons under any applicable laws or regulations, our Constitution or any Catalist Rules other than on technical grounds;
- (g) commit any act of criminal breach of trust or dishonesty;
- (h) flagrantly refuse, without reasonable cause, to attend to the business of our Group to which he is assigned duties;
- (i) be convicted of any offence (save for an offence under road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment or an offence which in the reasonable opinion of our Board does not affect his position in our Company) or has any judgement, including findings, in relation to fraud, misrepresentation or dishonesty, given against him, whether or not in connection with or referable to his employment;
- (j) flagrantly or persistently fail to observe and perform any of the duties and responsibilities imposed by the Service Agreement or which are imposed by any laws, regulations or administrative directions, whether having the force of law or otherwise;
- (k) be found to have made illegal monetary profit or received any gratuities or other rewards (whether in cash or kind) out of any of our Group’s affairs;

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

- (l) terminate any other contracts signed with any Group company due to reasons other than termination by mutual agreement between the Executive and such company; and/or
- (m) cease to hold the office of director pursuant to our Company's constitution or is disqualified from holding the office of, or acting as, a director of any company, pursuant to any applicable law or any Catalyst Rules, for whatever reason.

Save as disclosed above, there are no existing or proposed service agreements between our Group and any of our Directors. There is also no existing or proposed service agreement entered or to be entered into by our Directors with our Company or our subsidiaries which provide for benefits upon termination of employment.

Pursuant to the terms of their respective Service Agreements, each of Mr. Tay, Ms. Dewi and Mr. Low is entitled to (a) a monthly salary of S\$30,000, S\$24,000 and S\$20,000 respectively; (b) a variable bonus to be determined by our Company as advised by our Remuneration Committee based on his/her personal performance as well as the performance of our Group in the preceding financial years; (c) a performance bonus ("**Performance Bonus**") in respect of each financial year commencing from FY2020 which is calculated based on the consolidated profit before income tax ("**Consolidated PBT**") of our Group, excluding (i) any exceptional or extraordinary items of our Group, (ii) effects of any one-off gains or losses, and (iii) non-controlling interests; and (d) any other benefits and/or participation in schemes provided for in our Company's human resource policies. Each of Mr. Tay, Ms. Dewi and Mr. Low are entitled to the exclusive use of one (1) car or a monthly car allowance of S\$3,000, S\$2,500 and S\$2,500 respectively in-lieu of the provision of a car for his exclusive use.

The Performance Bonus for the Executives are calculated as follows:

Consolidated PBT	Rate of Performance Bonus payable as a percentage of Consolidated PBT		
	Mr. Tay	Ms. Dewi	Mr. Low
Where the Consolidated PBT does not exceed S\$3.0 million	3.5%	2.0%	1.0%
Where the PBT Consolidated exceeds S\$3.0 million but does not exceed S\$5.0 million	3.5% of S\$3.0 million, plus 4.0% of the Consolidated PBT in excess of S\$3.0 million	2.0% of S\$3.0 million, plus 3.0% of the Consolidated PBT in excess of S\$3.0 million	1.0% of S\$3.0 million, plus 2.0% of the Consolidated PBT in excess of S\$3.0 million
Where the PBT Consolidated exceeds S\$5.0 million but does not exceed S\$7.0 million	3.5% of S\$3.0 million, plus 4.0% of S\$2.0 million, plus 5.5% of the Consolidated PBT in excess of S\$5.0 million	2.0% of S\$3.0 million, plus 3.0% of S\$2.0 million, plus 4.0% of the Consolidated PBT in excess of S\$5.0 million	1.0% of S\$3.0 million, plus 2.0% of S\$2.0 million, plus 3.0% of the Consolidated PBT in excess of S\$5.0 million
Where the Consolidated PBT exceeds S\$7.0 million	3.5% of S\$3.0 million, plus 4.0% of S\$2.0 million, plus 5.5% of S\$2.0 million, plus 6.5% of the Consolidated PBT in excess of S\$7.0 million	2.0% of S\$3.0 million, plus 3.0% of S\$2.0 million, plus 4.0% of S\$2.0 million, plus 5.0% of the Consolidated PBT in excess of S\$7.0 million	1.0% of S\$3.0 million, plus 2.0% of S\$2.0 million, plus 3.0% of S\$2.0 million, plus 4.0% of the Consolidated PBT in excess of S\$7.0 million

The Service Agreements contain restrictions on the disclosure of our confidential information, including trade secrets and information relating to customers of our Group. None of the Service Agreements contain any clauses whereby our Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any of them or to his widow or dependents or relations or connections or to any persons or may make contributions to any fund or pay premiums for the purchase or provision of any such gratuity, pension or allowance.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Had the Service Agreements been in place with effect from FY2018, the aggregate remuneration paid to the Executive Directors for FY2018 would have been approximately S\$1.46 million instead of approximately S\$0.67 million and our Group's profit before income tax for FY2018 would have decreased from approximately S\$5.46 million to approximately S\$4.67 million.

Save as disclosed above, commissions and incentive payments payable to our selected employees in the ordinary course of our business, and the Plan, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between our Group and any of our Directors, Executive Officers or employees.

CORPORATE GOVERNANCE

Corporate governance refers to the processes and structure by which the business and affairs of a company are directed and managed, in order to enhance long term shareholder value through enhancing corporate performance and accountability. Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance).

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders. Our Board of Directors has formed three (3) committees: (a) a Nominating Committee, (b) a Remuneration Committee, and (c) an Audit Committee.

We have seven (7) Directors on our Board of Directors, of which four (4) are Independent Directors. Our Independent Directors do not have any existing business or professional relationship with our Group, our other Directors and/or Substantial Shareholders. Our Independent Directors are also not related to our other Directors and/or Substantial Shareholders.

In addition, we have appointed Jackson Chevalier Yap Kit Siong as our Lead Independent Director. The Lead Independent Director will be available to Shareholders where they have concerns for which contact through the normal channels of our Chairman, CEO or Group Financial Controller has not resolved or for which such contact is inappropriate.

Our Directors are of the view that given the current board composition and based on the above, there are sufficient safeguards and checks to ensure that the process of decision-making by our Board is independent and based on collective decision-making.

Audit Committee

Our Audit Committee comprises Mr. Hor, Mr. Chua, Mr. Lee and Mr. Yap. The Chairman of our Audit Committee is Mr. Hor. The quorum shall be any three (3) members, including the Chairman of our Audit Committee.

Our Audit Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

Our Audit Committee shall meet periodically to perform, among others, the following functions:

- (a) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of our system of internal controls, audit reports, their management letters and our management's response, and the results of audits compiled by our internal and external auditors, and will review at regular intervals with the management the implementation by our Group of the internal control recommendations made by our internal and external auditors;
- (b) review the periodic consolidated financial statements and any formal announcements relating to our Group's financial performance before submission to our 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 Catalyst 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 our management, where necessary, before submission to our Board for approval;
- (c) review and report to the Board, at least annually, the adequacy and effectiveness of our 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 our Group (including PTMI and PTMP);

CORPORATE GOVERNANCE

- (d) review and discuss with our internal auditors and our external auditors, any issues and concerns arising from the internal audits and our 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 our Group's financial performance or financial position and our management's response;
- (e) review our key financial risk areas, with a view to providing an independent oversight on our 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 our Group (if any) and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- (g) review the co-operation given by our management to our 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 our Group may, in confidence, report to the chairman of our Audit Committee, 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 our 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 and Ms. Dewi);
- (o) review the measures and internal control procedures to safeguard our 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 our Group;
- (q) review the assurance from our CEO and Group Financial Controller on our 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 our Company and any announcements relating to our financial performance;
- (s) review our 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 our Board, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;

CORPORATE GOVERNANCE

- (v) monitor the use of our proceeds from the Placement;
- (w) monitor the adequacy of our 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 Catalyst Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

Our Audit Committee shall also commission an annual internal control audit until such time as our Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weakness (if any). Prior to the decommissioning of such annual audit, our Board is required to report to the SGX-ST and the Sponsor and Issue Manager on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

Currently, based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management, our Board, to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems of our Group (including PTMI and PTMP) are adequate and effective to address financial, operational, compliance and information technology risks of our Group.

Audit Committee's view of our Group Financial Controller

Our Audit Committee, after having conducted interviews with our Group Financial Controller, Ms. Wee Yeak Ing, and after having considered:

- (a) the qualifications and past working experience of Ms. Wee Yeak Ing (as described in the section entitled "Directors, Executive Officers and Staff" of this Offer Document);
- (b) Ms. Wee Yeak Ing's past audit, financial and accounting related experiences;
- (c) Ms. Wee Yeak Ing's demonstration of the requisite competency in finance-related matters of our Group; and
- (d) the absence of negative feedback on Ms. Wee Yeak Ing from the representatives of our Group's Independent Auditor and Reporting Accountant, Deloitte & Touche LLP and the independent internal auditor, RSM Risk Advisory Pte Ltd,

is of the view that Ms. Wee Yeak Ing is suitable for the position of Group Financial Controller of our Group.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee to cause them to believe that Ms. Wee Yeak Ing does not have the competence, character and integrity expected of a group financial controller or equivalent of a listed company.

CORPORATE GOVERNANCE

Nominating Committee

Our Nominating Committee comprises Mr. Chua, Mr. Hor, Mr. Tay and Mr. Yap. The chairman of our Nominating Committee is Mr. Chua. The quorum shall be any three (3) members, including the Chairman of our Nominating Committee.

Our Nominating Committee will be responsible for, among others:

- (a) reviewing and recommending the appointment of new Directors and Executive Officers and re-nomination of our Directors having regard to each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of our Group, and each Director's respective commitments outside our Group including his principal occupation and board representations on other companies, if any. Our Nominating Committee 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 of our Board as a whole and its committees, and for assessing the contribution of each Director to the effectiveness of our Board;
- (e) reviewing our Directors' mix of skills, experience, core competencies and knowledge of our Group that our Board requires to function competently and efficiently;
- (f) reviewing succession plans for our Executive Directors;
- (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 our Directors, CEO or Substantial Shareholders and the proposed terms of their employment.

Each member of our Nominating Committee will not take part in determining his own re-nomination or independence and shall abstain from voting on any resolutions in respect of the assessment of his performance, independence or re-nomination as Director.

Our Nominating Committee will decide how our Board's performance is to be evaluated and will propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long term Shareholders' value.

Nominating Committee's view of our Independent Directors

Our Nominating Committee, after having considered the following:

- (a) the number of listed company directorships held by each of our Independent Directors;
- (b) the principal occupation and commitments of our Independent Directors;
- (c) the confirmations by our Independent Directors that they are able to devote sufficient time and attention to the matters of our Group;

CORPORATE GOVERNANCE

- (d) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Controlling Shareholder of our Company, has no material relationship with our Company, its related corporations or with any directors of these corporations, its 10.0% Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of our Company;
- (e) the professional experience and expertise of our Independent Directors in different areas of specialisation; and
- (f) the composition of our Board,

is of the opinion that (i) each of our Independent Directors is individually and collectively able to commit sufficient time and resources to discharge their respective duties, and are suitable and possess the relevant experience to be appointed as Independent Directors of our Company; and (ii) our Independent Directors, as a whole, represent a strong and independent element on the Board which is able to exercise objective judgement on corporate affairs independently from the Controlling Shareholders.

Remuneration Committee

Our Remuneration Committee comprises Mr. Yap, Mr. Chua, Mr. Hor and Mr. Lee. The chairman of our Remuneration Committee is Mr. Yap. The quorum shall be any three (3) members, including the Chairman of our Remuneration Committee.

Our Remuneration Committee will, among others, recommend to our Board a framework of remuneration for our Directors, CEO and Executive Officers, and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee will be submitted for endorsement by our entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be reviewed by our Remuneration Committee.

As part of its terms of reference, our Remuneration Committee shall also be responsible for the administration of the Plan.

The remuneration of employees who are related to our Directors, CEO or Substantial Shareholders will also be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Our Remuneration Committee will also review and approve any bonuses, pay increments and/or promotions for these related employees. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

BOARD PRACTICES

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. Our Constitution provides that our Board will consist of not less than two (2) Directors. Save for Mr. Tay, Ms. Dewi and Mr. Low, with whom we have entered into the Service Agreements, our Directors do not have fixed terms of office. Each Director is required to retire from office once every three (3) years and for this purpose, at each annual general meeting, one-third (or, if their number is not a multiple of three (3), the number nearest to but not lesser than one-third) of our Directors is required to retire from office by rotation. Directors who retire are eligible to stand for re-election.

Our Constitution has been summarised and set out in "Appendix E – Summary of our Constitution" of this Offer Document.

MEMIONTEC PERFORMANCE SHARE PLAN

In conjunction with our listing on Catalist, we have adopted the Plan, which was approved by written resolution by our Shareholders on 30 December 2019. The rules of the Plan are set out in “Appendix H – Rules of the Memiontec Performance Share Plan” of this Offer Document. These rules comply with the requirements set out in the Catalist Rules and the Companies Act.

The Plan will provide eligible participants (“**Participants**”) with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The Plan forms an integral and important component of our compensation plan and is designed primarily to reward and retain employees whose services are vital to the growth and performance of our Company and/or our Group.

As at the Latest Practicable Date, no Award has been granted under the Plan.

The rules of the Plan may be inspected by Shareholders at the registered office of our Company for a period of six (6) months from the date of this Offer Document.

Objectives of the Plan

The Plan is proposed on the basis that it is important to recognise the fact that the services of our employees are important to the success and continued well-being of our Group. Our Company, by implementing the Plan, will be able to give our employees a direct interest in our Company. Further, the Plan will also help to achieve the following positive objectives:

- (a) foster an ownership culture within our Group which aligns the interests of Participants with the interests of Shareholders;
- (b) motivate Participants to achieve key financial and operational goals of our Company and/or their respective business divisions and encourage greater dedication and loyalty to our Group; and
- (c) make total employee remuneration sufficiently competitive to recruit new Participants and/or retain existing Participants whose contributions are important to the long term growth and profitability of our Group, and whose skills are commensurate with our Company’s ambition to become a world class company.

The Plan is designed to complement our Company’s efforts to reward, retain and motivate employees to achieve better performance.

The focus of the Plan is principally to target selected management in key positions who are able to drive the growth of our Company through creativity, firm leadership and excellent performance. Our Company believes that it will be more effective than merely having pure cash bonuses in place to motivate executives to work towards determined goals. The Awards given to a particular Participant under the Plan and the number of Award Shares will be determined at the absolute discretion of the Remuneration Committee, who will take into account criteria such as his rank, job performance, years of service, and potential for future development, his contribution to the success and development of our Group and the extent of effort and resourcefulness with which the Performance Condition may be achieved within the Performance Period. The Performance Condition will be set by the Remuneration Committee.

The Performance Condition shall be determined at the absolute discretion of the Remuneration Committee, which may comprise factors such as (but not limited to) the market capitalisation or earnings of our Company at specified times.

MEMIONTEC PERFORMANCE SHARE PLAN

Administration of the Plan

The Remuneration Committee will be designated as the committee responsible for the administration of the Plan. The Remuneration Committee will determine, among others, the following in relation to an Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the Performance Period;
- (d) the number of Shares which are the subject of the Award;
- (e) the Performance Condition;
- (f) the Release Schedule; and
- (g) any other condition which the Remuneration Committee may determine in relation to that Award.

In compliance with the requirements of the Catalist Rules, a Participant of the Plan who is a member of the Remuneration Committee shall not be involved in its deliberations or decisions in respect of Awards granted or to be granted or held by that member of the Remuneration Committee.

Size of the Plan

The aggregate number of Award Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when aggregated with the total number of new Shares allotted and issued and/or Shares to be allotted and issued delivered and/or to be delivered pursuant to Awards already granted under the Plan, and the aggregate number of Shares over which options or awards are granted under any share option schemes or share schemes of our Company, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date.

This 15.0% size is intended to accommodate the potential pool of participants arising from our base of eligible participants. We also hope that with the significant portion of our issued share capital set aside for our Plan, our employees and Executive Directors will recognise that we are making a good effort to reward them for their invaluable contributions to our Company by allowing them greater opportunities to participate in our equity.

We are of the view that the size of our Plan is reasonable, taking into account the share capital base of our Company, the contributions by our employees and Executive Directors and the potential number of employees as our business expands. Implementing our Plan with the maximum amount of Shares not exceeding 15.0% of the number of issued Shares (excluding treasury shares and subsidiary holdings) of our Company will enable us to maintain flexibility and remain competitive in the industry.

The Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that it may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

As the Plan is valid for a period of ten (10) years, this maximum limit of 15.0% of our Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) allows for a potential increase in the number of employees as our Company expands in the future.

MEMIONTEC PERFORMANCE SHARE PLAN

Maximum entitlements of the Plan

The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan to Participants who are Controlling Shareholders and their Associates (including adjustments made in accordance with Rule 9 of the Plan) shall not exceed 25.0% of the total number of Shares available under the Plan.

The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan to each Participant who is a Controlling Shareholder or his Associate (including adjustments made in accordance with Rule 9 of the Plan) shall not exceed 10.0% of the total number of Shares available under the Plan.

The aggregate number of Shares which are the subject of each Award to be granted to a Participant who is a non-executive Director shall not exceed 10.0% of the total number of Shares available under the Plan.

Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Remuneration Committee under the Plan.

Summary of the Rules of the Plan

Capitalised terms used herein bear the same meanings as defined in “Appendix H – Rules of the Memiontec Performance Share Plan” of this Offer Document.

The following is a summary of the Rules of the Plan:

Eligibility

The full-time employees of our Group and Group Directors who have attained the age of 21 years on or before the date of the grant of the Award and hold such rank as may be designated by the Remuneration Committee from time to time (“**Group Executives**”), shall be eligible to participate in the Plan, at the absolute discretion of the Remuneration Committee. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Employees who are Controlling Shareholders or Associates of Controlling Shareholders, and who are also Group Executives shall be eligible to participate in the Plan at the absolute discretion of the Remuneration Committee if their participation and the terms of each grant of Award and the actual number of Shares to be granted to them have been approved by the independent Shareholders at a general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (a) his participation, and (b) the terms of each grant of Award and the actual number of Shares to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholders for the participation in the Plan of a Controlling Shareholder or an Associate of a Controlling Shareholder who is, at the relevant time, already a Participant.

Abstention from Voting

Shareholders who are eligible to participate in the Plan are to abstain from voting on any Shareholders’ resolution relating to the Plan (including the participation in the Plan and the grant of Awards to the Participants) and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast for each of the Shareholders’ resolutions contemplated.

Controlling Shareholders and their Associates who are eligible to participate in the Plan shall abstain from voting on the resolutions in relation to the implementation of the Plan, their participation in the Plan, and any grant of Awards to them.

MEMIONTEC PERFORMANCE SHARE PLAN

Grant of Awards

The Remuneration Committee may grant Awards to Group Executives as the Remuneration Committee may select, in its absolute discretion, at any time during the period when the Plan is in force, provided that no Participant who is a member of the Remuneration Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria as it considers fit, such as (but not limited to) his rank, job performance, years of service and potential for future development, his contribution to the success and development of our Group and the extent of effort and resourcefulness with which the Performance Condition may be achieved within the Performance Period.

An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Remuneration Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Remuneration Committee, that Award or Released Award shall immediately lapse.

Award Shares

Subject to the Act and the Listing Manual, our Company shall have the flexibility to deliver Shares to Participants upon the Release of their Awards by way of (a) the allotment and issuance to each Participant of the number of new Shares, deemed to be fully paid or credited upon their allotment and issuance, and/or (b) the transfer of existing Shares to the Participant, including (subject to applicable laws) any Shares acquired by our Company pursuant to a share purchase mandate and/or held by our Company as treasury shares. Any proposed allotment and issue of new Shares will be subject to there being in force at the relevant time the requisite Shareholders' approval under the Act for the issue of Shares.

In determining whether to allot and issue new Shares or to purchase existing Shares for delivery existing to the Participants upon the Release of their Awards, the Remuneration Committee will take into account factors including but not limited to the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of either issuing new Shares or purchasing existing Shares.

New Shares allotted and issued, and existing Shares procured by our Company for transfer, on the Release of an Award shall (i) be subject to all the provisions of the Constitution of our Company (including provisions relating to the liquidation of our Company) and the Act; (ii) and rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue. For this purpose, "**Record Date**" means the date fixed by our Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

Adjustment Events

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision of Shares, consolidation of Shares, distribution, or otherwise howsoever) shall take place, then:

- (a) the class and/or number of Shares which is/are the subject of an Award to the extent not yet Vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

MEMIONTEC PERFORMANCE SHARE PLAN

shall be adjusted in such manner as the Remuneration Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

Modifications to the Plan

Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Remuneration Committee, subject to compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed, and for so long as our Company is listed on Catalist, shall not be made without the prior approval of the Sponsor (acting as agent and on behalf of the SGX-ST) and/or the SGX-ST and such other regulatory authorities as may be necessary. However, no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three quarters of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full.

No alteration shall be made to the particular rules of the Plan to the advantage of the Participants, except with the prior approval of Shareholders in a general meeting.

Participation of Executive Directors and employees of our Group

The extension of the Plan to Executive Directors and employees of our Group allows us to have a fair and equitable system to reward Executive Directors and employees who have made and will continue to make significant contributions to the long-term growth of our Group.

We believe that the Plan will also enable us to attract, retain and provide incentives to its Participants to produce higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating Participants to contribute towards the long-term growth of our Group.

Rationale for participation by non-executive Directors (including Independent Directors)

While the Plan caters principally to our employees, it is recognised that there are other persons who make significant contributions to our Group through their close working relationships with our Group, even though they are not employed within our Group. Such persons include our non-executive Directors.

Our non-executive Directors are persons from different professions and working backgrounds, bringing to our Group their wealth of knowledge, experience, business expertise and contacts in the business community. They play an important role in helping our Group shape its business strategy by allowing our Group to draw on their diverse backgrounds and working experience. It is crucial for our Group to attract, retain and incentivise our non-executive Directors. By aligning the interests of our non-executive Directors with the interests of our Shareholders, our Company aims to instil a sense of commitment on the part of our non-executive Directors towards serving both the short and long term objectives of our Group.

Our Directors are of the view that including our non-executive Directors in the Plan will show our Company's appreciation for them and further motivate them in their contribution towards the success of our Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of our Group, while it is desired that participation in the Plan be made open to our non-executive Directors, any Awards that may be granted to any such non-executive Director would be intended only as a token of our Company's appreciation.

For the purpose of assessing the contributions of our non-executive Directors, the Remuneration Committee will propose a performance framework comprising mainly non-financial performance measurement criteria, such as the extent of involvement and responsibilities shouldered by our non-executive Directors. In addition, the Remuneration Committee will also consider the scope of advice given, the number of contacts and size of deals which our Group is able to procure from those contacts and recommendations made by our non-executive Directors. The Remuneration Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all.

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It is envisaged that the vesting of Awards, and hence the number of Shares to be delivered to our non-executive Directors based on the criteria set out above will be relatively small, in terms of the frequency and numbers. Based on this, our Directors are of the view that the participation by our non-executive Directors in the Plan will not compromise the independent status of those who are Independent Directors.

Rationale for participation by Controlling Shareholders and their Associates

Our Company acknowledges that the services and contributions of employees who are Controlling Shareholders or Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the Plan to employees who are Controlling Shareholders and Associates of our Controlling Shareholders allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of Controlling Shareholders and their Associates in the Plan will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long term view of our Group.

Although Participants who are Controlling Shareholders or Associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the Plan to include them ensures that they are equally entitled, with the other employees of our Group, who are not Controlling Shareholders or Associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the Plan solely by reason that he/she is a Controlling Shareholder or an Associate of our Controlling Shareholders.

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number of and terms of such Awards. A separate resolution must be passed for each of such Participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of our Controlling Shareholders and their Associates, the number of and terms of the Awards to be granted to our Controlling Shareholders and their Associates shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the Plan resulting from the participation of employees who are Associates of our Controlling Shareholders.

Financial Effects of the Plan

The Plan is considered a share-based payment that falls under SFRS(I) 2 where participants will receive Shares and the awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the awards would be recognised as a charge to the income statement over the period between the grant date and the vesting date of an award. The fair value per share of the awards granted will be determined using a generally accepted valuation methodology for pricing financial instruments. The significant inputs into the valuation methodology will include, among others, the share price as at the date of grant of the award, the risk-free interest rate, the vesting period, volatility of the share and dividend yield. The total amount of the charge over the vesting period is determined by reference to the fair value of each award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to the reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement is made.

The amount charged to the income statement also depends on whether or not the performance target attached to an award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the award granted at the grant date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met. However, if the performance target is not a market condition and the awards vest as a result of meeting such performance target, the fair value per share of the awards granted at the grant

MEMIONTEC PERFORMANCE SHARE PLAN

date is used to compute the amount to be charged to the income statement at each accounting date, based on an assessment by the management at such accounting date of whether the non-market conditions have been met to enable the awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no cumulative charge to the profit or loss if the awards do not ultimately vest.

In the event that the participants receive cash, our Company shall measure the fair value of the liability at grant date. Until the liability is settled, our Company shall re-measure the fair value of the liability at each accounting date and at the date of settlement, with changes in the fair value recognised in the income statement.

The following sets out the financial effects of the Plan:

(a) Share capital

The Plan will result in an increase in our Company's issued share capital when new Shares are issued to Participants. The number of new Shares issued will depend on, among others, the size of the Awards granted under the Plan. In any case, the Plan provides that the number of Shares to be issued or transferred under the Plan, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of our Company, will be subject to the maximum limit of 15.0% of our Company's total number of issued Shares (excluding Shares held by our company as treasury shares) from time to time. If instead of issuing new Shares to participants, existing Shares are purchased for delivery to Participants, the Plan will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the Plan is likely to result in a charge to our Company's profit or loss over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with SFRS(I) 2. When new Shares are issued under the Plan, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, the NTA would be impacted by the cost of the Shares purchased. It should be noted that the delivery of Shares to Participants under the Plan will generally be contingent upon the eligible participants meeting prescribed performance targets and conditions.

(c) EPS

The Plan is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2. It should again be noted that the delivery of Shares to Participants of the Plan will generally be contingent upon the Participants meeting the prescribed performance targets and conditions. The issuance of new Shares under the Plan will have a dilutive impact on our EPS.

(d) Dilutive Impact

The allotment of new Shares under the Plan will have a dilutive impact on our consolidated EPS.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, our Directors, CEO, Controlling Shareholders or their respective Associates) constitute interested person transactions. Details of interested person transactions of our Group for FY2016, FY2017, FY2018, 6M2019 and the period from 1 July 2019 to the Latest Practicable Date (the “**Relevant Period**”) are set out below.

Save as disclosed below and in the sections entitled “Restructuring Exercise” and “General Information on our Group – Combination Agreements” of this Offer Document, none of our Directors, CEO, Controlling Shareholders or their respective Associates (each, an “**Interested Person**”) was or is interested in any material transaction undertaken by our Group during the Relevant Period.

In line with the rules set out in Chapter 9 of the Catalist Rules, a transaction of value less than S\$100,000 is not considered material in the context of the Placement and is not taken into account for the purposes of aggregation in this section.

INTERESTED PERSONS

Interested Person

Relationship with our Group

Ms. Dewi	:	Controlling Shareholder of our Company
Mr. Tay	:	Controlling Shareholder of our Company
PT Universal Energy Investment (formerly known as PTWT)	:	Associate of Mr. Tay and Ms. Dewi. Mr. Tay and Ms. Dewi together hold an aggregate of 100% of UI Pte. Ltd., which holds 95% of the direct interest in PT Universal Energy Investment. The remaining 5% of the interest in PT Universal Energy Investment is directly held by Ms. Dewi. PT Universal Energy Investment is a property holding company.

PAST INTERESTED PERSON TRANSACTIONS

(I) Provision of collaterals by Mr. Tay, Ms. Dewi and PTWT to our Group for facilities

During the Relevant Period, Mr. Tay and Ms. Dewi provided personal guarantees in favour of our Group for the facilities granted by various financial institutions, details of which are set out below:

Interested person providing personal guarantees	Borrower	Financial institution	Type of facility	Date of Facility	Interest Rates (% per annum)	Maturity Date of the Loans	Credit Line (S\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period (based on month end balances) (S\$'000)
Ms. Dewi	MPL	Think One Credit Pte. Ltd.	Hire Purchase	30 August 2013	6.83% per annum	53 months from the date of the first instalment under the hire purchase agreement	48	17
Mr. Tay and Ms. Dewi	MPL	United Overseas Bank Limited	Micro Loan	11 June 2013	5.75% per annum	48 months from the date of first drawdown	100	53
Ms. Dewi	MPL	Orix Leasing Singapore Limited	Hire Purchase	29 January 2014	6.10% per annum	60 months from the date of the first instalment under the hire purchase agreement	17	10

INTERESTED PERSON TRANSACTIONS

Interested person providing personal guarantees	Borrower	Financial institution	Type of facility	Date of Facility	Interest Rates (% per annum)	Maturity Date of the Loans	Credit Line (S\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period (based on month end balances) (S\$'000)
Ms. Dewi	PTMI	Permata Bank Indonesia	Revolving loan from 25 August 2018 to 25 May 2019 ⁽¹⁾	25 August 2018	11% per annum	25 May 2019	1,275	-(²⁾)
Ms. Dewi	PTMI	Permata Bank Indonesia	Banker's guarantee and letters of credit from 25 August 2018 to 25 May 2019 ⁽¹⁾	25 August 2018	Fee and commission ⁽³⁾	25 May 2019	1,471	1,358
Ms. Dewi	PTMI	Pertama Bank Indonesia	Property term loan ⁽¹⁾	8 July 2014	12.5% per annum (from 8 July 2014 to 31 August 2017), 11.0% per annum (from 1 September 2017 till 16 September 2019)	8 July 2024 ⁽⁴⁾	758	709
Mr. Tay and Ms. Dewi	MPL	Orix Leasing Singapore Limited	Working capital facility	1 March 2016	7.25% per annum	36 months from the date of first drawdown	500	500
Mr. Tay and Ms. Dewi	MPL	UOB	Business working capital facilities	17 November 2016	1.25% over UOB's prime lending rate for all Singapore dollar denominated bills and 2.50% over London Inter Bank Offer Rate or 2.50% over UOB's cost of funds for all foreign currency denominated bills	Up to 120 days irrecoverable sight import letter of credit	951	173

INTERESTED PERSON TRANSACTIONS

Interested person providing personal guarantees	Borrower	Financial institution	Type of facility	Date of Facility	Interest Rates (% per annum)	Maturity Date of the Loans	Credit Line (S\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period (based on month end balances) (S\$'000)
Mr. Tay and Ms. Dewi	MPL	SCB	Business capital working facilities	26 January 2017	Varied interest depending on facility ⁽⁵⁾	Up to 120 days for unsecured and secured import letters of credit, acceptance against trust receipts, loans against trust receipt, import loan, and import invoice financing	1,300	-(2)
Mr. Tay and Ms. Dewi	MPL	Hitachi Capital Asia Pacific Pte. Ltd.	Business term loan	16 March 2017	S\$11,249.92 by way of 24 monthly instalments	24 months from date of facility	125	119
Mr. Tay and Ms. Dewi	MPL	DBS	Trade facilities	6 October 2017	Varied interest rates depending on the facility ⁽⁶⁾	90 days or at sight in respect of letters of credit, trust receipts and bill receivable purchases	1,000	-(2)
Mr. Tay and Ms. Dewi	MPL	OCBC	Working capital loan	16 October 2017	6.25% per annum	12 months from the date of first drawdown	25	25
Mr. Tay and Ms. Dewi	MPL	SCB	Business working capital facilities	25 January 2018	Varied interest depending on the facility ⁽⁷⁾	Up to 180 days for unsecured and secured import letters of credit, acceptance against trust receipts, loans against trust receipts, import loans and import invoice financing	1,356	321

Notes:

- (1) In addition to the personal guarantee provided by Ms. Dewi, these facilities were also secured by mortgages of two (2) properties owned by Ms. Dewi and a property owned by PTWT.
- (2) There was no drawdown of these facilities.
- (3) The fees for each letter of credit is 0.25% on the contract value, subject to a minimum of IDR500,000 per letter of credit. The commission for the banker's guarantee is 1.5% on the contract value per annum, subject to a minimum of IDR700,000.

INTERESTED PERSON TRANSACTIONS

- (4) This loan was repaid early on 16 September 2019.
- (5) The interest rates of the facilities are as follows:
- (i) for loans against trust receipts, the interest rate is the base currency financing of 1.25% over SCB's SBFR, and alternate currency financing of 3.75% per annum over SCB's cost of funds;
 - (ii) for import loan, the interest rate is the base currency financing of 1.25% over SCB's SBFR, and alternate currency financing of 3.75% per annum over SCB's cost of funds;
 - (iii) for import invoice financing, the interest rate is the base currency financing of 1.25% over SCB's SBFR, and alternate currency financing of 3.75% per annum over SCB's cost of funds; and
 - (iv) there is no interest rate in respect of unsecured and secured letters of credit, acceptance against trust receipts and shipping guarantees.

Pursuant to the facility letter, the SBFR for S\$ denominated trade loans was 5.75% per annum at the date of the facility letter, and is subject to fluctuation without prior notice and will be determined by SCB in accordance with market forces. The SBFR for foreign currency trade loans is the respective currency's local inter-bank offer rate or cost of funds for three (3) months or such other period as SCB in its discretion may consider appropriate.

- (6) The interest rates of the facilities are as follows:
- (i) for trust receipts and bill receivable purchases, the interest rate is the prevailing prime rate of 4.25% per annum (plus 1.75% per annum for S\$ denominated bills), and the prevailing cost of funds (plus 2.50% per annum for foreign and import duties); and
 - (ii) there is no interest rate in respect of letters of credit, shipping guarantees and air waybill guarantees.

- (7) The interest rates of the facilities are as follows:
- (i) for loans against trust receipts, the interest rate is the base currency financing of 0.50% over SCB's SBFR, and alternate currency financing of 2.75% per annum over SCB's cost of funds;
 - (ii) for import loan, the interest rate is the base currency financing of 0.50% over SCB's SBFR, and alternate currency financing of 2.75% per annum over SCB's cost of funds;
 - (iii) for import invoice financing, the interest rate is the base currency financing of 0.50% over SCB's SBFR, and alternate currency financing of 2.75% per annum over SCB's cost of funds; and
 - (iv) there is no interest rate in respect of unsecured and secured letters of credit, acceptance against trust receipts and shipping guarantees.

Pursuant to the facility letter, the SBFR for S\$ denominated trade loans was 5.75% per annum at the date of the facility letter, and is subject to fluctuation without prior notice and will be determined by SCB in accordance with market forces. The SBFR for foreign currency trade loans is the respective currency's local inter-bank offer rate or cost of funds for three (3) months or such other period as SCB in its discretion may consider appropriate.

The personal guarantees granted by Mr. Tay and Ms. Dewi, the mortgages provided by Ms. Dewi and the mortgage provided by PTWT for the loans and facilities granted to MPL and PTMI were provided without any consideration paid by MPL or PTMI. Accordingly, our Directors are of the view that the provision of the abovementioned personal guarantees and the provision of the mortgages were not conducted on an arm's length basis and not on normal commercial terms but were nevertheless not prejudicial to the interests of our Group.

As at the Latest Practicable Date, the aforesaid personal guarantees and mortgages had been discharged as the respective loans and facilities granted to MPL and PTMI have been fully repaid. Mr. Tay and Ms. Dewi have provided other collaterals for facilities granted to our Group which are present and on-going interested person transactions. Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions" of this Offer Document for further details.

INTERESTED PERSON TRANSACTIONS

(II) Advances given to Mr. Tay by MPL

During the Relevant Period, MPL provided advances to Mr. Tay and the amount of such advances during the Relevant Period are as follows:

FY2016 (S\$'000)	FY2017 (S\$'000)	FY2018 (S\$'000)	6M2019 (S\$'000)	1 July 2019 to the Latest Practicable Date (S\$'000)
–	–	7	26	2

The amounts of advances owing by Mr. Tay to MPL as at 31 December 2016, 31 December 2017, 31 December 2018, 30 June 2019 and as at the Latest Practicable Date are as follows:

As at 31 December 2016 (S\$'000)	As at 31 December 2017 (S\$'000)	As at 31 December 2018 (S\$'000)	As at 30 June 2019 (S\$'000)	As at the Latest Practicable Date (S\$'000)
301	–	–	–	–

The largest amount of advances owed by Mr. Tay to MPL during the Relevant Period, based on month end balances was S\$0.30 million. There was no interest for the advances extended by MPL to Mr. Tay.

Our Directors are of the view that the advances given to Mr. Tay were not conducted on an arm's length basis, not on normal commercial terms and were prejudicial to the interests of our Group. We do not intend to enter into such transactions with Mr. Tay following the admission of our Company to Catalyst.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

(I) Shareholder's advances and loans from Mr. Tay and Ms. Dewi to our Group

During the Relevant Period, Mr. Tay and Ms. Dewi granted advances and loans to our Group, for use as working capital and capital investment into PT JMA.

The outstanding amounts owing by MIT Water and MPL in respect of the loans and advances extended by Mr. Tay and Ms. Dewi to our Group for the Relevant Period are as follows:

	As at 31 December 2016 (S\$'000)	As at 31 December 2017 (S\$'000)	As at 31 December 2018 (S\$'000)	As at 30 June 2019 (S\$'000)	As at the Latest Practicable Date (S\$'000)
Amount owing by MIT Water	225	245	290	267	280
Amount owing by MPL	–	1,665	1,305	1,646	935

The largest amount outstanding by our Group to Mr. Tay and Ms. Dewi during the Relevant Period, based on month end balances was S\$1.94 million.

For the avoidance of doubt, the above table does not include any amounts owing by PTWT to Mr. Tay and Ms. Dewi as PTWT was disposed of on 27 May 2019. Accordingly, PTWT is no longer considered a part of our Group and transactions between our Interested Persons and PTWT do not constitute interested person transactions.

MIT Water

No interest was paid by MIT Water for the loan (the "MIT Water Loan") and advances extended to MIT Water prior to FY2018. The Directors are of the view that these were not on an arm's length basis or on normal commercial terms, but were nevertheless not prejudicial to the interests of our Company and our minority Shareholders. The advances in FY2018 were extended at an interest rate of 7.2% per annum while outstanding amounts under the MIT Water Loan were subject to an interest rate of 10.0% per annum. The Directors are of the view that (a) the advances in FY2018 were on an arm's length basis and

INTERESTED PERSON TRANSACTIONS

on normal commercial terms, and were not prejudicial to the interests of our Company and our minority Shareholders as the interest rate 7.2% per annum was generally in line with prevailing market rates; and (b) the MIT Water Loan was not on an arm's length basis or on normal commercial terms, and were prejudicial to the interests of our Company and our minority Shareholders as the interest rate of 10.0% per annum was generally higher than prevailing market rates. From FY2019 onwards, all the outstanding amounts under the MIT Water Loan and advances were subject to an interest rate of 7.2% per annum. The Directors are of the view that these were on an arm's length basis and on normal commercial terms, and were not prejudicial to the interests of our Company and our minority Shareholders as the interest rate was generally in line with prevailing market rates. The outstanding loans and advances owing by MIT Water are to be repaid on 30 June 2020, subject to the approval of our Audit Committee.

MPL

The loans and advances extended to MPL during the Relevant Period were on an interest-free basis. The Directors are of the view that these were not on an arm's length basis or on normal commercial terms, but were nevertheless not prejudicial to the interests of our Company and our minority Shareholders. The repayment of all the outstanding loans and advances owing by MPL is subject to the approval of our Audit Committee. Any amount that remains unpaid by MPL after 1 January 2020 will be subject to an interest rate of 5.0% per annum, taking into account comparable interest rates in the market. Our Directors are of the view that this is on an arm's length basis, on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders.

The proceeds from the Placement will not be used towards any repayment of the aforesaid outstanding loans and advances owing by MIT Water and MPL.

While there is currently no intention to enter into similar transactions with our Interested Persons, our Group will maintain flexibility in any funding it may require in the future and any similar transactions following our Listing will be subject to procedures for interested person transactions as set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for On-going and Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalist Rules.

(II) Lease of office premises and warehouse space by PTMI from PT Universal Energy Investment

During the Relevant Period, PTMI, as lessee, and PT Universal Energy Investment, as lessor, entered into a lease agreement in respect of the premises at Kavling Industri Ringan Sentra Niaga 5 Blok 3 No. 11, Harapan Indah and the premises at Jl. Cakung Cilincing Jakarta Garden City, Rukan Avenue Blok F/8 No. 136-137, RT001/RW014, Cakung Timur, Jakarta Timur (the "PT UEI Lease").

Details of the PT UEI Lease are set out below:

Lessee	Lessor	Premise/ Size of Premise	Use of Premise	Date of Agreement	Term of Lease	Monthly Rental as at the Latest Practicable Date (S\$'000)
PTMI	PT Universal Energy Investment	Office at Jakarta Garden City and Warehouse at Harapan Indah Bekasi / 561 sq m and 1,000 sq m	Office and Warehouse	1 July 2019	3 years	3

INTERESTED PERSON TRANSACTIONS

The aggregate value of the transactions for the rental payable pursuant to the PT UEI Lease during the Relevant Period are as follows:

Relevant Lease	FY2016 (S\$'000)	FY2017 (S\$'000)	FY2018 (S\$'000)	6M2019 (S\$'000)	1 July 2019 to the Latest Practicable Date (S\$'000)
PT UEI Lease	–	–	–	–	27

Our Directors are of the view that the PT UEI Lease was entered into on an arm's length basis and on normal commercial terms and is not prejudicial to the interests of our Company and our minority Shareholders, taking into account the asking lease rates of similar properties following the valuation conducted by the independent valuers.

We intend to continue with the PT UEI Lease following the Listing. Following the admission of our Company to Catalist, any transaction entered into between our Group and PT UEI will be subject to procedures for interested person transactions as set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for On-going and Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalist Rules. Accordingly, any renewal or variation in the terms of the PT UEI Lease will be subject to such procedures.

(III) Provision of personal guarantees by Mr. Tay and Ms. Dewi to our Group for facilities

During the Relevant Period, Mr. Tay and Ms. Dewi have provided personal guarantees in favour of our Group for facilities granted by various financial institutions, details of which are set out below:

Interested persons providing personal guarantees	Borrower	Financial institution	Type of facility	Date of Facility	Credit Line (S\$'000)	Largest amount of outstanding facilities guaranteed during the Relevant Period (S\$'000)
Mr. Tay and Ms. Dewi	MPL	DBS	Working capital loan	5 September 2016	300	300
Ms. Dewi	MPL	Abwin Pte Ltd	Hire Purchase	23 September 2016	37.3	42 ⁽¹⁾
Mr. Tay and Ms. Dewi	MPL	CIMB Bank Berhad	Business term loan	14 March 2017	150	150
Mr. Tay and Ms. Dewi	MPL	Citibank	Term loan and overdraft facility	3 March 2017	250	240
Mr. Tay and Ms. Dewi	MPL	OCBC	Business term loan	16 October 2017	400	400
Ms. Dewi	MPL	HL Bank	Hire purchase	13 December 2017	79	78
Mr. Tay and Ms. Dewi	MPL	SCB	Business working capital facilities	18 January 2019	900	135
Ms. Dewi	MPL	Think One Credit Pte. Ltd.	Hire purchase	3 April 2018	84	83
Mr. Tay and Ms. Dewi	MPL	UOB	Trade facilities	16 July 2019	2,020	2,020

Note:

(1) This amount includes accrued unpaid interest.

INTERESTED PERSON TRANSACTIONS

Please refer to the section entitled “Capitalisation and Indebtedness” of this Offer Document for the details of the facilities, including their interest rates and maturity profile.

The personal guarantees granted by Mr. Tay and Ms. Dewi for the facilities granted to our Group were provided without any consideration paid by MPL. Accordingly, our Directors are of the view that the provision of the abovementioned personal guarantees was not conducted on an arm’s length basis and not on normal commercial terms but was nevertheless not prejudicial to the interests of our Company and our minority Shareholders.

Following the admission of our Company to the Catalist of the SGX-ST, we intend to request for the discharge of the above personal guarantees by Mr. Tay and Ms. Dewi and replace them with a corporate guarantee by our Company. Should any of the counterparties not agree to release and discharge the above personal guarantees, or if such release, discharge and replacement is on terms and conditions not acceptable to our Group, Mr. Tay and Ms. Dewi will continue to provide the relevant personal guarantees and our Company will indemnify them for the continued provision of the relevant personal guarantees. Our Directors are of the view that the provision of the indemnity by our Company is not conducted on an arm’s length basis and not on normal commercial terms but is nevertheless not prejudicial to our Company and our minority Shareholders as it is no different from our Company providing corporate guarantees directly to the financial institutions for our Group to obtain the facilities.

Our Group does not intend to enter into such arrangements with Mr. Tay and Ms. Dewi in respect of any new facilities to be obtained from financial institutions.

(IV) Provision of indemnities by Mr. Tay and Ms. Dewi to our Group for performance bonds

During the Relevant Period, Mr. Tay and Ms. Dewi have provided indemnities in favour of the performance bonds granted to our Group by various financial institutions, details of which are set out below:

Amount indemnified by Interested Persons	As at 31 December 2016 (S\$’000)	As at 31 December 2017 (S\$’000)	As at 31 December 2018 (S\$’000)	As at 30 June 2019 (S\$’000)	As at the Latest Practicable Date (S\$’000)	Largest amount of outstanding performance bonds indemnified during the Relevant Period (S\$’000)
Mr. Tay and Ms. Dewi	1,525	1,819	2,043	2,523	4,271	4,271

The indemnities granted by Mr. Tay and Ms. Dewi for the performance bonds granted to our Group by various financial institutions were provided without any consideration paid by our Group. Accordingly, the provision of the abovementioned indemnities was not conducted on an arm’s length basis and not on normal commercial terms but nevertheless was not prejudicial to the interests of our Company and our minority Shareholders.

Following the admission of our Company to the Catalist of the SGX-ST, we intend to request for the discharge of the above indemnities by Mr. Tay and Ms. Dewi and replace them with corporate indemnities by our Company. Should any of the counterparties not agree to release and discharge the above personal indemnities, or if such release, discharge and replacement is on terms and conditions not acceptable to our Group, Mr. Tay and Ms. Dewi will continue to provide the relevant personal indemnities and our Company will indemnify them for the continued provision of the relevant personal indemnities. Our Directors are of the view that the provision of the indemnity by our Company is not conducted on an arm’s length basis and not on normal commercial terms but is nevertheless not prejudicial to our Company and our minority Shareholders as it is no different from our Company providing corporate indemnities directly to the financial institutions for our Group to obtain the performance bonds.

INTERESTED PERSON TRANSACTIONS

GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

To ensure that future transactions with interested persons are not prejudicial to the interests of our Company and our minority Shareholders and are undertaken on an arm's length basis, on normal commercial terms and are consistent with our Group's usual business practices and policies, which are generally no more favourable to the interested persons than those transacted with unrelated third parties, the following procedures will be implemented by our Group.

In relation to any purchase of products or procurement of services from interested persons, quotes from at least two (2) unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price, procurement price or fee for services shall not be higher than the most competitive price of the two (2) comparative prices from the two (2) unrelated third parties. Our Audit Committee will review the comparable quotes, taking into account, among others, the quality, requirements, delivery time and the track record of the supplier.

In relation to any sale of products or provision of services to interested persons, the price and terms of two (2) other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The interested persons shall not be charged at rates lower than that charged to the unrelated third parties.

All interested persons transactions above S\$200,000 are to be approved by a Director who shall not be an interested person in respect of the particular transaction. Any contracts to be made with an interested person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.

When renting properties from or to an interested person, appropriate steps will be taken to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary), including an independent valuation report by a property valuer, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person are no more favourable than those extended to or received from unrelated parties. In the event that it is not possible for appropriate information for comparative purposes to be obtained, the matter will be referred to our Audit Committee, and our Audit Committee will determine whether the relevant price and terms are fair and reasonable and consistent with our Group's usual business practices and policies.

In addition, we shall monitor all interested person transactions entered into by us categorising the transactions as follows:

- (a) a "category one" interested person transaction (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) is one where the value or aggregate value thereof is equal to or in excess of 3.0% of the latest audited NTA of our Group; and
- (b) a "category two" interested person transaction (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) is one where the value or aggregate value thereof is below 3.0% of the latest audited NTA of our Group.

INTERESTED PERSON TRANSACTIONS

All “category one” interested person transactions must be approved by our Audit Committee prior to entry. All “category two” interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed on a quarterly basis by our Audit Committee.

We will prepare relevant information to assist our Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis. Our Audit Committee will include the review of interested person transactions as part of its procedures while examining the adequacy of our internal controls. Further, if during these periodic reviews, our Audit Committee believes that the guidelines and review procedures as stated above are not sufficient to ensure that the interested person transactions will be on normal commercial terms, on an arm’s length basis and not prejudicial to the interests of our Company and our minority Shareholders, we will adopt new guidelines and review procedures for future interested person transactions as may be appropriate. Our Audit Committee may request for an independent financial adviser’s opinion if it deems fit.

Before any agreement or arrangement with an interested person that is not in the ordinary course of business of our Group is transacted, prior approval must be obtained from our Audit Committee. In the event that a member of our Audit Committee is interested in any interested person transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by our Audit Committee.

We will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of all future interested person transactions, and if required under the Catalist Rules, the Companies Act or the SFA, we will make immediate announcements and/or seek independent Shareholders’ approval for such transactions. In particular, interested persons and their Associates shall abstain from voting on resolutions approving interested person transactions involving themselves. In addition, such interested persons shall not act as proxies in relation to such resolutions unless specific instructions as to voting have been given by the Shareholders.

Our Board will also ensure that all disclosures, approvals and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards are complied with.

POTENTIAL CONFLICTS OF INTERESTS

Interests of Directors, CEO, Controlling Shareholders or their Associates

In general, a conflict of interests situation arises when any of our Directors, CEO, Controlling Shareholders or their respective Associates carries on or has any interest in any other corporation carrying on the same business or dealing in similar products or services as our Group.

Save as disclosed in the section entitled “Interested Person Transactions” of this Offer Document, none of our Directors, CEO, Controlling Shareholders or any of their respective Associates has any interest, whether direct or indirect, in:

- (a) any transactions to which our Company or any of our subsidiaries was or is a party;
- (b) any company or entity carrying on the same business or dealing in similar products or services as our Group;
- (c) any company or entity that is our customer or supplier of goods and services; and
- (d) any existing contract or arrangement which was or is significant in relation to the business of our Group.

None of our Directors, CEO, Controlling Shareholders, and/or any of their Associates is involved in the management of any company or entity involved in a similar or related business as our Group.

INTERESTED PERSON TRANSACTIONS

To further mitigate any perceived, actual or potential conflicts of interest, we have entered into non-compete undertakings (the “**Non-Compete Undertakings**”) with each of our Executive Directors and Controlling Shareholders, Mr. Tay, Ms. Dewi and Mr. Low, pursuant to which each of them has undertaken, among others, the following for as long as he and/or his Associates remain an “interested person” of our Company for the purpose of Chapter 9 of the Catalyst Rules and for the period of 12 months from the date he and/or his Associates cease to be an “interested person” for the purpose of Chapter 9 of the Catalyst Rules or the date on which the securities of our Company cease to be listed on Catalyst, whichever is earlier (the “**Cessation Date**”):

- (i) not to be engaged in or interested in or carry on any business (whether alone or in partnership with or joint venture with anyone else) which will wholly or partly be in competition with, or similar to (whether directly or indirectly) the Business (as defined below), in any capacity (whether as shareholder, director, employee, partner, agent, consultant or otherwise), subject further to clause (xi) below. For the purpose of the Non-Compete Undertakings, “**Business**” means the business of the provision of water and wastewater treatment services and/or such other business as may be carried out by the Listed Group from time to time and “**Listed Group**” means our Company, our subsidiaries and associated companies, from time to time;
- (ii) not to (a) have any interest, directly or indirectly, in any person or entity who carries on, and/or (b) provide any financial assistance to any person or entity to carry on any business or other activity which competes with or is similar to the Business;
- (iii) not to be involved (whether directly or indirectly) in any decision making in any entity that will put him in a conflict of interest position with respect to his duties and responsibilities (where applicable) in the Listed Group;
- (iv) not to solicit or entice away, or attempt to solicit or entice away from the Listed Group, any person who is an officer, manager or employee of the Listed Group, whether directly or indirectly, and regardless of whether such person would commit a breach of his contract of employment with our Group by reason of leaving such employment;
- (v) not to interfere or seek to interfere with or make arrangements which have the effect of harming contractual or other trade relations between the Listed Group and any of the Listed Group’s suppliers, customers, contractors, subcontractors, agents or business partners, whether directly or indirectly;
- (vi) not to solicit, market to or entice away, or attempt to solicit, market to or entice away from the Listed Group any customer, client, agent, correspondent, trader, supplier or distributor of the Listed Group or in the habit of dealing with the Listed Group, whether directly or indirectly;
- (vii) not to be a director and/or holder of an executive management position and/or commissioner (where applicable) of any entity in any business which will compete with or is similar to the Business;
- (viii) not to make use or disclose or divulge to any third party any confidential information or trade secrets relating to the Listed Group, other than any information properly available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction;
- (ix) not to use the name “Memiontec” or any other names, brands, symbols, logos or trademarks used by the Listed Group from time to time, or that the Listed Group may use in the future, for any entity in any business outside the Listed Group whether or not such business is in direct or indirect competition with or is similar to that of the Listed Group;
- (x) not to assist any person, firm or company with technical advice in relation to any business in competition (directly or indirectly) with or which is similar to the Business, whether directly or indirectly; and

INTERESTED PERSON TRANSACTIONS

- (xi) not to hold an aggregate shareholding interest (direct or indirect) of 5% or more in any company with business in competition with or similar to the Business, at all times, whether individually or collectively.

Additionally, each of the Executive Directors shall declare all investments in companies with business in competition with the Business for the review of our Audit Committee on a half-yearly basis. In the event our Audit Committee decides that a conflict of interest exists in relation to such investments, they or their Associates shall dispose of such investments within a reasonable time as agreed in consultation with our Audit Committee. The Non-Compete Undertakings shall be effective immediately upon the admission of our Company to the Catalist of the SGX-ST and shall continue in full force and effect until the Cessation Date.

Interests of Experts

None of the experts named in this Offer Document:

- (a) is employed on a contingent basis by our Company or our subsidiaries;
- (b) has a material interest, whether direct or indirect, in our Shares or in the shares of our subsidiaries;
or
- (c) has a material economic interest, whether direct or indirect, in our Company, including having an interest in the success of the Placement.

Interests of the Sponsor and Issue Manager, and the Placement Agent

In the reasonable opinion of our Directors, the Sponsor and Issue Manager and the Placement Agent do not have material relationships with our Company save for the following:

- (a) ZICO Capital is the Sponsor and Issue Manager for the Placement;
- (b) ZICO Capital will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on Catalist;
- (c) Pursuant to ZICO Capital's mandate letter and the Management and Sponsorship Agreement, as part satisfaction of ZICO Capital's fees as the Sponsor and Issue Manager, our Company will issue the ZC Shares representing approximately 0.3% of the issued and paid-up share capital of our Company immediately after the Placement; and
- (d) UOBKH is the Placement Agent for the Placement.

Please refer to the section entitled "Sponsorship, Management and Placement Arrangements" of this Offer Document for further details on the Management and Sponsorship Agreement, and Placement Agreement.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with the CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by the CDP, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. Transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30.00 and transfers and settlements pursuant to off-exchange rates will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.00.

The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement through CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

1. As at the date of this Offer Document, save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
 - (a) has at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two (2) years after the date he ceased to be a partner;
 - (b) has at any time during the last 10 years, had an application or a petition under any law of any jurisdiction 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 two (2) years after 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;
 - (c) has any unsatisfied judgment against him;
 - (d) 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;
 - (e) has 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 pending criminal proceedings of which he is aware) for such breach;
 - (f) at any time during the last 10 years, had judgment 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 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;
 - (g) has been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) has 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;
 - (i) has 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;
 - (j) 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;

GENERAL AND STATUTORY INFORMATION

- (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;
- (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 the period when he was so concerned with the entity or business trust; or

- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Disclosure in relation to Mr. Yap

While Mr. Yap was a director of United Engineers Limited, Mr. Yap assisted in investigations by the CPIB into some of United Engineers Limited's employees and he was interviewed by the CPIB in relation thereto. Mr. Yap was not the subject of the investigations and no action was taken by the CPIB against Mr. Yap after the interviews.

Disclosure in relation to Mr. Chua

Mr. Chua was interviewed by the Commercial Affairs Department ("CAD") in September 2005 as a witness pertaining to its investigation into warranty claims submitted by Accord Customer Care Solutions Ltd to Nokia Pte Ltd. He was interviewed as a witness and in his capacity as a consumer as he had coincidentally made a warranty repair claim on his personal Nokia handphone during the period of the investigations by the CAD. The interview was conducted on 8 September 2005 and on 9 September 2005, Mr. Chua received a letter from the CAD confirming that Mr. Chua was interviewed as a witness only and was not in any way implicated with regards to the investigations carried out by the CAD. Mr. Chua was not contacted by CAD in relation to the case and no action was taken by the CAD against Mr. Chua after the interview.

2. Save as disclosed in the sections entitled "Restructuring Exercise" and "Interested Person Transactions" of this Offer Document, no Director or expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Offer Document, been acquired or disposed of by or leased to us or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to us or any of our subsidiaries.
3. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.

CHANGES IN SHARE CAPITAL

4. As at the Latest Practicable Date, there is only one (1) class of shares, being ordinary shares, in the capital of our Company. There are no founder, management, deferred shares or unissued shares reserved for issuance for any purpose. The rights and privileges attached to our Shares are stated in our Constitution.

GENERAL AND STATUTORY INFORMATION

5. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document and below, there are no changes in the issued and paid-up capital of our Company and our subsidiaries within the three (3) years preceding the Latest Practicable Date:

Date of issue	Number of shares issued/change in the number of shares	Issue price per share/ Consideration	Purpose of issue/ change	Resultant share capital
Our Company				
30 August 2019	Issue of 3,904,462 new shares	S\$1	Issuance of shares to existing shareholders to capitalise the amounts owing to the existing shareholders in respect of the consideration for the acquisition of shares in MPL by our Company	S\$3,904,562
Subsidiaries				
MIPL				
23 October 2018	Issue of 100 new shares	S\$250	Subscriber shares allotted on incorporation	S\$25,000
MPL				
14 August 2018	Transfer of (i) 825,000 shares from Mr. Tay and (ii) 675,000 shares from Ms. Dewi and to our Company	S\$2,147,454.10 (to Mr. Tay) and S\$1,757,007.90 (to Ms. Dewi)	Transfer of shares to our Company pursuant to the Restructuring Exercise	S\$1,500,000
M Water				
19 June 2018	Issue of 10,000 new shares	S\$1	Subscriber shares allotted on incorporation	S\$10,000
PTMI				
12 January 2019	Transfer of (i) 550 shares from Ms. Irawati and (ii) 10,450 shares from Ms. Dewi to PTMP	IDR550,000,000 (to Ms. Irawati) and IDR10,450,000,000 (to Ms. Dewi)	Transfer of shares to PTMP pursuant to the Restructuring Exercise	IDR11,000,000,000
13 February 2019	Issue of 49,100 new shares	IDR1,000,000	Issuance of shares to existing shareholders to increase share capital	IDR60,100,000,000
PTMP				
17 December 2018	Transfer of 125 shares from Ratna Dewi Sugiharto to Ms. Irawati	IDR12,500,000	Issuance of shares to existing shareholders to increase share capital	IDR250,000,000
27 December 2018	Issue of 147,800 new shares	IDR100,000	Issuance of shares to existing shareholders to increase share capital	IDR15,030,000,000
MIT Water				
None ⁽¹⁾	–	–	–	–

Note:

- (1) There is no concept of shares for a limited liability company such as MIT Water under the PRC laws. There were no changes to the registered or paid-up capital of MIT Water within the three (3) years preceding the Latest Practicable Date.

GENERAL AND STATUTORY INFORMATION

6. Save as disclosed above and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the three (3) years preceding the date of this Offer Document.
7. No option to subscribe for Shares in, or debentures of, our Company or any of our subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the last two (2) years preceding the date of this Offer Document.
8. Save for the Plan and the Combination Agreements, as at the Latest Practicable Date, no person has been or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

MATERIAL CONTRACTS

9. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two (2) years preceding the date of lodgement of this Offer Document and are or may be material:
 - (a) the Investment Term Sheet referred to in the section entitled “Shareholders – Pre-IPO Investor” of this Offer Document;
 - (b) the moratorium undertakings referred to in the section entitled “Shareholders – Moratorium” of this Offer Document;
 - (c) the Management and Sponsorship Agreement referred to in the section entitled “Sponsorship, Management and Placement Arrangements” of this Offer Document;
 - (d) the Placement Agreement referred to in the section entitled “Sponsorship, Management and Placement Arrangements” of this Offer Document;
 - (e) the sale and purchase agreement dated 14 August 2018 amongst our Company, Mr. Tay and Ms. Dewi for the acquisition by our Company of the MPL Sale Shares as referred to in the section entitled “Restructuring Exercise” of this Offer Document;
 - (f) the Combination Agreements referred to in the section entitled “General Information on our Group – Combination Agreements” of this Offer Document;
 - (g) the sale and purchase agreement dated 27 May 2019 between our Company and UIPL for the disposal by our Company of the PTWT Shares as referred to in the section entitled “Restructuring Exercise” of this Offer Document;
 - (h) the Service Agreements referred to in the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document;
 - (i) the undertakings by Mr. Tay and Ms. Dewi and the indemnities given by our Company referred to in the section entitled “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document; and
 - (j) the Non-Compete Undertakings referred to in the section entitled “Interested Person Transactions – Potential Conflicts of Interests – Interests of Directors, CEO, Controlling Shareholders or their Associates” of this Offer Document.

MATERIAL LITIGATION

10. Save as disclosed below, as at the Latest Practicable Date, our Group was not engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had during the last 12 months before the date of lodgement of this Offer Document, a material effect on our Group’s financial position or profitability.

GENERAL AND STATUTORY INFORMATION

Disclosure in relation to police report made by an ex-customer

On 27 May 2016, MPL submitted an application to the BCA for an upgrade in registration, from ME11 L5 to ME11 L6 (“**Upgrading Application**”). For purposes of the Upgrading Application, MPL had listed a project of our Group which related to the design, supply and installation of a water treatment plant, a cooling tower system and a transformer system for an ex-customer (“**Ex-Customer**”) in Indonesia (“**Project**”), as part of its track record. Save for S\$4,000, all the amounts invoiced to the Ex-Customer for the Project have been collected by our Group. The S\$4,000 was written off in FY2015.

Further to reviewing the Upgrading Application, the BCA noted that there were discrepancies in the completion date of the Project set out in different supporting documents, including a form (“**Track Record Form**”) which was signed off by the Ex-Customer. MPL then provided a letter signed by the Ex-Customer (“**Clarification Letter**”) which showed that the actual completion date of the Project was the same as that stated in the Track Record Form. As MPL could still meet the track record requirement for the L6 Grade even without considering the Project, MPL requested for the removal of the Project from its list of track record in the hope that this would expedite the processing of the Upgrading Application, to which the BCA acceded. On 26 September 2016, MPL was informed by the Singapore Police Force (“**SPF**”) that a police report had been lodged against it by the Ex-Customer. To the best knowledge of MPL, the Ex-Customer had alleged that the Clarification Letter was forged. On 4 November 2016, MPL appealed to the BCA to expedite the processing of the Upgrading Application. On 29 November 2016, MPL received a certificate of registration for the ME11 L6 grade from the BCA Registry of Contractors. On 19 January 2017, MPL received a letter from the SPF that no further action would be taken against them.

Save for the Project, our Group did not have any other relationship or dealing with the Ex-Customer.

Disclosure in relation to letters of demand received by MPL from an ex-major supplier

MPL had entered into two (2) purchase orders with an ex-major supplier, Advance-Tec Engineering Pte Ltd (“**Advance-Tec**”), pursuant to which Advance-Tec was to carry out civil and structural works in relation to two (2) government projects (“**Project 1**” and “**Project 2**”), on 17 March 2016 and 21 July 2016 respectively. Performance bonds were provided by an insurer in favour of MPL. On 21 June 2017, MPL called on the performance bonds to claim for S\$113,539.50 in respect of Project 1 and Project 2 when Advance-Tec failed to meet the completion date.

On 27 June 2017, MPL received a letter from Advance-Tec, claiming that MPL had called upon the two (2) performance guarantee bonds without any valid reason. In response, MPL issued a response letter on 4 July 2017 to Advance-Tec (i) denying Advance-Tec’s assertion; (ii) reiterating MPL’s entitlement to engage a new contractor to carry out the uncompleted work, with all costs chargeable to Advance-Tec; and (iii) informing that the final claim amount can only be furnished once both projects were completed.

On 10 July 2017, MPL received a letter of demand (“**First Demand Letter**”) to MPL demanding payment of S\$488,817.06. MPL responded to the First Demand Letter on 17 July 2017, stating, *inter alia*, that the total amount due from Advance-Tec will be ascertained and quantified after the relevant works are completed and the delays caused by Advance-Tec’s breach have been rectified.

On 25 August 2017, Advance-Tec issued a letter of demand to MPL (“**Second Demand Letter**”) for (i) composite sum of S\$478,817.06, being the total amount stated on Advance-Tec’s final account for both projects; (ii) claims in connection with the performance bond amounting to S\$57,500.00 and S\$56,039.50 for Project 1 and Project 2 respectively; and (iii) losses amounting to S\$70,000.00 as a result of materials ordered for works prior to the contract termination. MPL responded to Advance-Tec’s Second Demand Letter on 30 August 2017, reiterating its position and denying all of Advance-Tec’s claims. Further, on 15 September 2017, MPL sent statements of accounts to Advance-Tec demanding for repayment of S\$751,151.92 and S\$810,116.90 in connection with Project 1 and Project 2 respectively as a result of the breach of contract by Advance-Tec.

GENERAL AND STATUTORY INFORMATION

As at the date of this Offer Document, Advance-Tec has not replied to MPL and no summons was filed against MPL. To our Company's best knowledge, Advance-Tec is in liquidation and currently undergoing compulsory winding up. Based on the correspondence as set out above and Advance-Tec's long silence, MPL's legal adviser in relation to the dispute is of the view that it is unlikely that the liquidators of Advance-Tec will pursue a claim against MPL as Advance-Tec's case is not strong. There are no outstanding amounts due to/from Advance-Tec under Project 1 and Project 2, and our Company did not write-off any amount in connection with Project 1 and Project 2. No provision has been made in respect of the claims by Advance-Tec in our Group's financial statements as our Company is of the view that the probability of the claim from Advance-Tec being materialised is low in view that Advance-Tec being presently under liquidation and the basis of the claim is not strong. Deloitte & Touche LLP, the Independent Auditor and Reporting Accountant, has concurred with our Company's view that no provision is required for the claim.

CONSTITUTION

11. The nature of our Company's business has been stated earlier in this Offer Document. Our objects can be found in our Constitution.
12. An extract of our Constitution relating to, among others, Directors' powers to vote on contracts in which they are interested, Directors' powers to vote on their remuneration, Directors' borrowing powers, Directors' retirement, Directors' share qualification, rights pertaining to shares, convening of general meetings and alteration of capital are set out in "Appendix E - Summary of our Constitution" of this Offer Document. The Constitution of our Company is available for inspection at our registered office in accordance with paragraph 33 in the section entitled "General and Statutory Information" of this Offer Document.

MISCELLANEOUS

13. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two (2) years preceding the date of this Offer Document.
14. There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between the date of incorporation of our Company and the Latest Practicable Date.
15. Save as disclosed in the section entitled "Sponsorship, Management and Placement Arrangements" of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.
16. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
17. Save as disclosed the sections entitled "Risk Factors", "Capitalisation and Indebtedness", "Management's Discussion and Analysis of Results of Operations and Financial Position" and "General Information on our Group" of this Offer Document, our Directors are not aware of any event which has occurred between 1 July 2019 and the Latest Practicable Date which may have a material effect on the results of operations and financial position of our Group or the financial information provided in this Offer Document.

GENERAL AND STATUTORY INFORMATION

18. Save as disclosed in the sections entitled “Risk Factors”, “Capitalisation and Indebtedness”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “General Information on our Group” of this Offer Document, the results of operations and financial position of our Group are not likely to be affected by any of the following:
- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and
 - (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.
19. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company for the Period Under Review are as follows:

Name and address	Professional body	Partner-in-charge / Professional qualification
Deloitte & Touche LLP 6 Shenton Way OUE Downtown 2 #33-00 Singapore 068809	Public Accountants and Chartered Accountants Singapore	Ronny Chandra (a member of the Institute of Singapore Chartered Accountants)

We currently have no intention of changing the auditors of the companies in our Group after our Listing.

CONSENTS

20. Deloitte & Touche LLP, the Independent Auditor and Reporting Accountant, has given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the “Independent Auditor’s Report on the Audited Combined Financial Statements for the Financial Years ended 31 December 2016 and 31 December 2017” as reproduced on pages A-1 to A-3 of Appendix A of this Offer Document, “Independent Auditor’s Report on the Audited Combined Financial Statements for the Financial Year ended 31 December 2018” as reproduced on pages B-1 to B-3 of Appendix B of this Offer Document, “Independent Auditor’s Review Report on the Unaudited Interim Condensed Combined Financial Statements for the Six Months Period ended 30 June 2019” as reproduced on pages C-1 to C-2 of Appendix C of this Offer Document and “Independent Auditor’s Assurance Report on the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2018 and the Six Months Period ended 30 June 2019” as reproduced on pages D-1 to D-3 of Appendix D of this Offer Document, in the form and context in which they are included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
21. ZICO Capital Pte. Ltd., the Sponsor and Issue Manager, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto and its opinion as set out in the section entitled “General Information on our Group - Combination Agreements” of this Offer Document in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
22. UOB Kay Hian Private Limited, the Placement Agent, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

GENERAL AND STATUTORY INFORMATION

23. The Solicitors to the Placement and Legal Advisers to our Company on Singapore Law have given, and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of their name and references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
24. The Legal Advisers to our Company on Indonesian Law have given, and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of their name and references thereto and its legal opinion as set out in the sections entitled “Risk Factors - Risks relating to our Industry and Business – We are subject to risks associated with merger and acquisitions, joint ventures or strategic alliances”, “Restructuring Exercise” and “General Information on our Group - Combination Agreements”, “General Information on our Group - Material Licences, Permits, Registrations and Approvals” and “Appendix I – NSMP Legal Opinion” of this Offer Document in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document. The partner-in-charge is Iwan Nurjadin, a member of the Indonesian Advocates Association (Perhimpunan Advokat Indonesia).
25. The Legal Advisers to our Company on PRC Law have given, and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of their name and references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
26. The Indonesian Legal Consultants, SSEK, have given, and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of their name and references thereto and its statement letter and legal opinion as set out in the section entitled “General Information on our Group – Combination Agreements” and “Appendix J – SSEK Legal Opinion” of this Offer Document in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document. The partner-in-charge is Rusmaini Lenggogeni, a member of the Indonesian Advocates Association (Perhimpunan Advokat Indonesia).
27. The Indonesian Legal Consultants, R & P, have given, and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of their name and references thereto and its legal opinion as set out in the section entitled “Risk Factors – Risks relating to our Industry and Business – We are subject to risks associated with merger and acquisitions, joint ventures or strategic alliances” and “Appendix K – R & P Legal Opinion” of this Offer Document in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document. The partner-in-charge is Barryl Rolandi, a member of the Indonesian Advocate Association (Perhimpunan Advokat Indonesia).
28. Save for its opinion which has been referred to in section entitled “General Information on our Group – Combination Agreements”, the Sponsor and Issue Manager does not make, or purports to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.
29. Each of the Placement Agent, the Solicitors to the Placement and Legal Advisers to our Company on Singapore Law, the Legal Advisers to our Company on PRC Law, the Share Registrar, the Principal Bankers and the Receiving Bank does not make, or purports to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.
30. Save for its legal opinion which has been referred to in the sections entitled “Risk Factors - Risks relating to our Industry and Business – We are subject to risks associated with merger and acquisitions, joint ventures or strategic alliances”, “Restructuring Exercise” “General Information on our Group - Combination Agreements”, “General Information on our Group - Material Licences, Permits, Registrations and Approvals” and as set out in “Appendix I – NSMP Legal Opinion” of this Offer Document, the Legal Advisers to our Company on Indonesian Law, NSMP, does not make, or purports to make, any statement in this Offer Document or any statement upon which a statement

GENERAL AND STATUTORY INFORMATION

in this Offer Document is based and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

31. Save for its legal opinion which has been referred to in the section entitled “General Information on our Group - Combination Agreements” and as set out in “Appendix J – SSEK Legal Opinion” of this Offer Document, the Indonesian Legal Consultants, SSEK does not make, or purports to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.
32. Save for its legal opinion which has been referred to in the section entitled “Risk Factors – Risks relating to our Industry and Business – We are subject to risks associated with merger and acquisitions, joint ventures or strategic alliances” and as set out in “Appendix K – R & P Legal Opinion” of this Offer Document, the Indonesian Legal Consultants, R & P, does not make, or purports to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

DOCUMENTS AVAILABLE FOR INSPECTION

33. Copies of the following documents may be inspected at our registered address during normal business hours for a period of six (6) months from the date of registration by the SGX-ST acting as agent on behalf of the Authority, of this Offer Document:
 - (i) the Constitution;
 - (ii) the material contracts referred to in this Offer Document;
 - (iii) the letters of consent referred to in this Offer Document;
 - (iv) the Service Agreements;
 - (v) the Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years ended 31 December 2016 and 2017 as set out in Appendix A of this Offer Document;
 - (vi) the Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Year ended 31 December 2018 as set out in Appendix B of this Offer Document;
 - (vii) the Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period ended 30 June 2019 as set out in Appendix C of this Offer Document;
 - (viii) the Independent Auditor’s Assurance Report and the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year ended 31 December 2018 and the Six Months Period ended 30 June 2019 as set out in Appendix D of this Offer Document;
 - (ix) the audited financial statements of the subsidiaries for FY2016, FY2017 and FY2018;
 - (x) the NSMP Legal Opinion as set out in Appendix I of this Offer Document;
 - (xi) the SSEK Legal Opinion as set out in Appendix J of this Offer Document; and
 - (xii) the R & P Legal Opinion as set out in Appendix K of this Offer Document.

GENERAL AND STATUTORY INFORMATION

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

34. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

APPENDIX A
INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

INDEPENDENT AUDITOR'S REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

21 February 2020

The Board of Directors
Memiontec Holdings Ltd.
20 Woodlands Link
#04-30/31
Singapore 738733

Dear Sirs,

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Memiontec Holdings Ltd. (the "Company") and its subsidiaries (the "Group"). The combined financial statements comprise the combined statements of financial position as at 31 December 2016 and 2017 and the related combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the years then ended, including a summary of significant accounting policies and other explanatory information, as set out on pages A-4 to A-61.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with the Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the combined financial position of the Group as at 31 December 2016 and 2017 ("Relevant Periods") and of the combined financial performance, combined changes in equity and combined cash flows of the Group for the years then ended.

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 Combined 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 Accounts and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the combined 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.

Responsibilities of Management and Directors for the Combined Financial Statements

Management is responsible for the preparation of these combined financial statements that give a true and fair view in accordance with the FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide 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 combined financial statements and to maintain accountability of assets.

In preparing the combined 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.

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 combined financial statements, including the disclosures, and whether the combined 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 combined 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.

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INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL
STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

Restriction on Distribution and Use

This report has been prepared solely to you for inclusion in the Offer Document in connection with the proposed listing of Memiontec Holdings Ltd. on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited and for no other purpose.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Ronny Chandra
Partner

APPENDIX A
INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2016 and 2017

	Note	2016	2017
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	7	2,264,047	3,161,816
Trade and other receivables	8	3,932,751	2,431,489
Amounts due from customers for contract work-in-progress	9	4,301,152	6,302,322
Inventories	10	130,416	280,877
Total current assets		10,628,366	12,176,504
Non-current assets			
Property, plant and equipment	11	2,457,312	2,854,522
Investment in a joint venture	12	–	1,735,594
Deferred tax assets	19	428	4,799
Total non-current assets		2,457,740	4,594,915
Total assets		13,086,106	16,771,419
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	14	4,960,887	9,376,344
Amounts due to customers for contract work-in-progress	9	872,222	127,458
Finance leases	15	57,929	42,427
Borrowings	16	645,634	692,586
Income tax payable		34,891	48,998
Total current liabilities		6,571,563	10,287,813
Non-current liabilities			
Finance leases	15	75,713	96,328
Borrowings	16	1,056,534	1,340,387
Retirement benefit obligations	18	38,605	66,145
Deferred tax liabilities	19	24,000	43,000
Total non-current liabilities		1,194,852	1,545,860
Capital, reserves and non-controlling interests			
Share capital	20	1,560,354	1,560,354
Translation reserve	21	(225,391)	(424,650)
Retained earnings		3,823,132	3,640,978
Equity attributable to owners of the Company		5,158,095	4,776,682
Non-controlling interests		161,596	161,064
Total equity		5,319,691	4,937,746
Total liabilities and equity		13,086,106	16,771,419

See accompanying notes to the combined financial statements.

APPENDIX A
INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Years ended 31 December 2016 and 2017

	Note	2016	2017
		\$	\$
Revenue	22	16,066,737	21,073,547
Cost of sales		(12,358,829)	(17,137,609)
Gross profit		3,707,908	3,935,938
Other income	23	194,465	112,651
General and administrative expenses		(2,365,434)	(2,796,236)
Share of profit of joint venture		–	14,490
Finance costs	24	(173,367)	(183,147)
Other operating expenses	25	(25,426)	(157,850)
Profit before income tax		1,338,146	925,846
Income tax expense	26	(199,259)	(215,135)
Profit for the year	27	1,138,887	710,711
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit obligations		(1,284)	(13,194)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange gain (loss) on translation of foreign operations		197,902	(209,462)
Other comprehensive income for the year, net of tax		196,618	(222,656)
Total comprehensive income for the year		1,335,505	488,055

See accompanying notes to the combined financial statements.

APPENDIX A
INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Years ended 31 December 2016 and 2017

	Note	2016	2017
		\$	\$
Profit for the year attributable to:			
Owners of the Company		1,099,071	700,385
Non-controlling interests		39,816	10,326
		1,138,887	710,711
Total comprehensive income attributable to:			
Owners of the Company		1,293,118	488,587
Non-controlling interests		42,387	(532)
		1,335,505	488,055
Earnings per share			
Basic and diluted (cents)	28	0.59	0.38

See accompanying notes to the combined financial statements.

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INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL
STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY
Years ended 31 December 2016 and 2017

	Share capital	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2016	1,560,354	(420,656)	2,945,279	4,084,977	119,209	4,204,186
Total comprehensive income for the year:						
Profit for the year	–	–	1,099,071	1,099,071	39,816	1,138,887
Other comprehensive income for the year	–	195,265	(1,218)	194,047	2,571	196,618
Total	–	195,265	1,097,853	1,293,118	42,387	1,335,505
Transactions with owners, recognised directly in equity:						
Dividends (Note 29)	–	–	(220,000)	(220,000)	–	(220,000)
Balance at 31 December 2016	1,560,354	(225,391)	3,823,132	5,158,095	161,596	5,319,691
Total comprehensive income for the year:						
Profit for the year	–	–	700,385	700,385	10,326	710,711
Other comprehensive income for the year	–	(199,259)	(12,539)	(211,798)	(10,858)	(222,656)
Total	–	(199,259)	687,846	488,587	(532)	488,055
Transactions with owners, recognised directly in equity:						
Dividends (Note 29)	–	–	(870,000)	(870,000)	–	(870,000)
Balance at 31 December 2017	1,560,354	(424,650)	3,640,978	4,776,682	161,064	4,937,746

See accompanying notes to the combined financial statements.

APPENDIX A
INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS
Years ended 31 December 2016 and 2017

	2016	2017
	\$	\$
Operating activities		
Profit before income tax	1,338,146	925,846
Adjustments for:		
Depreciation of property, plant and equipment	191,125	217,442
Retirement benefit obligations	8,617	12,384
Share of profit of joint venture	–	(14,490)
Interest expense	173,367	183,147
Interest income	(34,077)	(78,000)
Loss on disposal of property, plant and equipment	17,999	7,300
Bad debts written off	5,975	–
Net foreign exchange loss (gain)	192,957	(96,739)
Operating cash flows before movements in working capital	1,894,109	1,156,890
Trade and other receivables	(2,075,993)	1,200,465
Amount due from (to) customers for contract work-in-progress	(95,161)	(2,745,934)
Inventories	(6,532)	(150,461)
Trade and other payables	704,164	2,735,152
Cash generated from operations	420,587	2,196,112
Income tax paid	(283,752)	(182,028)
Interest income received	34,077	78,000
Net cash from operating activities	170,912	2,092,084
Investing activities		
Purchase of property, plant and equipment (Note A)	(616,050)	(692,205)
Proceeds from disposal of property, plant and equipment	–	10,700
Capital contribution in a joint venture	–	(1,721,104)
Net cash used in investing activities	(616,050)	(2,402,609)
Financing activities		
Withdrawal of pledged fixed deposit	78,642	–
Interest paid	(173,367)	(183,147)
Dividends paid	(220,000)	(870,000)
Advances from directors	226,650	1,981,102
Proceeds from borrowings	800,000	940,000
Repayments of borrowings	(347,640)	(550,815)
Repayments of obligations under finance leases	(41,215)	(56,204)
Net cash from financing activities	323,070	1,260,936
Net (decrease) increase in cash and cash equivalents	(122,068)	950,411
Cash and cash equivalents at beginning of the year	2,383,895	2,264,047
Effect of exchange rate changes on the balance of cash held in foreign currencies	2,220	(52,642)
Cash and cash equivalents at end of the year (Note 7)	2,264,047	3,161,816

Notes to the combined statements of cash flows:

- A) During the year, the Group acquired property, plant and equipment amounting to \$758,205 (2016 : \$724,697) of which \$66,000 (2016 : \$108,647) was acquired through finance lease arrangements (Note 15).

See accompanying notes to the combined financial statements.

APPENDIX A
INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 December 2016 and 2017

1. GENERAL

The Company (Registration No. 201305845W) is public limited company incorporated and domiciled in Singapore with its principal place of business and registered office at 20 Woodlands Link, #04-30/31, Singapore 738733. The combined 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 2, 12 and 13 respectively to the combined financial statements.

The combined financial statements of the Group for the years ended 31 December 2016 and 2017 (the “Relevant Periods”) were authorised for issue by the Board of Directors on 21 February 2020.

2. REORGANISATION AND BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS

Restructuring Exercise

Pursuant to the restructuring exercise to rationalise the structure of the Company and its subsidiaries (the “Group”) in preparation for the proposed listing of the Company on the Singapore Exchange Securities Trading (“SGX-ST”) (the “Restructuring Exercise”), the Group undertook the following restructuring steps:

(i) Incorporation of M Water Resources International Pte. Ltd. (“MWR”)

On 19 June 2018, MWR was incorporated as a private company limited by shares in Singapore, with an issued and paid-up capital of \$10,000 comprising 10,000 ordinary shares held by the Company.

(ii) Acquisition of shares in Memiontec Pte Ltd (“MPL”)

Pursuant to a share purchase agreement dated 14 August 2018 entered into between Mr. Tay Kiat Seng (“Mr. Tay”), Ms. Soelistyo Dewi Soegiharto (“Ms. Dewi”), and the Company, the Company acquired an aggregate of 1,500,000 shares, being 100% of the issued and paid-up capital of MPL, for a consideration of \$3,904,462. As a result, MPL became a wholly owned subsidiary of the Company. The consideration was settled through issuance of MHPL's shares on 19 September 2019.

(iii) Incorporation of Memiontec Industries Pte. Ltd. (“MIPL”)

On 23 October 2018, MIPL was incorporated as a private company limited by shares in Singapore, with an issued and paid-up capital of \$25,000 comprising 100 ordinary shares held by the Company.

(iv) Changes in the share capital in PT Memindo Pratama (“PTMP”)

On 17 December 2018, Ms. Irawati acquired 125 shares in PTMP from Ratna Dewi Sugiharto for a total consideration of IDR12,500,000 (approximately \$1,181) (the “Transfer”).

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INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 December 2016 and 2017

On 27 December 2018, PTMP issued 147,800 new shares at an aggregate consideration of IDR14,780,000,000 (approximately \$1.45 million). Ms. Dewi and Ms. Irawati subscribed for 144,919 and 2,881 new shares in PTMP for a consideration of IDR14,491,900,000 (approximately \$1.42 million) and IDR288,100,000 (approximately \$0.03 million) respectively (the "Subscriptions"). Following the completion of the Transfer and Subscriptions, Ms. Dewi and Ms. Irawati hold 98% and 2% equity interests in PTMP respectively.

- (v) Transfer of shares in PTMI to PTMP and Acquisition of PTMI via subscription of shares in PTMI by MIPL

On 12 January 2019, PTMP acquired 11,000 shares in PTMI from Ms. Irawati and Ms. Dewi for a consideration of IDR11,000,000,000 (approximately \$1.06 million).

On 13 February 2019, PTMP subscribed for 7,030 new shares in PTMI for a total consideration of IDR7,030,000,000 (approximately \$0.67 million). As a result, PTMP holds 18,030 shares, representing 30% of the issued share capital in PTMI.

On 13 February 2019, MIPL subscribed for 42,070 new shares in PTMI for a total consideration of IDR42,070,000,000 (approximately \$4.04 million). As a result, MIPL became the holder of 70% of the issued share capital of PTMI and PTMI was converted to a foreign investment limited liability company.

- (vi) Disposal of interest in PT MIT Water Technologies ("PTWT") by the Company to UI Pte. Ltd. ("UIPL")

Pursuant to a sale and purchase agreement dated 27 May 2019 between the Company and UIPL, the Company disposed of 1,140,000 shares in PT MIT, being 95% of the issued and paid-up capital in PTWT ("PTWT Shares") to UIPL, a company owned by Mr. Tay (67%) and Ms. Dewi (33%), the controlling shareholders of the Company. The aggregate consideration of the aforementioned disposal was \$710,000.

The disposal of the PTWT shares was completed on 28 May 2019. Subsequent to the disposal, PTWT changed its name to PT Universal Energy Investment.

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Subsidiaries

The details of the Group's subsidiaries upon completion of the above-mentioned Restructuring Exercise are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective equity interests of the Group	
			2016	2017
			%	%
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) (e)}	Singapore	Customisation and distribution of modular water and wastewater treatment components, equipment and system	–	–
Memiontec Industries Pte. Ltd. ^{(c) (f)}	Singapore	Building construction and investment holding, total water treatment solutions, EPC, BOOT, and maintenance	–	–
PT Memiontec Indonesia ^(b)	Indonesia	Water management services and construction implementing services	95	95
PT Memindo Pratama ^{(c) (g)}	Indonesia	Water management services; civil construction and wholesale	–	–
PT MIT Water Technologies ^{(b) (h)}	Indonesia	Investment holding	95	95
MIT Water Technology Chengdu Co Ltd ^(d)	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 for sole purpose of inclusion of their financial position and operation results in the combined financial statements of the Group.

^(c) Not audited as deemed not material to the Group.

^(d) Audited by Sichuan Zhongfa Certified Public Accountants Co. Ltd., Sichuan, an affiliated firm of HLB International.

^(e) Subsidiary was incorporated on 19 June 2018 in Singapore.

^(f) Subsidiary was incorporated on 23 October 2018 in Singapore.

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^(g) Pursuant to a loan agreement dated 22 December 2019 amongst MIPL, PTMP, Mr. Tay and 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 the 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 its 30% shares in PTMI ("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 (the "Undertaking Agreement").

Pursuant to the Combination Agreements and the Undertaking Agreement, although the Group does not own any of the 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.

^(h) Subsidiary was disposed on 28 May 2019.

Basis of preparation of the combined financial statements

The Group resulting from the above Restructuring Exercise is regarded as a continuing entity throughout the years ended 31 December 2016 and 2017 as the Group is ultimately controlled by the common shareholders both before and after the Restructuring Exercise, notwithstanding that the Restructuring Exercise was not completed until after the end of the reporting period.

Accordingly, the combined financial statements of the Group for the years ended 31 December 2016 and 2017 have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfers the equity interest in the combining entity under the common control to the Company has been effected as at the beginning of the period presented in these combined financial statements. The accounting policy for merger accounting is described in Note 3.4.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF ACCOUNTING - The combined 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 Financial Reporting Standards in Singapore ("FRSs").

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 combined financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 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 COMBINATION - The combined 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.

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When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Combination 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 combined 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.

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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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 FRSs). 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 FRS 39, when applicable, the cost on initial recognition of an investment in a joint venture.

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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 FRS 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 FRS 12 *Income Taxes* and FRS 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 FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *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 FRS.

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If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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

- 3.4 MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL** – The combined 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 combined 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 combined 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 combined 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

Classification and measurement

The Group classifies its financial assets (trade and other receivables and cash and cash equivalents) as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and cash and cash equivalents), are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting year. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

The objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the counterparty will enter bankruptcy or financial re-organisation

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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 and finance leases 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 (see below).

Derecognition of financial liabilities

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

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3.5.3 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the combined 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** - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

- 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.

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3.8 PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

	<u>Number of years</u>
Leasehold properties	Over terms of lease
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

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 combined financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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.

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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 combined 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 FRS 105. Under the equity method, an investment in a joint venture is initially recognised in the combined statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 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 FRS 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 FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

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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 FRS 39. 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 combined 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.

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.

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The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs 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 combined financial statements only to the extent of other parties' interests in the joint operation.

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

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

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

3.13 REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from total solutions with engineering, procurement and construction ("TSEPC") projects

Revenue from a TSEPC contract is recognised in accordance with the Group's accounting policy on construction contracts in Note 3.14.

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

Revenue from OMS services is recognised when the services are provided.

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Sales and distribution of systems and equipment ("Trading")

Revenue from Trading is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction revenue from service concession arrangements

Construction revenue relates to a service concession arrangement entered by a joint venture with a Indonesian state-owned enterprise to construct and operate a water treatment plant, accounted for under INT FRS 112 *Service Concession Arrangements*. Construction revenue is recognised using the cost-based input method.

Finance income from service concession arrangements

Financial income from service concession arrangement is recognised when it is probable that the economic benefits will flow to the joint venture and the amount of income can be measured reliably. Financial income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.14 CONSTRUCTION CONTRACTS – Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in construction works and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probable to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

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When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work-in-progress. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work-in-progress. Amounts received before the related work is performed are included in the combined statement of financial position under trade and other payables. Amounts billed for work performed but not yet paid by the customer are included in the combined statement of financial position under trade and other receivables.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, subcontract cost and site assembly cost.

- 3.15 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.

- 3.16 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 combined 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.

- 3.17 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.

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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 combined 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 combined 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.

3.18 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.

3.19 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 combined 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.

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Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the combined financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

3.20 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 combined financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company and presentation currency for the combined 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.

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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 combined 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.

On combination, 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.

3.21 CASH AND CASH EQUIVALENTS IN THE COMBINED STATEMENT OF CASH FLOWS - Cash and cash equivalents in the combined 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.

3.22 SEGMENT REPORTING - An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

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3.23 SERVICE CONCESSION ARRANGEMENT – The Group's service concession arrangement is held by a joint venture. Public-to-private service concession arrangement is accounted for under INT FRS 112 *Service Concession Arrangements* if the following two conditions are met:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls—through ownership, beneficial entitlement or otherwise—any significant residual interest in the infrastructure at the end of the term of the arrangement.

The nature of the consideration from the grantor determines its subsequent accounting treatment. The consideration may be a right to (a) a financial asset; (b) an intangible asset; or (c) hybrid of a financial asset and an intangible asset. The joint venture's service concession arrangement relates to a financial asset.

Financial assets arising from service concession arrangements represent the amounts due from the grantor for services provided by the Group in connection with service concession arrangements where the Group has an unconditional right to receive cash from the grantor. Financial assets arising from service concession arrangements are measured in accordance with accounting policies in Note 3.5.1; whereas construction revenue and finance income arising from service concession arrangements are recognised by the joint venture based on revenue recognition policy in Note 3.13.

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

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the combined financial statements apart from those involving estimation which are dealt with below.

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.

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a) Revenue recognition of construction 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 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. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major 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.

As at 31 December 2016 and 2017, the carrying amounts of amounts due from customers for contract work-in-progress works and amounts due to customers for contract work-in-progress are disclosed in Note 9 to the combined financial statements.

b) Service concession arrangements

When the joint venture performs more than one performance obligations (i.e. construction and operation services) under a service concession contract or arrangement, the consideration for the services provided under the concession arrangements is allocated to the different performance obligations by reference to their relative fair values. The assumptions used and estimates made in determination of such allocation can affect the profit margin for the performance obligations.

c) Uncertain tax positions

The Group is subject to income taxes in Singapore, Indonesia and China. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and deductibility of certain expense ("uncertain tax positions") in each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the current tax and deferred tax provision are disclosed in combined statement of financial position and Note 19 to the combined financial statements.

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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:

	2016	2017
	\$	\$
Financial assets		
Loans and receivables	5,935,792	5,235,863
Financial liabilities		
Amortised cost	6,638,010	9,024,029

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

The Group does 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 overall financial risk management policies and objectives seek to minimise potential adverse effects on the financial performance of the Group. Management regularly reviews the Group'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 exposure to these financial risks or the manner in which it manages and measures the risk.

The Group 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 foreign currency exposure during the year arises from United States dollars, and Pound Sterling. The Group 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.

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	
	2016	2017	2016	2017
	\$	\$	\$	\$
United States dollars	(19,945)	(132,478)	274,947	219,804
Pound Sterling	(488,503)	(277,885)	-	-

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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 profit.

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, the Group's profit for the year will increase (decrease) by:

	2016	2017
	\$	\$
United States dollars	(12,750)	(4,366)
Pound Sterling	24,425	13,894

If the relevant foreign currency strengthens by 5% there would be an equal and opposite impact on the Group's profit or loss shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk management

The Group's exposure to interest rate risk are restricted to their interest bearing bank balances and deposits, finance leases and borrowings as disclosed in Notes 7, 15 and 16 to the combined financial statements respectively.

No interest rate sensitivity was performed since the Group'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 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 such as reputable financial institutions.

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Credit risk concentration profile

As at 31 December 2017, 69% (2016 : 69%) of the Group's revenue are derived from 1 customer in Singapore (2016 : 3 customers in Singapore and Indonesia), which represent concentration risk within these geographical locations. There is concentration of credit risk as approximately 61% (2016 : 74%) of the Group's trade receivables at the end of the financial year relate to 4 customers (2016 : 5 customers).

Impairment of trade receivables

In determining the recoverability of trade receivables, the Group follows the incurred loss impairment model where it considers the financial strength and performance of the counterparties. Accordingly, management believes that there is no further credit allowance required in excess of the allowance for doubtful debts (if any).

The table below is an analysis of the Group's trade receivables as at the end of the reporting period:

	2016	2017
	\$	\$
Not past due and not impaired	2,988,874	1,691,428
Past due but not impaired	310,368	292,573
	<u>3,299,242</u>	<u>1,984,001</u>
Less: Allowance for doubtful debt	-	-
Total trade receivables, net	<u>3,299,242</u>	<u>1,984,001</u>

Trade receivables that are not past due and not impaired are substantially companies with good collection track records with the Group.

Aging of trade receivables that are past due but not impaired:

	2016	2017
	\$	\$
< 30 days	155,460	64,380
31 to 60 days	29,637	42,973
61 to 90 days	93,807	-
> 90 days	31,464	185,220
	<u>310,368</u>	<u>292,573</u>

In 2017, included in the Group's trade receivables are debtors with a carrying amount of \$292,573 (2016 : \$310,368) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

There was no allowance for doubtful debts for trade receivables as at 31 December 2016 and 2017.

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(iv) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet their financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows.

Liquidity risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the combined 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
	%	\$	\$	\$	\$	\$
<u>2016</u>						
Non-interest bearing	–	4,802,200	–	–	–	4,802,200
Finance leases (fixed rate)	8.4%	65,989	82,790	–	(15,137)	133,642
Borrowings (fixed rate)	10.5%	862,826	1,268,048	–	(428,706)	1,702,168
Total		<u>5,731,015</u>	<u>1,350,838</u>	–	<u>(443,843)</u>	<u>6,638,010</u>
<u>2017</u>						
Non-interest bearing	–	6,852,301	–	–	–	6,852,301
Finance leases (fixed rate)	7.0%	49,955	86,625	21,596	(19,421)	138,755
Borrowings (fixed rate)	9.1%	986,721	1,433,288	–	(387,036)	2,032,973
Total		<u>7,888,977</u>	<u>1,519,913</u>	<u>21,596</u>	<u>(406,457)</u>	<u>9,024,029</u>

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Non-derivative financial assets

All the financial assets of the Group in 31 December 2016 and 2017 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.

(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 finance leases (Note 15) and borrowings (Note 16), 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 overall strategy remains unchanged during the Relevant Periods.

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 combined financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

	2016	2017
	\$	\$
<u>A joint venture</u>		
Sales of goods	-	(567,582)

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Compensation of directors and key management personnel

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

	2016	2017
	\$	\$
Short-term benefits	668,798	771,362
Post-employment benefits	52,892	54,094
Total	<u>721,690</u>	<u>825,456</u>

7. CASH AND CASH EQUIVALENTS

	2016	2017
	\$	\$
Cash on hand	3,564	6,497
Cash at banks	1,649,231	848,245
Fixed deposits	611,252	2,307,074
Cash and cash equivalents in the combined statement of cash flows	<u>2,264,047</u>	<u>3,161,816</u>

The effective interest rates of the fixed deposits ranged from 5.56% to 6.60% (2016 : 0.10% to 6.80%) per annum.

8. TRADE AND OTHER RECEIVABLES

	2016	2017
	\$	\$
Trade receivables:		
- Third parties	805,586	1,539,648
- Related party (Note 6)	-	22,239
	<u>805,586</u>	<u>1,561,887</u>
Unbilled revenues ^(a)	1,971,097	67,024
Retention sum ^(b)	522,560	355,090
Total trade receivables	<u>3,299,243</u>	<u>1,984,001</u>
Other receivables comprise of:		
- Amount due from directors (Note 6)	300,797	-
- Refundable deposits	22,990	26,134
- Prepayments	176,940	344,332
- Staff loans	18,355	42,117
- Other tax recoverable	84,066	13,110
- Others	30,360	21,795
Total other receivables	<u>633,508</u>	<u>447,488</u>
Total	<u>3,932,751</u>	<u>2,431,489</u>

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- (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) Retention sum represents monies withheld by customers of construction works that will be released after the end of warranty period of the relevant contracts, and is classified as current as they are expected to be received within the Group's normal operating cycle.

The credit period granted to customers is generally 30 days (2016 : 30 days). No interest is charged on the outstanding balances.

These trade and other receivables are not secured by any collateral or credit enhancements.

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 does not hold any collateral over these balances.

As part of the Group's credit risk management, the Group assesses the impairment for its customers based on the financial strength and performance of the counterparties. Details of the credit risk assessment are included in Note 5(c)(iii).

9. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	2016	2017
	\$	\$
Contracts in progress at the end of each reporting period:		
Contract costs incurred plus recognised profits	19,449,040	35,546,408
Less : Progress billings	(16,020,110)	(29,371,544)
	3,428,930	6,174,864
	2016	2017
	\$	\$
Analysed for reporting purposes as:		
Amounts due from customers for contract work-in-progress	4,301,152	6,302,322
Amounts due to customers for contract work-in-progress	(872,222)	(127,458)
	3,428,930	6,174,864

10. INVENTORIES

	2016	2017
	\$	\$
Trading-related inventories	130,416	280,877

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11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties \$	Renovation \$	Machinery and equipment \$	Office equipment, furniture and fittings \$	Motor vehicles \$	Computers \$	Construction-in- progress \$	Total \$
Cost:								
At 1 January 2016	2,086,855	177,765	7,169	139,139	221,392	8,307	—	2,640,627
Additions	—	42,333	4,121	55,993	145,454	29,200	447,596	724,697
Disposals/Write-off	—	—	—	—	(52,589)	—	—	(52,589)
Exchange differences	31,649	2,096	7	763	2,477	—	—	36,992
At 31 December 2016	2,118,504	222,194	11,297	195,895	316,734	37,507	447,596	3,349,727
Additions	—	811	23,576	36,568	84,609	15,738	596,903	758,205
Disposals/Write-off	—	—	—	—	(27,000)	—	—	(27,000)
Exchange differences	(92,363)	(6,801)	(182)	(3,084)	(10,965)	—	(28,251)	(141,646)
At 31 December 2017	2,026,141	216,204	34,691	229,379	363,378	53,245	1,016,248	3,939,286
Accumulated depreciation:								
At 1 January 2016	504,818	61,510	2,569	66,350	92,212	5,252	—	732,711
Depreciation	95,006	23,106	2,315	32,004	33,164	5,530	—	191,125
Disposals/Write-off	—	—	—	—	(34,590)	—	—	(34,590)
Exchange differences	1,987	81	1	126	974	—	—	3,169
At 31 December 2016	601,811	84,697	4,885	98,480	91,760	10,782	—	892,415
Depreciation	90,388	28,516	6,326	37,328	45,164	9,720	—	217,442
Disposals/Write-off	—	—	—	—	(9,000)	—	—	(9,000)
Exchange differences	(10,416)	(1,170)	(52)	(1,153)	(3,302)	—	—	(16,093)
At 31 December 2017	681,783	112,043	11,159	134,655	124,622	20,502	—	1,084,764
Carrying amount:								
At 31 December 2016	1,516,693	137,497	6,412	97,415	224,974	26,725	447,596	2,457,312
At 31 December 2017	1,344,358	104,161	23,532	94,724	238,756	32,743	1,016,248	2,854,522

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Certain borrowings of the Group (Note 16) are secured by mortgage of leasehold properties of the Group of which the carrying amounts are shown above.

As at 31 December 2017, the carrying amounts of the Group's motor vehicles and office equipment include assets acquired under finance leases amounting to \$183,095 (2016 : \$183,362) and \$2,710 (2016 : \$5,420) respectively (Note 15).

Details of the Group's leasehold properties as at the end of reporting period are as follows:

Held by	Group effective interest %	Location	Approximate gross floor area	Tenure	Effect from	Usage
Memiontec Pte Ltd	100	Block 20, Woodlands Link, #04-30/31, Singapore 738733	2,938 sq ft	30 years	1997	Office premise
PT MIT Water Technologies	95	Jl Cakung Cilincing, Jakarta Garden City, Rukan Avenue Blok F/8 No. 136-137, RT 001/RW 014, Cakung Timur, Jakarta Timur	561 sq m	25 years	2012	Office premise
PT MIT Water Technologies	95	Kayling Industria Ringan Sentra Niaga 5 Blok 3 No. 11, Harapan Indah	1,000 sq m	25 years	2013	Warehouse

12. INVESTMENT IN A JOINT VENTURE

	2016	2017
	\$	\$
Cost of investment in a joint venture	–	1,721,104
Accumulated share of profit	–	14,490
	–	1,735,594

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	
			2016	2017
			%	%
<u>Held by PT Memiontec Indonesia</u>				
PT Jakpro Memiontec Air ("PT JMA")	Indonesia	Provision of water management service and supply of potable water	–	40

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The above joint venture is accounted for using the equity method in these combined 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 combined financial statements of the Group.

On 25 May 2016, PT Memiontec Indonesia entered into a service concession agreement with DKI Jakarta regional-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 is still under construction at the end of the reporting period.

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.

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 had 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:

	2016	2017
	\$	\$
Current assets	–	3,809,510
Non-current assets	–	2,573,998
Current liabilities	–	(2,034,174)
Non-current liabilities	–	(10,349)

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The above amounts of assets and liabilities include the following:

	2016	2017
	\$	\$
Cash and bank balances	–	2,040,664
Current financial liabilities (excluding trade and other payables)	–	(3,544)
	2016	2017
	\$	\$
Revenue arising from service concession arrangement:		
- Construction revenue	–	2,519,350
Profit for the year, representing total comprehensive income for the year	–	36,224

The above profit for the year includes the following:

	2016	2017
	\$	\$
Depreciation	–	1,422
Interest income	–	(145,165)
Income tax credit	–	(26,291)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these combined financial statements:

	2016	2017
	\$	\$
Net assets of the joint venture	–	4,338,985
Proportion of the Group's ownership interest in the joint venture	–	40%
Carrying amount of the Group's interest in the joint venture	–	1,735,594

13. 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	
			2016	2017
			%	%
<u>Held by PT Memiontec Indonesia</u>				
KSO JUP-MIT	Indonesia	Provision of water management service and supply of potable water	40	40

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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 combined financial statements and is audited by an overseas practice of Deloitte Touche Tohmatsu Limited for consolidation of its financial position and results into the combined financial statements of the Group.

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 construction-in-progress in property, plant and equipment (Note 11). Upon completion of such upgrade, the joint operation will operate and maintain the water treatment plant, including sales of treated water. The period of the cooperation agreement is 25 years from the commercial operations date on 1 November 2018.

14. TRADE AND OTHER PAYABLES

	2016	2017
	\$	\$
Trade payables	1,875,531	2,455,242
Trade accruals	2,171,473	1,446,297
Total trade payables	<u>4,047,004</u>	<u>3,901,539</u>
Other payables:		
- Amount due to directors (Note 6)	293,565	1,973,870
- Amount due to joint venture (Note 6)	-	39,040
- Advance payments received from customers	155,732	2,479,340
- Accruals	174,952	566,935
- Other tax payable	2,955	44,703
- Others	286,679	370,917
Total other payables	<u>913,883</u>	<u>5,474,805</u>
Total	<u><u>4,960,887</u></u>	<u><u>9,376,344</u></u>

The credit period on purchases is generally from 30 to 60 days (2016 : 30 to 60 days). No interest is charged on the outstanding balances.

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15. FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2016	2017	2016	2017
	\$	\$	\$	\$
Amounts payable under finance leases:				
Within one year	65,989	49,955	57,929	42,427
In the second to fifth year inclusive	82,790	86,625	75,713	75,730
Later than fifth years	–	21,596	–	20,598
Total	148,779	158,176	133,642	138,755
Less: Future finance charges	(15,137)	(19,421)	NA	NA
Present value of lease obligations	133,642	138,755	133,642	138,755
Less: Amount due for settlement within 12 months (shown under current liabilities)			(57,929)	(42,427)
Amount due for settlement after 12 months			75,713	96,328

NA : Not applicable

The Group acquired certain of its office equipment and motor vehicles under finance leases. The maturity of the finance lease is between 2018 to 2024 (2016 : 2017 to 2020) with an effective interest rate ranging from 5.23% to 9.87% (2016 : 5.74% to 15.46%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximate their carrying amounts.

The Group's obligations under finance lease are secured by the leased assets (Note 11) and personal guarantee from a director.

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16. BORROWINGS

As at the end of the reporting period, the Group have the following borrowings:

	2016	2017
	\$	\$
Secured:		
Property term loans ^(a)	1,018,297	772,453
Bank loans ^(b)	683,871	1,260,520
	<u>1,702,168</u>	<u>2,032,973</u>
Less : Amount due for settlement within 12 months (shown under current liabilities)	(645,634)	(692,586)
Amount due for settlement after 12 months	<u><u>1,056,534</u></u>	<u><u>1,340,387</u></u>

^(a) Property term loans comprise the following:

- Property term loan of \$312,753 (2016 : \$419,214) bears a fixed interest rate at 12.50% (2016 : 12.50%) per annum and secured by a legal mortgage over the leasehold properties (Note 11) and a corporate guarantee from a subsidiary. The property term loan is repayable over a period of 7 years commencing from February 2014.
- Property term loan of \$435,256 (2016 : \$534,825) bears a fixed interest rate at 11.00% (2016 : 12.50%) per annum and secured by a legal mortgage over the leasehold property (Note 11) and two other properties owned by a director. The property term loan is repayable over a period of 10 years commencing from August 2014.
- Property term loans of \$24,444 (2016 : \$64,258) bear a fixed interest rate at 6.50% (2016 : 6.50%) per annum, secured by a legal mortgage over the leasehold properties (Note 11) and were repayable over a period of 17 years commencing from June 2001.

^(b) The bank loans bear fixed interests ranging from 6.25% to 9.00% (2016 : 5.75% to 9.00%) per annum and repayable in equal monthly instalments over 1 to 5 (2016 : 3 to 5) years. The bank loans are secured by a joint and several guarantees from the directors of the Company in their respective personal capacity.

17. 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 combined statement of cash flows as cash flows from financing activities.

	1 January 2016	Financing cash flows ⁽ⁱ⁾	Non-cash changes		31 December 2016
			New finance leases	Exchange differences	
	\$	\$	\$	\$	\$
Amount due from directors (Notes 8 and 14)	(233,882)	226,650	–	–	(7,232)
Finance leases (Note 15)	64,624	(41,215)	108,647	1,586	133,642
Borrowings (Note 16)	1,229,230	452,360	–	20,578	1,702,168
	<u><u>1,059,972</u></u>	<u><u>637,795</u></u>	<u><u>108,647</u></u>	<u><u>22,164</u></u>	<u><u>1,828,578</u></u>

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	1 January 2017	Financing cash flows ⁽ⁱ⁾	Non-cash changes		31 December 2017
			New finance leases	Exchange differences	
	\$	\$	\$	\$	\$
Amount due (from) to directors (Notes 8 and 14)	(7,232)	1,981,102	–	–	1,973,870
Finance leases (Note 15)	133,642	(56,204)	66,000	(4,683)	138,755
Borrowings (Note 16)	1,702,168	389,185	–	(58,380)	2,032,973
	<u>1,828,578</u>	<u>2,314,083</u>	<u>66,000</u>	<u>(63,063)</u>	<u>4,145,598</u>

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

18. 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:

	2016	2017
	\$	\$
Present value of defined benefit obligations (unfunded)	38,605	66,145

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 subsidiary does not set up fund for this program.

The plan in the 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.

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The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2016	2017
Discount rate	8.75%	7.75%
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	

* Based on Table of Mortality in Indonesia.

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

	2016	2017
	\$	\$
<u>Profit or loss</u>		
Current service cost	6,086	9,231
Net interest expense	2,531	3,153
Components of defined benefit costs recognised in profit or loss	8,617	12,384
<u>Other comprehensive income</u>		
Remeasurement of defined benefits liability:		
Actuarial loss from experience adjustment	505	9,449
Actuarial loss from change in financial assumptions	1,207	8,143
Tax impact	(428)	(4,398)
Components of defined benefit costs recognised in other comprehensive income	1,284	13,194
Total defined benefits costs	9,901	25,578

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

	2016	2017
	\$	\$
Opening balance	27,665	38,605
Current service cost	6,086	9,231
Interest cost	2,531	3,153
Remeasurement losses:		
Actuarial loss from experience adjustment	505	9,449
Actuarial loss from change in financial assumptions	1,207	8,143
Exchange differences	611	(2,436)
Total defined benefits costs	38,605	66,145

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

	Impact on defined benefits obligations	
	2016	2017
	\$	\$
Change in discount rate		
Increase by 1%	(4,552)	(8,143)
Decrease by 1%	5,349	8,143
Change in expected rate of salary increase		
Increase by 1%	5,652	10,130
Decrease by 1%	(4,863)	(8,622)

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 \$2,384 (2016 : \$539) to its defined benefit plan in the subsequent financial year.

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19. DEFERRED TAX ASSETS (LIABILITIES)

	Combined statement of financial position		Combined statement of profit or loss and other comprehensive income	
	2016	2017	2016	2017
	\$	\$	\$	\$
Deferred tax assets:				
Retirement benefits obligations	428	4,799	428	4,398
Deferred tax assets	428	4,799		
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(24,000)	(33,469)	6,000	9,469
Foreign-sourced interest income	–	(9,531)	–	9,531
Deferred tax liabilities	(24,000)	(43,000)		
Deferred tax expense			6,428	23,398

Deferred tax assets not recognised arising from tax losses

At the end of the reporting period, the Group has tax losses of approximately \$723,000 (2016 : \$263,000) that are available for offset against future taxable profits of the companies in which the losses arose. 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 in year 2021 to 2022 (2016 : year 2021).

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 \$2,474,000 (2016 : \$2,124,000). 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.

20. SHARE CAPITAL

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.

The issued share capital as at 31 December 2016 and 2017 represents the aggregate amount of the share capital of the Company amounting to \$100, Memiontec Pte Ltd amounting to \$1,500,000 and PT Memiontec Indonesia amounting to \$60,254.

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21. TRANSLATION RESERVE

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's functional and presentation currency, Singapore dollars ("S\$").

22. REVENUE

	2016	2017
	\$	\$
Revenue from TSEPC projects	14,422,181	18,448,755
Revenue from OMS services	1,412,027	1,352,995
Revenue from Trading	232,529	1,271,797
Total	<u>16,066,737</u>	<u>21,073,547</u>

23. OTHER INCOME

	2016	2017
	\$	\$
Interest income from banks	34,077	78,000
Grant income from government	89,007	23,656
Foreign exchange gain – net	31,515	–
Others	39,866	10,995
Total	<u>194,465</u>	<u>112,651</u>

24. FINANCE COSTS

	2016	2017
	\$	\$
Interest expense on:		
- Finance leases	6,353	8,014
- Borrowings	167,014	175,133
Total	<u>173,367</u>	<u>183,147</u>

25. OTHER OPERATING EXPENSES

	2016	2017
	\$	\$
Foreign exchange loss – net	–	150,498
Loss on disposal of property, plant and equipment	17,999	7,300
Bad debts written off	5,975	–
Others	1,452	52
Total	<u>25,426</u>	<u>157,850</u>

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26. INCOME TAX EXPENSE

	2016	2017
	\$	\$
<u>Income tax recognised in profit or loss</u>		
Income tax:		
- Current	200,276	172,193
- Over provision in prior years	(7,017)	23,942
	193,259	196,135
Deferred tax:		
- Current	4,898	19,000
- Over provision in prior years	1,102	–
	6,000	19,000
Total	199,259	215,135
<u>Income tax recognised in other comprehensive income</u>		
Deferred tax		
- Retirement benefit obligations	428	4,398
	428	4,398

Income tax for Singapore incorporated companies is calculated at 17% (2016 : 17%) of the estimated assessable income for the year.

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:

	2016	2017
	\$	\$
Profit before income tax	1,338,146	925,846
Tax at statutory rate of 17%	227,485	157,394
Effect of different tax rates of companies operating in other jurisdictions	(51,575)	18,334
Tax effect of expenses that are not deductible in determining taxable profit	85,718	88,447
Tax effect of income that are not taxable in determining taxable profit	–	(25,591)
Tax exemption and incentives	(101,508)	(150,238)
Adjustments recognised in the current year in relation to current and deferred tax of prior years	(5,915)	23,942
Deferred tax assets not recognised	44,477	117,509
Share of results of a joint venture	–	(2,463)
Others	577	(12,199)
Income tax expense	199,259	215,135

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27. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging :

	2016	2017
	\$	\$
Directors' remuneration	528,659	539,724
Employee benefits expense (including directors' remuneration) (Note A)	3,531,602	4,399,344
Costs of defined contribution plans (included in employee benefit expense)	224,798	310,322
Cost of inventories recognised as expense	949,197	402,219
Depreciation of property, plant and equipment (Note 11)	191,125	217,442
	1,925,378	5,869,551

	2016	2017
	\$	\$

Note A

Presented in statement of profit or loss and other comprehensive income:

Cost of sales	2,175,365	2,640,071
General and administrative expenses	1,356,237	1,759,273
Total	3,531,602	4,399,344

28. EARNINGS PER SHARE

For illustrative purposes, the earnings per share have been calculated based on the profit for the year attributable to owners of the Company of \$700,385 (2016 : \$1,099,071) and pre-placement shares of 186,112,000 after adjusting for the share split.

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

29. DIVIDENDS

	2016	2017
	\$	\$
Dividends on ordinary shares declared during the year by MPL:		
Final tax exempt (one-tier) dividend for 2015 : 14.67 cents	220,000	-
Interim tax exempt (one-tier) dividend for 2016 : 26.67 cents	-	400,000
Interim tax exempt (one-tier) dividend for 2017 : 31.33 cents	-	470,000
Total	220,000	870,000

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30. 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 FRS 108.

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 FRS 108 are therefore as follows:

- TSEPC – provision of total solutions with engineering, procurement and construction services relating to water and waste water management
- OMS – provision of operations, preventative and corrective maintenance services relating to water and waste water management
- Trading – sales and distribution of systems and equipment

Segment revenue represents revenue generated from external and internal customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment as well as those 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.

Assets and liabilities are not allocated by segment as they are not considered critical by the chief operating decision maker in resource allocation and assessment of segment performance.

Segment revenue

	2016	2017
	\$	\$
Revenue – TSEPC	14,422,181	18,448,755
Revenue – OMS	1,412,027	1,352,995
Revenue – Trading	232,529	1,271,797
Total	<u>16,066,737</u>	<u>21,073,547</u>

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Segment results

	2016	2017
	\$	\$
Profit from operations:		
– TSEPC	2,001,845	1,612,183
– OMS	142,116	139,886
– Trading	50,658	360,919
Total	2,194,619	2,112,988
Other income	194,465	112,651
General and administrative expenses	(852,145)	(973,286)
Share of profit of a joint venture	-	14,490
Finance costs	(173,367)	(183,147)
Other operating expenses	(25,426)	(157,850)
Profit before income tax	1,338,146	925,846
Income tax expense	(199,259)	(215,135)
Profit for the year	1,138,887	710,711

Geographical segments

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

	Revenue	
	2016	2017
	\$	\$
Singapore	10,110,891	17,279,499
Indonesia	5,955,846	3,690,807
China	-	103,241
Total	16,066,737	21,073,547

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

	Non-current assets	
	2016	2017
	\$	\$
Singapore	411,896	453,133
Indonesia	1,961,990	2,337,977
China	83,426	63,412
Total	2,457,312	2,854,522

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Major customers information

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	Group	
	2016	2017
	\$	\$
Customer A – (TSEPC)	5,726,553	14,520,405
Customer B – (TSEPC)	2,906,987	–
Customer C – (TSEPC)	2,389,935	–
	<u>11,023,475</u>	<u>14,520,405</u>

31. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2016	2017
	\$	\$
Minimum lease payments under operating leases recognised as an expense in the financial year	<u>177,325</u>	<u>197,998</u>

At the end of the reporting period, the Group have outstanding commitments under non-cancellable operating lease, which fall due as follows:

	2016	2017
	\$	\$
Within one year	151,515	123,246
In the second to fifth year inclusive	184,830	15,303
Total	<u>336,345</u>	<u>138,549</u>

Operating lease payments represents rentals payable by the Group for warehouse and staff accommodations. The average lease term of the warehouse and staff accommodations range from one to three (2016 : one to three) years and rentals are fixed throughout the lease term.

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32. STANDARDS ISSUED BUT NOT YET EFFECTIVE

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual period beginning on or after 1 January 2017. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except for certain presentation improvements arising from Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*.

At the date of authorisation of these combined financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group were issued but not effective:

- FRS 109 *Financial Instruments*¹
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*¹
- FRS 116 *Leases*²
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*³
- Improvements to FRSs (December 2016)¹
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration*¹

¹ Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

² Applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if FRS 115 is adopted.

³ Applications has been deferred indefinitely, however, early application is still permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

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Key requirements for FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. The management will consider whether a lifetime or 12-month expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of FRS 109. Additional disclosures will also be made. Apart from that, management anticipates that the application of FRS 109 is not expected to have any significant impact on the amounts reported in respect of the company's financial assets and financial liabilities based on analysis of the company's financial instruments for the respective reporting period. Management did not early adopt FRS 109 for the financial years ended 31 December 2016 and 2017.

FRS 115 Revenue from Contracts with Customer

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

In June 2016, Amendments to FRS 115 were issued to add clarifications to (i) identifying performance obligations, (ii) principal versus agent considerations, and (iii) licensing application guidance. Amendments also included two additional transition reliefs on contract modifications and completed contracts.

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Management anticipates that the initial application of the new FRS 115 will result in changes to the accounting policies relating to the revenue recognition. Management has completed its detailed assessment and the information on the known or reasonably estimable impact to the combined financial statement of the Group in the period of initial application is disclosed below:

(A) Impact on the combined statement of financial position as at 31 December 2017

	As audited	Effect of adopting FRS 115	Notes	After adoption of FRS 115
	\$	\$		\$
Assets				
Trade and other receivables	2,431,489	(355,090)	(i)	2,076,399
Contract work-in-progress	6,302,322	(6,302,322)	(ii)	–
Contract assets	–	5,763,352	(i) (ii)	5,763,352
	<u>8,733,811</u>	<u>(894,060)</u>		<u>7,839,751</u>
Liabilities				
Trade and other payables	9,376,344	(2,727,754)	(i)	6,648,590
Contract work-in-progress	127,458	(127,458)	(ii)	–
Contract liabilities	–	1,961,152	(i) (ii)	1,961,152
	<u>9,503,802</u>	<u>(894,060)</u>		<u>8,609,742</u>

(B) Impact on the combined statement of profit or loss and other comprehensive income as at 31 December 2017

	As audited	Effect of adopting FRS 115	Notes	After adoption of FRS 115
	\$	\$		\$
Revenue	21,073,547	(248,414)	(iii)	20,825,133
Cost of sales	(17,137,609)	248,414	(iii)	(16,889,195)
Gross profit	<u>3,935,938</u>	<u>–</u>		<u>3,935,938</u>

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(C) Impact on the combined statement of financial position as at 1 January 2017

	As audited	Effect of adopting FRS 115	Notes	After adoption of FRS 115
	\$	\$		\$
Assets				
Trade and other receivables	3,932,751	(522,560)	(i)	3,410,191
Contract work-in-progress	4,301,152	(4,301,152)	(ii)	–
Contract assets	–	4,691,823	(i) (ii)	4,691,823
	8,233,903	(131,889)		8,102,014
Liabilities				
Trade and other payables	4,960,887	(155,732)	(i)	4,805,155
Contract work-in-progress	872,222	(872,222)	(ii)	–
Contract liabilities	–	896,065	(i) (ii)	896,065
	5,833,109	(131,889)		5,701,220

Notes on effect of adopting FRS 115

(i) *Reclassification of retention sum and advance payments from customers*

Retention sum is reclassified as contract assets because the Group had not obtained the unconditional rights to consideration. A right to consideration is unconditional if only the passage of time is required before payment is due.

Advance payments received from customers is reclassified as contract liabilities because the Group has obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts and sales of goods.

(ii) *Reclassification of contract work-in-progress*

Under FRS 115, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. This balance was previously recognised as part of contract work-in-progress (costs > billings) and has now been reclassified.

The contract liability balance includes an amount reclassified from contract work-in-progress (billings > costs).

(iii) *Reclassification of liquidated damages*

Liquidated damages were previously included in estimate TSEPC contract costs when it was considered probable that penalties would be incurred and paid. Under FRS 115, liquidated damages are required to be included as a reduction in estimated revenue for TSEPC projects and the estimate are based on the weighting of probable outcomes.

The above reclassifications had no impact on shareholders' equity as of 1 January 2017 and 31 December 2017.

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FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management has performed an analysis of the requirements of the initial application of FRS 116 and expects the adoption of FRS 116 will result in changes to accounting policies relating to operating leases, where the Group is a lessee. A right-of-use asset will be recognised on the combined statement of financial position, representing the Group's right to use the leased asset over the lease term and, recognise a corresponding liability to make lease payments. In addition, the adoption of FRS 116 will also result in reclassification of assets that has been acquired under finance lease from "Property, plant and equipment" to "Right-of-use assets" and reclassification from "Finance leases" to "Lease liabilities".

Management did not early adopt FRS 116 for the financial years ended 31 December 2016 and 2017.

INT FRS 123 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a Group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

Management will adopt the above Interpretation when it becomes effective

33. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in the report, subsequent to 30 June 2019, the following significant events took place:

- (a) On 19 July 2019, the subsidiary, PTMI, declared a final dividend of IDR3,098,636 (equivalent to \$304) per ordinary share amounting to IDR34,085,000,000 (equivalent to \$3,341,667) in respect of the financial year ended 31 December 2018 to its then shareholders, Ms. Dewi and Ms. Irawati. The dividends were paid in two tranches on 22 July 2019 and 2 August 2019.

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- (b) On 27 December 2018, Ms. Dewi and Ms. Irawati subscribed 144,919 and 2,881 shares in PTMP for a consideration of IDR14,491,900,000 (approximately \$1,420,040) and IDR288,100,000 (approximately \$28,890) respectively (the "Subscriptions").

On 23 July 2019, the Subscriptions consideration were settled by the shareholders of PTMP and the balance of \$1,420,040 and \$28,890 have been accounted as deemed capital contribution from shareholder and contribution from non-controlling interest respectively in the equity.

- (c) On 30 August 2019, the Company issued 3,904,462 ordinary shares for consideration of \$3,904,462 through conversion of the advances from shareholders recorded in other reserves in financial year ended 31 December 2018. The new shares ranked *pari passu* in all aspects with the existing ordinary shares.
- (d) Pursuant to the investment term sheet dated 20 December 2019 entered into between the Company and the pre-invitation Investor (the "Pre-IPO Investor"), the Pre-IPO Investor agreed to invest \$1,046,822 (the "Investment amount") into the Company. The total sum of the Investment amount shall be automatically converted into 6,502,000 new shares in the Company upon the issuance of a written notice by the Company to the Pre-IPO Investor. On 19 February 2020, pursuant to the conversion of the Investment amount, 6,502,000 ordinary shares were issued to the Pre-IPO Investor in accordance with the investment term sheet. The transaction cost is \$31,405.
- (e) Pursuant to the written resolutions passed on 30 December 2019 and 18 February 2020, the shareholders approved, among others, the following:
- (i) the conversion of the Company into a public company limited by shares and the consequential change of the name to "Memiontec Holdings Ltd.";
 - (ii) the Share Split of 3,904,562 Shares in the issued and paid-up capital of the Company into 179,610,000 Shares;
 - (iii) the adoption of a new set of constitution;
 - (iv) the allotment and issue of the Placement Shares pursuant to the Placement, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;
 - (v) the approval of the listing and quotation of all the issued Shares (including the Placement Shares to be allotted and issued pursuant to the Placement), the ZC Shares and the Award Shares to be allotted and issued (if any) on Catalist;
 - (vi) the adoption of the Plan, and the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon release of awards granted under the Plan;

APPENDIX A
INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016 AND 2017

MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS
31 December 2016 and 2017

- (vii) the authorisation for the Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit: (a)(i) issue (in addition to the Placement Shares) new 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 new 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 new Shares; and (b) (notwithstanding this authorisation conferred may have ceased to be in force at the time of the issue of such new Shares) issue new Shares in pursuance of any Instruments made or granted by the Directors while this authorisation was in force or additional Instruments arising from adjustments made to Instruments made or granted by the Directors while this authorisation was in force, provided that such adjustments do not give the holders a benefit that a shareholder does not receive provided that:
- (1) the aggregate number of new Shares (including new Shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation) and Instruments to be issued pursuant to this authorisation shall not exceed 100.0% 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 new Shares to be issued (including new Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing Shareholders shall not exceed 50.0% 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 calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of new Shares (including new Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of new Shares that may be issued shall be based on the post-Placement issued share capital of the Company (excluding treasury shares and subsidiary holdings), after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of Shares; and
 - (3) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

APPENDIX A
INDEPENDENT AUDITOR'S REPORT AND THE AUDITED COMBINED FINANCIAL
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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

STATEMENT OF DIRECTORS

In the opinion of the directors, the combined financial statements of the Group as set out on pages A-4 to A-62 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2016 and 2017, and the financial performance, changes in equity and cash flows of the Group for the financial years ended 31 December 2016 and 2017 and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Tay Kiat Seng

Soelistyo Dewi Soegiharto

21 February 2020

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

**INDEPENDENT AUDITOR’S REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

21 February 2020

The Board of Directors
Memiontec Holdings Ltd.
20 Woodlands Link
#04-30/31
Singapore 738733

Dear Sirs,

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Memiontec Holdings Ltd. (the “Company”) and its subsidiaries (the “Group”). The combined financial statements comprise the combined statement of financial position as at 31 December 2018 and the related combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of the Group for the year then ended, including a summary of significant accounting policies and other explanatory information, as set out on pages B-4 to B-71.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the combined financial position of the Group as at 31 December 2018 and of the combined financial performance, combined changes in equity and combined cash flows of the Group for the year then ended.

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 Combined 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 Accounts and Accounting Entities (“ACRA Code”)* together with the ethical requirements that are relevant to our audit of the combined 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.

Responsibilities of Management and Directors for the Combined Financial Statements

Management is responsible for the preparation of these combined financial statements that give a true and fair view in accordance with the SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide 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 combined financial statements and to maintain accountability of assets.

In preparing the combined 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.

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Auditor’s Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined 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 combined financial statements, including the disclosures, and whether the combined 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 combined 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.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT
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Restriction on Distribution and Use

This report has been prepared solely to you for inclusion in the Offer Document in connection with the proposed listing of Memiontec Holdings Ltd. on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited and for no other purpose.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Ronny Chandra
Partner

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT
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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

**COMBINED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018**

	Note	31 December 2018 \$	31 December 2017 \$ (Restated)	1 January 2017 \$ (Restated)
ASSETS				
Current assets				
Cash and cash equivalents	7	5,594,228	3,161,816	2,264,047
Trade and other receivables	8	4,051,525	2,076,399	3,410,191
Contract assets	9	4,689,508	5,763,352	4,691,823
Inventories	10	237,836	280,877	130,416
Total current assets		<u>14,573,097</u>	<u>11,282,444</u>	<u>10,496,477</u>
Non-current assets				
Property, plant and equipment	11	2,741,360	2,854,522	2,457,312
Investment in a joint venture	12	2,180,224	1,735,594	–
Deferred tax assets	19	3,787	4,799	428
Total non-current assets		<u>4,925,371</u>	<u>4,594,915</u>	<u>2,457,740</u>
Total assets		<u><u>19,498,468</u></u>	<u><u>15,877,359</u></u>	<u><u>12,954,217</u></u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	14	7,683,251	6,648,590	4,805,155
Contract liabilities	9	209,395	1,961,152	896,065
Finance leases	15	40,071	42,427	57,929
Borrowings	16	436,987	692,586	645,634
Income tax payable		529,290	48,998	34,891
Total current liabilities		<u>8,898,994</u>	<u>9,393,753</u>	<u>6,439,674</u>
Non-current liabilities				
Finance leases	15	118,855	96,328	75,713
Borrowings	16	904,950	1,340,387	1,056,534
Retirement benefit obligations	18	84,218	66,145	38,605
Deferred tax liabilities	19	52,134	43,000	24,000
Total non-current liabilities		<u>1,160,157</u>	<u>1,545,860</u>	<u>1,194,852</u>
Capital, reserves and non-controlling interests				
Share capital	20	60,354	1,560,354	1,560,354
Translation reserve	21	(634,896)	(424,650)	(225,391)
Other reserves	22	1,500,000	–	–
Retained earnings		8,236,578	3,640,978	3,823,132
Equity attributable to owners of the Company		<u>9,162,036</u>	<u>4,776,682</u>	<u>5,158,095</u>
Non-controlling interests		277,281	161,064	161,596
Total equity		<u>9,439,317</u>	<u>4,937,746</u>	<u>5,319,691</u>
Total liabilities and equity		<u><u>19,498,468</u></u>	<u><u>15,877,359</u></u>	<u><u>12,954,217</u></u>

See accompanying notes to the combined financial statements.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT
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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

**COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2018**

	Note	2018 \$	2017 \$ (Restated)
Revenue	23	24,456,697	20,825,133
Cost of sales		(17,264,588)	(16,889,195)
Gross profit		7,192,109	3,935,938
Other income	24	677,843	112,651
General and administrative expenses		(2,636,247)	(2,796,236)
Share of profit of joint venture		536,150	14,490
Finance costs	25	(160,806)	(183,147)
Other operating expenses	26	(144,512)	(157,850)
Profit before income tax		5,464,537	925,846
Income tax expense	27	(745,318)	(215,135)
Profit for the year	28	4,719,219	710,711
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of defined benefit obligations		2,475	(13,194)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange losses on translation of foreign operations		(220,123)	(209,462)
Other comprehensive income for the year, net of tax		(217,648)	(222,656)
Total comprehensive income for the year		4,501,571	488,055

See accompanying notes to the combined financial statements.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT
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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2018

	Note	2018	2017
		\$	\$ (Restated)
Profit for the year attributable to:			
Owners of the Company		4,593,249	700,385
Non-controlling interests		125,970	10,326
		<u>4,719,219</u>	<u>710,711</u>
Total comprehensive income attributable to:			
Owners of the Company		4,385,354	488,587
Non-controlling interests		116,217	(532)
		<u>4,501,571</u>	<u>488,055</u>
Earnings per share			
Basic and diluted (cents)	29	<u>2.47</u>	<u>0.38</u>

See accompanying notes to the combined financial statements.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT
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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

**COMBINED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018**

	Share capital	Translation reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$
	(Note 20)		(Note 22)				
Balance at 1 January 2017	1,560,354	(225,391)	–	3,823,132	5,158,095	161,596	5,319,691
Total comprehensive income for the year:							
Profit for the year	–	–	–	700,385	700,385	10,326	710,711
Other comprehensive income for the year	–	(199,259)	–	(12,539)	(211,798)	(10,858)	(222,656)
Total	–	(199,259)	–	687,846	488,587	(532)	488,055
Transactions with owners, recognised directly in equity:							
Dividends (Note 30)	–	–	–	(870,000)	(870,000)	–	(870,000)
Balance at 31 December 2017	1,560,354	(424,650)	–	3,640,978	4,776,682	161,064	4,937,746
Total comprehensive income for the year:							
Profit for the year	–	–	–	4,593,249	4,593,249	125,970	4,719,219
Other comprehensive income for the year	–	(210,246)	–	2,351	(207,895)	(9,753)	(217,648)
Total	–	(210,246)	–	4,595,600	4,385,354	116,217	4,501,571
Transactions with owners, recognised directly in equity:							
Effect of reorganisation	(1,500,000)	–	1,500,000	–	–	–	–
Balance at 31 December 2018	60,354	(634,896)	1,500,000	8,236,578	9,162,036	277,281	9,439,317

See accompanying notes to the combined financial statements.

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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

**COMBINED STATEMENT OF CASH FLOWS
Year ended 31 December 2018**

	2018	2017
	\$	\$ (Restated)
Operating activities		
Profit before income tax	5,464,537	925,846
Adjustments for:		
Depreciation of property, plant and equipment	239,296	217,442
Retirement benefit obligations	24,894	12,384
Share of profit of joint venture	(536,150)	(14,490)
Interest expense	160,806	183,147
Interest income	(165,934)	(78,000)
Loss on disposal of property, plant and equipment	–	7,300
Net foreign exchange loss (gain)	114,737	(96,739)
Operating cash flows before movements in working capital	5,302,186	1,156,890
Trade and other receivables	(1,953,792)	1,032,995
Contract assets	1,073,844	(1,071,529)
Inventories	43,041	(150,461)
Trade and other payables	1,354,899	163,130
Contract liabilities	(1,751,757)	1,065,087
Cash generated from operations	4,068,421	2,196,112
Income tax paid	(255,892)	(182,028)
Interest income received	144,600	78,000
Net cash from operating activities	3,957,129	2,092,084
Investing activities		
Purchase of property, plant and equipment (Note A)	(154,701)	(692,205)
Proceeds from disposal of property, plant and equipment	–	10,700
Capital contribution in a joint venture	–	(1,721,104)
Net cash used in investing activities	(154,701)	(2,402,609)
Financing activities		
Interest paid	(157,952)	(183,147)
Dividends paid	–	(870,000)
(Repayments to) Advances from directors	(323,092)	1,981,102
Proceeds from borrowings	–	940,000
Repayments of borrowings	(659,837)	(550,815)
Repayments of obligations under finance leases	(48,028)	(56,204)
Net cash (used in) from financing activities	(1,188,909)	1,260,936
Net increase in cash and cash equivalents	2,613,519	950,411
Cash and cash equivalents at beginning of the year	3,161,816	2,264,047
Effect of exchange rate changes on the balance of cash held in foreign currencies	(181,107)	(52,642)
Cash and cash equivalents at end of the year (Note 7)	5,594,228	3,161,816

Notes to the combined statement of cash flows:

- A) During the year, the Group acquired property, plant and equipment amounting to \$224,201 (2017 : \$758,205) of which \$69,500 (2017 : \$66,000) was acquired through finance lease arrangements (Note 15).

See accompanying notes to the combined financial statements.

**APPENDIX B – INDEPENDENT AUDITOR’S REPORT
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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Year ended 31 December 2018

1. GENERAL

The Company (Registration No. 201305845W) is public limited company incorporated and domiciled in Singapore with its principal place of business and registered office at 20 Woodlands Link, #04-30/31, Singapore 738733. The combined 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 2, 12 and 13 respectively to the combined financial statements.

The combined financial statements of the Group for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 21 February 2020.

For all periods up to and including the year ended 31 December 2017, the combined financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore (“FRSs”). These financial statements for the year ended 31 December 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”). Details of first-time adoption of SFRS(I) are included in Note 34.

2. REORGANISATION AND BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS

Restructuring Exercise

Pursuant to the restructuring exercise to rationalise the structure of the Company and its subsidiaries (the “Group”) in preparation for the proposed listing of the Company on the Singapore Exchange Securities Trading (“SGX-ST”) (the “Restructuring Exercise”), the Group undertook the following restructuring steps:

(i) Incorporation of M Water Resources International Pte. Ltd. (“MWR”)

On 19 June 2018, MWR was incorporated as a private company limited by shares in Singapore, with an issued and paid-up capital of \$10,000 comprising 10,000 ordinary shares held by the Company.

(ii) Acquisition of shares in Memiontec Pte Ltd (“MPL”)

Pursuant to a share purchase agreement dated 14 August 2018 entered into between Mr. Tay Kiat Seng (“Mr. Tay”), Ms. Soelistyo Dewi Soegiharto (“Ms. Dewi”), and the Company, the Company acquired an aggregate of 1,500,000 shares, being 100% of the issued and capital of MPL, for a consideration of \$3,904,462. As a result, MPL became a wholly owned subsidiary of the Company. The consideration was settled through issuance of MHPL’s shares on 19 September 2019.

(iii) Incorporation of Memiontec Industries Pte. Ltd. (“MIPL”)

On 23 October 2018, MIPL was incorporated as a private company limited by shares in Singapore, with an issued and paid-up capital of \$25,000 comprising 100 ordinary shares held by the Company.

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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Year ended 31 December 2018

- (iv) Changes in the share capital in PT Memindo Pratama (“PTMP”)

On 17 December 2018, Ms. Irawati acquired 125 shares in PTMP from Ratna Dewi Sugihato for a total consideration of IDR12,500,000 (approximately \$1,181) (the “Transfer”).

On 27 December 2018, PTMP issued 147,800 new shares at an aggregate consideration of IDR14,780,000,000 (approximately \$1.45 million). Ms. Dewi and Ms. Irawati subscribed for 144,919 and 2,881 new shares in PTMP for a consideration of IDR14,491,900,000 (approximately \$1.42 million) and IDR288,100,000 (approximately \$0.03 million) respectively (the “Subscriptions”). Following the completion of the Transfer and Subscriptions, Ms. Dewi and Ms. Irawati hold 98% and 2% equity interests in PTMP respectively.

- (v) Transfer of shares in PTMI to PTMP and Acquisition of PTMI via subscription of shares in PTMI by MIPL

On 12 January 2019, PTMP acquired 11,000 shares in PTMI from Ms. Irawati and Ms. Dewi for a consideration of IDR11,000,000,000 (approximately \$1.06 million).

On 13 February 2019, PTMP subscribed for 7,030 new shares in PTMI for a total consideration of IDR7,030,000,000 (approximately \$0.67 million). As a result, PTMP holds 18,030 shares, representing 30% of the issued share capital in PTMI.

On 13 February 2019, MIPL subscribed for 42,070 new shares in PTMI for a total consideration of IDR42,070,000,000 (approximately \$4.04 million). As a result, MIPL become the holder of 70% of the issued share capital of PTMI and PTMI was converted to a foreign investment limited liability company.

- (vi) Disposal of interest in PT MIT Water Technologies (“PTWT”) by the Company to UI Pte. Ltd. (“UIPL”)

Pursuant to a sale and purchase agreement dated 27 May 2019 between the Company and UIPL, the Company disposed of 1,140,000 shares in PT MIT, being 95% of the issued and paid-up capital in PTWT (“PTWT Shares”) to UIPL, a company owned by Mr. Tay and Ms. Dewi, the controlling shareholders of the Company. The aggregate consideration of the aforementioned disposal was \$710,000.

The disposal of the PTWT Shares was completed on 28 May 2019. Subsequent to the disposal, PTWT changed its name to PT Universal Energy Investment.

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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Year ended 31 December 2018

Subsidiaries

The details of the Group’s subsidiaries upon completion of the above-mentioned Restructuring Exercise are as follows:

Name of subsidiary	Country of incorporation and operation	Principal activities	Effective equity interests of the Group	
			2018	2017
			%	%
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) (e)}	Singapore	Customisation and distribution of modular water and wastewater treatment components, equipment and system	100	–
Memiontec Industries Pte. Ltd. ^{(c) (f)}	Singapore	Building construction; and investment holding, total water treatment solutions, EPC, BOOT, and maintenance	100	–
PT Memiontec Indonesia ^(b)	Indonesia	Water management services and construction implementing services	95	95
PT Memindo Pratama ^{(c) (g)}	Indonesia	Water management services; civil construction and wholesale	–	–
PT MIT Water Technologies ^{(b) (h)}	Indonesia	Investment holding	95	95
MIT Water Technology Chengdu Co Ltd ^(d)	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 for sole purpose of inclusion of their financial position and operation results in the combined financial statements of the Group.

^(c) Not audited as deemed not material to the Group.

^(d) Audited by Sichuan Zhongfa Certified Public Accountants Co. Ltd., Sichuan, an affiliated firm of HLB International.

^(e) Subsidiary was incorporated on 19 June 2018 in Singapore.

^(f) Subsidiary was incorporated on 23 October 2018 in Singapore.

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^(g) Pursuant to a loan agreement dated 22 December 2019 amongst MIPL, PTMP, Mr. Tay and 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 the 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 its 30% shares in PTMI (“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 of the 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.

^(h) Subsidiary was disposed on 28 May 2019.

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Basis of preparation of the combined financial statements

The Group resulting from the above Restructuring Exercise is regarded as a continuing entity throughout the year ended 31 December 2018 as the Group is ultimately controlled by the common shareholders both before and after the Restructuring Exercise, notwithstanding that the Restructuring Exercise was not completed until after the end of the reporting period.

Accordingly, the combined financial statements of the Group for the year ended 31 December 2018 have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfers the equity interest in the combining entity under the common control to the Company has been effected as at the beginning of the period presented in these combined financial statements. The accounting policy for merger accounting is described in Note 3.4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF ACCOUNTING - The combined 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 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 combined 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) 1-17 *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.

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3.2 BASIS OF COMBINATION - The combined 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;
- 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.

Combination 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 combined 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.

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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

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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.

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.

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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.

- 3.4 MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL** – The combined 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 combined 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 combined 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.

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3.5 FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the combined 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 (before 1 January 2018)

Classification and measurement

The Group classifies its financial assets (trade and other receivables and cash and cash equivalents) as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments “at fair value through profit or loss”.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and cash and cash equivalents), are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting year. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

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The objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the counterparty will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial asset’s original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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3.5.2 Financial assets (from 1 January 2018)

Classification and measurement

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

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.

For financial instruments other than purchased or originated credit-impaired financial assets, 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. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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

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.

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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.

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.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

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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.

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.

3.5.3 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.

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Interest-bearing bank borrowings and finance leases 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 3.15.

Derecognition of financial liabilities

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

3.5.4 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the combined 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 - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group’s general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

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- 3.8 PROPERTY, PLANT AND EQUIPMENT** - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

	<u>Number of years</u>
Leasehold properties	Over terms of lease
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

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 combined financial statements.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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.

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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 combined 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 combined statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the joint venture. When the Group’s share of losses of a joint venture exceeds the Group’s interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 9 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.

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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 combined 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.

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.

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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 combined financial statements only to the extent of other parties’ interests in the joint operation.

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

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

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

3.13 REVENUE RECOGNITION - Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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Under SFRS(I) 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the Group performs; or
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group’s activities are met as follows:

Revenue from total solutions with engineering, procurement and construction (“TSEPC”) projects

The Group provides total solutions with engineering, procurement and construction services in the fields of water and wastewater treatment management under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the services at the customers’ specified sites that the Group’s performance creates or enhances an asset that the customer controls as the Group performs. Revenue from provision of such services is therefore recognised over time using input method, i.e. based on the actual costs incurred by the Group to date compared with the total budgeted cost for the project to estimate the revenue recognised during the period. 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. This is further described in the accounting policy on construction contracts in Note 3.14.

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Operation, maintenance and service of water and waste water treatment plants (“OMS”)

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

Sales and distribution of systems and equipment (“Trading”)

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

Sales of water

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

Interest income

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

Construction revenue from service concession arrangements

Construction revenue relates to a service concession arrangement entered by a joint venture with a Indonesian state-owned enterprise to construct and operate a water treatment plant, accounted for under SFRS(I) INT 12 *Service Concession Arrangements*. Construction revenue is recognised over time using the cost-based input method.

Finance income from service concession arrangements

Financial income from service concession arrangement is recognised when it is probable that the economic benefits will flow to the joint venture and the amount of income can be measured reliably. Financial income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

3.14 CONSTRUCTION CONTRACTS - Revenue from construction contracts is recognised over time during the course of construction by reference to the progress towards complete satisfaction at the end of the reporting period. Progress towards complete satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group’s efforts or inputs to the satisfaction of a performance obligation (i.e. contract costs incurred for work performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost), that best depict the Group’s performance in transferring control of goods or services.

Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

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The period between the transfer of the promised services and customer payment may be different. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customers from the performing entity’s failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The contract assets on construction contracts represent the Group’s right to consideration for work completed and not billed as the rights are conditioned on the Group’s future performance in satisfying the respective performance obligations.

The contract liabilities on construction contracts represent the Group’s obligation to transfer project works to customers for which the Group has received consideration from the customers.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

3.15 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.

3.16 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 combined 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.

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

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

3.18 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.

3.19 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 combined 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.

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Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the combined financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

3.20 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 combined financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company and presentation currency for the combined 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.

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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 combined 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.

On combination, 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.

3.21 CASH AND CASH EQUIVALENTS IN THE COMBINED STATEMENT OF CASH FLOWS - Cash and cash equivalents in the combined 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.

3.22 SEGMENT REPORTING - An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group’s other components.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

3.23 SERVICE CONCESSION ARRANGEMENT – The Group’s service concession arrangement is held by a joint venture. Public-to-private service concession arrangement is accounted for under SFRS(I) INT 12 *Service Concession Arrangements* if the following two conditions are met:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls—through ownership, beneficial entitlement or otherwise—any significant residual interest in the infrastructure at the end of the term of the arrangement.

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The nature of the consideration from the grantor determines its subsequent accounting treatment. The consideration may be a right to (a) a financial asset; (b) an intangible asset; or (c) hybrid of a financial asset and an intangible asset. The joint venture’s service concession arrangement relates to a financial asset.

Financial assets arising from service concession arrangements represent the amounts due from the grantor for services provided by the Group in connection with service concession arrangements where the Group has an unconditional right to receive cash from the grantor. Financial assets arising from service concession arrangements are measured in accordance with accounting policies in Note 3.5.2; whereas construction revenue and finance income arising from service concession arrangements are recognised by the joint venture based on revenue recognition policy in Note 3.13.

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

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the combined financial statements apart from those involving estimation which are dealt with below.

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 construction contract

The Group recognises contract revenue and profit of a construction contract during the course of construction by reference to the progress towards complete satisfaction 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. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major 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.

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As at 31 December 2018, the carrying amounts of contract assets and contract liabilities are disclosed in Note 9 to the combined financial statements.

b) Service concession arrangements

When the joint venture performs more than one performance obligations (i.e. construction and operation services) under a service concession contract or arrangement, the consideration for the services provided under the concession arrangements is allocated to the different performance obligations by reference to their relative fair values. The assumptions used and estimates made in determination of such allocation can affect the profit margin for the performance obligations.

c) Uncertain tax positions

The Group is subject to income taxes in Singapore, Indonesia and China. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and deductibility of certain expense (“uncertain tax positions”) in each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the current tax and deferred tax provision are disclosed in combined statement of financial position and Note 19 to the combined financial statements.

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:

	31 December 2018	31 December 2017	1 January 2017
	\$	\$ (Restated)	\$ (Restated)
Financial assets			
At amortised cost (31 December 2017 and 1 January 2017 : Loans and receivables)	8,500,328	4,880,773	5,413,232
Financial liabilities			
At amortised cost	9,044,734	8,775,615	6,638,010

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

The Group does 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 overall financial risk management policies and objectives seek to minimise potential adverse effects on the financial performance of the Group. Management regularly reviews the Group’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 exposure to these financial risks or the manner in which it manages and measures the risk.

The Group 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 foreign currency exposure during the year arises from United States dollars, Singapore dollars and Pound Sterling. The Group 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.

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		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$	\$	\$	\$
United States dollars	(661,712)	(132,478)	(19,945)	65,328	219,804	274,947
Singapore dollars	(80,862)	–	–	–	990	12
Pound Sterling	(155,226)	(277,885)	(488,503)	–	–	–

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 profit.

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If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, the Group’s profit for the year will increase (decrease) by:

	2018	2017
	\$	\$
United States dollars	29,819	(4,366)
Singapore dollars	4,043	(50)
Pound Sterling	7,761	13,894

If the relevant foreign currency strengthens by 5% there would be an equal and opposite impact on the Group’s profit or loss shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk management

The Group’s exposure to interest rate risk are restricted to their interest bearing bank balances and deposits, finance leases and borrowings as disclosed in Notes 7, 15 and 16 to the combined financial statements respectively.

No interest rate sensitivity was performed since the Group’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 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 such as reputable financial institutions.

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From 1 January 2018, 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.

Credit risk concentration profile

As at 31 December 2018, 71% (31 December 2017 : 70%) of the Group’s revenue are derived from 2 customers in Singapore and Indonesia (31 December 2017 : 1 customer in Singapore), which represent concentration risk within these geographical locations. There is concentration of credit risk as approximately 75% (31 December 2017 : 75%; 1 January 2017 : 76%) of the Group’s trade receivables at the end of the financial year relate to 4 (31 December 2017 : 4; 1 January 2017 : 3) customers.

Impairment of trade receivables and contract assets – from 1 January 2018

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.

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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.

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

	Not past due	Past due				Total
		< 30 days	31–60 days	61–90 days	> 90 days	
	\$	\$	\$	\$	\$	\$
<u>2018</u>						
Trade receivables	2,099,952	157,567	26,159	2,815	167,558	2,454,051
Contract assets	4,689,508	–	–	–	–	4,689,508
Less: Loss allowance	–	–	–	–	–	–
Total	6,789,460	157,567	26,159	2,815	167,558	7,143,559

Further details of credit risk on trade receivables and contract assets are disclosed in Notes 8 and 9 to the financial statements.

Impairment of trade receivables – before 1 January 2018

In 2017, in determining the recoverability of trade receivables, the Group follows the incurred loss impairment model where it considers the financial strength and performance of the counterparties. Accordingly, management believes that there is no further credit allowance required in excess of the allowance for doubtful debts (if any).

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The table below is an analysis of the Group’s trade receivables as at the end of the reporting period:

	31 December 2017	1 January 2017
	\$	\$
	(Restated)	(Restated)
Not past due and not impaired	1,336,338	2,466,315
Past due but not impaired	292,573	310,368
	<u>1,628,911</u>	<u>2,776,683</u>
Less: Allowance for doubtful debt	–	–
Total trade receivables, net	<u>1,628,911</u>	<u>2,776,683</u>

Trade receivables that are not past due and not impaired are substantially companies with good collection track records with the Group.

Aging of trade receivables that are past due but not impaired:

	31 December 2017	1 January 2017
	\$	\$
	(Restated)	(Restated)
< 30 days	64,380	155,460
31 to 60 days	42,973	29,637
61 to 90 days	–	93,807
> 90 days	185,220	31,464
	<u>292,573</u>	<u>310,368</u>

As of 31 December 2017, included in the Group’s trade receivables are debtors with a carrying amount of \$292,573 (1 January 2017 : \$310,368) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

There was no allowance for doubtful debts for trade receivables as at 31 December 2017 and 1 January 2017.

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 \$7,132,948 (31 December 2017 : \$Nil; 1 January 2017 : \$Nil) for guarantees provided to its joint venture (Note 33). 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.

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(iv) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet their financial obligations as they fall due. The Group’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group’s operations and mitigate the effect of fluctuations in cash flows.

Liquidity risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the combined 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
	%	\$	\$	\$	\$	\$
<u>31 December 2018</u>						
Non-interest bearing	–	7,456,871	–	–	–	7,456,871
Loan from a director (fixed rate)	7.2%	93,264	–	–	(6,264)	87,000
Finance leases (fixed rate)	6.2%	48,248	108,675	25,293	(23,290)	158,926
Borrowings (fixed rate)	9.2%	559,550	1,023,370	–	(240,983)	1,341,937
Total		<u>8,157,933</u>	<u>1,132,045</u>	<u>25,293</u>	<u>(270,537)</u>	<u>9,044,734</u>
<u>31 December 2017 (Restated)</u>						
Non-interest bearing	–	6,603,887	–	–	–	6,603,887
Finance leases (fixed rate)	7.0%	49,955	86,625	21,596	(19,421)	138,755
Borrowings (fixed rate)	9.1%	986,721	1,433,288	–	(387,036)	2,032,973
Total		<u>7,640,563</u>	<u>1,519,913</u>	<u>21,596</u>	<u>(406,457)</u>	<u>8,775,615</u>
<u>1 January 2017 (Restated)</u>						
Non-interest bearing	–	4,802,200	–	–	–	4,802,200
Finance leases (fixed rate)	8.4%	65,989	82,790	–	(15,137)	133,642
Borrowings (fixed rate)	10.5%	862,826	1,268,048	–	(428,706)	1,702,168
Total		<u>5,731,015</u>	<u>1,350,838</u>	<u>–</u>	<u>(443,843)</u>	<u>6,638,010</u>

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Non-derivative financial assets

All the financial assets of the Group in 31 December 2018, 31 December 2017 and 1 January 2017 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.

(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 finance leases (Note 15) and borrowings (Note 16), 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 overall strategy remains unchanged from prior year.

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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 combined financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

	2018	2017
	\$	\$
<u>A joint venture</u>		
Sales of goods	(9,575,936)	(567,582)
Interest income	(21,334)	–
	<u>2,854</u>	<u>–</u>
<u>Director</u>		
Interest expense	2,854	–

Compensation of directors and key management personnel

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

	2018	2017
	\$	\$
Short-term benefits	841,266	771,362
Post-employment benefits	56,025	54,094
Total	<u>897,291</u>	<u>825,456</u>

7. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Cash on hand	8,803	6,497	3,564
Cash at banks	1,625,029	848,245	1,649,231
Fixed deposits	3,960,396	2,307,074	611,252
Cash and cash equivalents in the combined statement of cash flows	<u>5,594,228</u>	<u>3,161,816</u>	<u>2,264,047</u>

The effective interest rates of the fixed deposits ranged from 6.25% to 7.75% (31 December 2017 : 5.65% to 6.60%; 1 January 2017 : 0.10% to 6.80%) per annum.

Management considered that the ECL for cash and cash equivalents is insignificant as at 31 December 2018.

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8. TRADE AND OTHER RECEIVABLES

	31 December 2018	31 December 2017	1 January 2017
	\$	\$ (Restated)	\$ (Restated)
Trade receivables:			
- Third parties	1,736,930	1,539,648	805,586
- Joint venture (Note 6)	452,426	–	–
- Related party (Note 6)	35,988	22,239	–
	<u>2,225,344</u>	<u>1,561,887</u>	<u>805,586</u>
Unbilled revenues ^(a)	228,707	67,024	1,971,097
Total trade receivables	<u>2,454,051</u>	<u>1,628,911</u>	<u>2,776,683</u>
Other receivables comprise of:			
- Amount due from directors (Note 6)	–	–	300,797
- Amount due from a related party (Note 6)	8,894	–	–
- Amount due from a joint venture (Note 6)	20,716	–	–
- Grant receivables	241,488	–	–
- Refundable deposits	69,811	26,134	22,990
- Prepayments	657,269	344,332	176,940
- Staff loans	48,370	42,117	18,355
- Other tax recoverable	488,156	13,110	84,066
- Others	62,770	21,795	30,360
Total other receivables	<u>1,597,474</u>	<u>447,488</u>	<u>633,508</u>
Total	<u>4,051,525</u>	<u>2,076,399</u>	<u>3,410,191</u>

^(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.

The credit period granted to customers is generally 30 days (31 December 2017 : 30 days; 1 January 2017 : 30 days). No interest is charged on the outstanding balances.

These trade and other receivables are not secured by any collateral or credit enhancements.

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 does not hold any collateral over these balances.

Starting from 1 January 2018, the Group applied simplified approach to provide the expected credit losses prescribed by SFRS(I) 9. The impairment methodology is set out in Notes 3.5.2 and 5(c)(iii) respectively.

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As part of the Group’s credit risk management, the Group assesses the impairment for its customers based on different group of customers which share common risk characteristics that are representative of the customers’ abilities to pay all amounts due in accordance with the contractual terms. Details of the credit risk assessment are included in Note 5(c)(iii).

Management considered that the ECL for trade and other receivables is insignificant as at 31 December 2018.

9. CONTRACT ASSETS (LIABILITIES)

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

	31 December 2018	31 December 2017	1 January 2017
	\$	\$ (Restated)	\$ (Restated)
Contract assets			
- Construction contracts	4,689,508	5,763,352	4,691,823
Contract liabilities:			
- Construction contracts	(202,854)	(1,886,599)	(896,065)
- Sales of goods	(6,541)	(74,553)	–
Total contract liabilities	(209,395)	(1,961,152)	(896,065)
	<u>4,480,113</u>	<u>3,802,200</u>	<u>3,795,758</u>

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

	31 December 2018	31 December 2017	1 January 2017
	\$	\$ (Restated)	\$ (Restated)
<u>Contract assets:</u>			
Unbilled contract works	4,021,901	5,411,770	4,169,263
Retention sum	667,607	351,582	522,560
Total	<u>4,689,508</u>	<u>5,763,352</u>	<u>4,691,823</u>

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.

The changes in contract assets in 31 December 2018 and 31 December 2017 are due to the differences between the agreed payment schedule and the progress of the construction works.

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

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Management considered that the ECL for contract assets is insignificant as at 31 December 2018.

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
		(Restated)	(Restated)
<u>Contract liabilities:</u>			
Excess of milestone billings over contract works	–	–	(816,649)
Advance payments received from customers	(209,395)	(1,961,152)	(79,416)
Total	(209,395)	(1,961,152)	(896,065)

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.

	31 December 2018	31 December 2017
	\$	\$
		(Restated)
Construction contracts	1,886,599	896,065
Trading	74,553	–
Total	1,961,152	896,065

10. INVENTORIES

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Trading-related inventories	237,836	280,877	130,416

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11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Water treatment facility	Renovation	Machinery and equipment	Office equipment, furniture and fittings	Motor vehicles	Computers	Construction- in-progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost:									
At 1 January 2017	2,118,504	-	222,194	11,297	195,895	316,734	37,507	447,596	3,349,727
Additions	-	-	811	23,576	36,568	84,609	15,738	596,903	758,205
Disposals/Write-off	-	-	-	-	-	(27,000)	-	-	(27,000)
Exchange differences	(92,363)	-	(6,801)	(182)	(3,084)	(10,965)	-	(28,251)	(141,646)
At 31 December 2017	2,026,141	-	216,204	34,691	229,379	363,378	53,245	1,016,248	3,939,286
Additions	-	-	610	1,086	12,571	79,577	2,408	127,949	224,201
Transfers	-	1,144,197	-	-	-	-	-	(1,144,197)	-
Exchange differences	(60,115)	(44,560)	(3,115)	46	(974)	(5,507)	-	-	(114,225)
At 31 December 2018	1,966,026	1,099,637	213,699	35,823	240,976	437,448	55,653	-	4,049,262
Accumulated depreciation:									
At 1 January 2017	601,811	-	84,697	4,885	98,480	91,760	10,782	-	892,415
Depreciation	90,388	-	28,516	6,326	37,328	45,164	9,720	-	217,442
Disposals/Write-off	-	-	-	-	-	(9,000)	-	-	(9,000)
Exchange differences	(10,416)	-	(1,170)	(52)	(1,153)	(3,302)	-	-	(16,093)
At 31 December 2017	681,783	-	112,043	11,159	134,655	124,622	20,502	-	1,084,764
Depreciation	89,323	7,577	24,373	6,980	38,989	62,461	9,593	-	239,296
Exchange differences	(11,726)	(218)	(529)	48	(738)	(2,995)	-	-	(16,158)
At 31 December 2018	759,380	7,359	135,887	18,187	172,906	184,088	30,095	-	1,307,902
Carrying amount:									
At 31 December 2018	1,206,646	1,092,278	77,812	17,636	68,070	253,360	25,558	-	2,741,360
At 31 December 2017	1,344,358	-	104,161	23,532	94,724	238,756	32,743	1,016,248	2,854,522
At 1 January 2017	1,516,693	-	137,497	6,412	97,415	224,974	26,725	447,596	2,457,312

Certain borrowings of the Group (Note 16) are secured by mortgage of leasehold properties of the Group of which the carrying amounts are shown above.

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As at 31 December 2018, the carrying amounts of the Group’s motor vehicles and office equipment include assets acquired under finance leases amounting to \$191,727 (31 December 2017 : \$183,095; 1 January 2017 : \$183,362) and \$Nil (31 December 2017 : \$2,710; 1 January 2017 : \$5,420) respectively (Note 15).

Details of the Group’s leasehold properties as at the end of reporting period are as follows:

Held by	Group effective interest %	Location	Approximate gross floor area	Tenure	Effect from	Usage
Memiontec Pte Ltd	100	Block 20, Woodlands Link, #04-30/31, Singapore 738733	2,938 sq ft	30 years	1997	Office premise
PT MIT Water Technologies	95	Jl Cakung Cilincing, Jakarta Garden City, Rukan Avenue Blok F/8 No. 136-137, RT 001/ RW 014, Cakung Timur, Jakarta Timur	561 sq m	25 years	2012	Office premise
PT MIT Water Technologies	95	Kayling Industria Ringan Sentra Niaga 5 Blok 3 No. 11, Harapan Indah	1,000 sq m	25 years	2013	Warehouse

12. INVESTMENT IN A JOINT VENTURE

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Cost of investment in joint venture	1,721,104	1,721,104	–
Accumulated share of profit	550,640	14,490	–
Exchange difference	(91,520)	–	–
	<u>2,180,224</u>	<u>1,735,594</u>	<u>–</u>

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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		
			31 December 2018	31 December 2017	1 January 2017
			%	%	%
<u>Held by PT Memiontec Indonesia</u>					
PT Jakpro Memiontec Air (“PT JMA”)	Indonesia	Provision of water management service and supply of potable water	40	40	–

The above joint venture is accounted for using the equity method in these combined 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 combined financial statements of the Group.

On 25 May 2016, PT Memiontec Indonesia entered into a service concession agreement with DKI Jakarta regional-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 is still under construction at the end of the reporting period.

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.

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 had 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.

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Summarised financial information in respect of PT JMA is set out below.

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Current assets	3,129,861	3,809,510	–
Non-current assets	11,079,577	2,573,998	–
Current liabilities	(1,275,986)	(2,034,174)	–
Non-current liabilities	(7,482,893)	(10,349)	–

The above amounts of assets and liabilities include the following:

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Cash and bank balances	1,539,856	2,040,664	–
Current financial liabilities (excluding trade and other payables)	(14,459)	(3,544)	–
Non-current financial liabilities (excluding trade and other payables)	(7,475,051)	–	–

2018	2017
\$	\$

Revenue arising from service concession arrangement:

- Construction revenue	12,695,595	2,519,350
- Finance income	194,830	–
	<u>12,890,425</u>	<u>2,519,350</u>
Profit for the year, representing total comprehensive income for the year	<u>1,340,376</u>	<u>36,224</u>

The above profit for the year includes the following:

	2018	2017
	\$	\$
Depreciation	5,172	1,422
Interest income	(66,940)	(145,165)
Interest expense	262,407	–
Income tax expense (credit)	<u>536,225</u>	<u>(26,291)</u>

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Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these combined financial statements:

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Net assets of the joint venture	5,450,559	4,338,985	–
Proportion of the Group’s ownership interest in the joint venture	40%	40%	–
Carrying amount of the Group’s interest in the joint venture	<u>2,180,224</u>	<u>1,735,594</u>	<u>–</u>

13. 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		
			31 December 2018	31 December 2017	1 January 2017
			%	%	%
<u>Held by PT Memiontec Indonesia</u>					
KSO JUP-MIT	Indonesia	Provision of water management services and supply of potable water	40	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 combined financial statements and is audited by an overseas practice of Deloitte Touche Tohmatsu Limited for consolidation of its financial position and results into the combined financial statements of the Group.

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 2018, the joint operation commenced its operation and maintenance of the water treatment plant, including sales of treated water from 1 November 2018 for a cooperation contractual agreement of 25 years.

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14. TRADE AND OTHER PAYABLES

	31 December 2018	31 December 2017	1 January 2017
	\$	\$ (Restated)	\$ (Restated)
Trade payables	2,425,980	2,455,242	1,875,531
Trade accruals	2,781,937	1,197,883	2,171,473
Total trade payables	<u>5,207,917</u>	<u>3,653,125</u>	<u>4,047,004</u>
Other payables:			
- Amount due to directors ^(a) (Note 6)	1,650,778	1,973,870	293,565
- Amount due to related party (Note 6)	4,398	–	–
- Amount due to joint venture (Note 6)	117,326	39,040	–
- Accruals	374,512	566,935	174,952
- Other tax payable	88,380	44,703	2,955
- Provision for warranty	51,000	–	–
- Others	188,940	370,917	286,679
Total other payables	<u>2,475,334</u>	<u>2,995,465</u>	<u>758,151</u>
Total	<u><u>7,683,251</u></u>	<u><u>6,648,590</u></u>	<u><u>4,805,155</u></u>

^(a) This balance includes loan from a director amounting to \$87,000 (31 December 2017 : \$Nil; 1 January 2017 : \$Nil) which is unsecured, bears fixed interest rate of 7.20% per annum and repayable on demand.

The credit period on purchases is generally from 30 to 60 days (31 December 2017 : 30 to 60 days; 1 January 2017 : 30 to 60 days). No interest is charged on the outstanding balances.

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15. FINANCE LEASES

	Minimum lease payments			Present value of minimum lease payments		
	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$	\$	\$	\$
Amounts payable under finance leases:						
Within one year	48,248	49,955	65,989	40,071	42,427	57,929
In the second to fifth year inclusive	108,675	86,625	82,790	94,287	75,730	75,713
Later than fifth years	25,293	21,596	–	24,568	20,598	–
Total	<u>182,216</u>	<u>158,176</u>	<u>148,779</u>	<u>158,926</u>	<u>138,755</u>	<u>133,642</u>
Less: Future finance charges	(23,290)	(19,421)	(15,137)	NA	NA	NA
Present value of lease obligations	<u>158,926</u>	<u>138,755</u>	<u>133,642</u>	158,926	138,755	133,642
Less: Amount due for settlement within 12 months (shown under current liabilities)				(40,071)	(42,427)	(57,929)
Amount due for settlement after 12 months				<u>118,855</u>	<u>96,328</u>	<u>75,713</u>

NA : Not applicable

The Group acquired certain of its office equipment and motor vehicles under finance leases. The maturity of the finance lease is between 2019 to 2025 (31 December 2017 : 2018 to 2024; 1 January 2017 : 2017 to 2020) with an effective interest rate ranging from 5.23% to 9.87% (31 December 2017 : 5.23% to 9.87%; 1 January 2017 : 5.74% to 15.46%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group’s lease obligations approximate their carrying amounts.

The Group’s obligations under finance lease are secured by the leased assets (Note 11) and personal guarantee from a director.

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16. BORROWINGS

As at the end of the reporting period, the Group have the following borrowings:

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Secured:			
Property term loans ^(a)	566,013	772,453	1,018,297
Bank loans ^(b)	775,924	1,260,520	683,871
	<u>1,341,937</u>	<u>2,032,973</u>	<u>1,702,168</u>
Less : Amount due for settlement within 12 months (shown under current liabilities)	<u>(436,987)</u>	<u>(692,586)</u>	<u>(645,634)</u>
Amount due for settlement after 12 months	<u>904,950</u>	<u>1,340,387</u>	<u>1,056,534</u>

^(a) Property term loans comprise the following:

- Property term loan of \$212,268 (31 December 2017 : \$312,753; 1 January 2017 : \$419,214) bears a fixed interest rate at 12.50% (31 December 2017 : 12.50%; 1 January 2017 : 12.50%) per annum and secured by a legal mortgage over the leasehold properties (Note 11) and a corporate guarantee from a subsidiary. The property term loan is repayable over a period of 7 years commencing from February 2014.
- Property term loan of \$353,745 (31 December 2017 : \$435,256; 1 January 2017 : \$534,825) bears a fixed interest rate at 11.00% (31 December 2017 : 11.00%; 1 January 2017 : 12.50%) per annum and secured by a legal mortgage over the leasehold property (Note 11) and two other properties owned by a director. The property term loan is repayable over a period of 10 years commencing from August 2014.
- Property term loans of \$24,444 (1 January 2017 : \$64,258) in 2017 bore a fixed interest rate at 6.50% (1 January 2017 : 6.50%) per annum, secured by a legal mortgage over the leasehold properties (Note 11) and were repayable over a period of 17 years commencing from June 2001. The property term loans were fully repaid in 2018.

^(b) The bank loans bear fixed interests ranging from 6.25% to 9.00% (31 December 2017 : 6.25% to 9.00%; 1 January 2017 : 5.75% to 9.00%) per annum and repayable in equal monthly instalments over 2 to 5 (31 December 2017 : 1 to 5; 1 January 2017 : 3 to 5) years. The bank loans are secured by a joint and several guarantees from the directors of the Company in their respective personal capacity.

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17. 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 combined statement of cash flows as cash flows from financing activities.

	1 January 2018	Financing cash flows ⁽ⁱ⁾	Non-cash changes		31 December 2018
			New finance leases	Exchange differences	
	\$	\$	\$	\$	\$
Amount due to directors (Note 14)	1,973,870	(323,092)	–	–	1,650,778
Finance leases (Note 15)	138,755	(48,028)	69,500	(1,301)	158,926
Borrowings (Note 16)	2,032,973	(659,837)	–	(31,199)	1,341,937
	<u>4,145,598</u>	<u>(1,030,957)</u>	<u>69,500</u>	<u>(32,500)</u>	<u>3,151,641</u>

	1 January 2017	Financing cash flows ⁽ⁱ⁾	Non-cash changes		31 December 2017
			New finance leases	Exchange differences	
	\$	\$	\$	\$	\$
Amount due (from) to directors (Notes 8 and 14)	(7,232)	1,981,102	–	–	1,973,870
Finance leases (Note 15)	133,642	(56,204)	66,000	(4,683)	138,755
Borrowings (Note 16)	1,702,168	389,185	–	(58,380)	2,032,973
	<u>1,828,578</u>	<u>2,314,083</u>	<u>66,000</u>	<u>(63,063)</u>	<u>4,145,598</u>

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

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18. 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:

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Present value of defined benefit obligations (unfunded)	84,218	66,145	38,605

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 subsidiary does not set up fund for this program.

The plan in the 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:

	31 December 2018	31 December 2017	1 January 2017
Discount rate	9.00%	7.75%	8.75%
Salary increment rate	5.00%	5.00%	5.00%
Mortality rate*	100%	100%	100%
Disability rate*	5.00%	5.00%	5.00%
Resignation rate	5% per annum until age 30, then decrease to 0% on linear basis up to retirement		

* Based on Table of Mortality in Indonesia.

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

	2018	2017
	\$	\$
<u>Profit or loss</u>		
Current service cost	19,862	9,231
Net interest expense	5,032	3,153
Components of defined benefit costs recognised in profit or loss	24,894	12,384
<u>Other comprehensive income</u>		
Remeasurement of defined benefits liability:		
Actuarial loss from experience adjustment	11,533	9,449
Actuarial (gain) or loss from change in financial assumptions	(14,833)	8,143
Tax impact	825	(4,398)
Components of defined benefit costs recognised in other comprehensive income	(2,475)	13,194
Total defined benefits costs	22,419	25,578

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

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Opening balance	66,145	38,605	27,665
Current service cost	19,862	9,231	6,086
Interest cost	5,032	3,153	2,531
Remeasurement (gains) losses:			
Actuarial loss from experience adjustment	11,533	9,449	505
Actuarial (gain) or loss from change in financial assumptions	(14,833)	8,143	1,207
Exchange differences	(3,521)	(2,436)	611
Total defined benefits costs	84,218	66,145	38,605

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

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	Impact on defined benefits obligations		
	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Change in discount rate			
Increase by 1%	(9,533)	(8,143)	(4,552)
Decrease by 1%	11,272	8,143	5,349
Change in expected rate of salary increase			
Increase by 1%	11,993	10,130	5,652
Decrease by 1%	(10,247)	(8,622)	(4,863)

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 \$1,288 (31 December 2017 : \$2,384; 1 January 2017 : \$539) to its defined benefit plan in the subsequent financial year.

19. DEFFERED TAX ASSETS (LIABILITIES)

	Combined statement of financial position			Combined statement of profit or loss and other comprehensive income	
	31 December 2018	31 December 2017	1 January 2017	2018	2017
	\$	\$	\$	\$	\$
Deferred tax assets:					
Retirement benefits obligations	3,787	4,799	428	(825)	4,398
Deferred tax assets	3,787	4,799	428		
Deferred tax liabilities:					
Differences in depreciation for tax purposes	(34,462)	(33,469)	(24,000)	993	9,469
Foreign-sourced interest income	(17,672)	(9,531)	–	8,141	9,531
Deferred tax liabilities	(52,134)	(43,000)	(24,000)		
Deferred tax expense				8,309	23,398

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Deferred tax assets not recognised arising from tax losses

At the end of the reporting period, the Group has tax losses of approximately \$226,000 (31 December 2017 : \$723,000; 1 January 2017 : \$263,000) that are available for offset against future taxable profits of the companies in which the losses arose. 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 in year 2021 to 2022 (31 December 2017 : year 2021 to 2022; 1 January 2017 : year 2021).

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 \$1,334,000 (31 December 2017 : \$2,474,000; 1 January 2017 : \$2,124,000). 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.

20. SHARE CAPITAL

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.

The issued share capital as at 31 December 2017 and 1 January 2017 represents the aggregate amount of the share capital of the Company amounting to \$100, Memiontec Pte Ltd amounting to \$1,500,000 and PT Memiontec Indonesia amounting to \$60,254.

The issued share capital as at 31 December 2018 represents the aggregate amount of the share capital of the Company amounting to \$100 and PT Memiontec Indonesia amounting to \$60,254.

21. TRANSLATION RESERVE

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group’s functional and presentation currency, Singapore dollars (“\$”).

22. OTHER RESERVES

	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Capital reserve ^(a)	3,904,462	–	–
Merger reserve ^(b)	(2,404,462)	–	–
	1,500,000	–	–

^(a) This represents the advances received prior to the issuance of ordinary shares of the Company.

^(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 to the Group.

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23. REVENUE

	2018	2017
	\$	\$
Type of revenue		
Revenue from TSEPC projects	19,815,151	18,200,341
Revenue from OMS services	2,950,987	1,352,995
Revenue from Trading	1,672,707	1,271,797
Revenue from sales of water	17,852	–
Total	<u>24,456,697</u>	<u>20,825,133</u>
Geographical markets		
Singapore	9,673,761	17,031,085
Indonesia	14,103,347	3,690,807
China	679,589	103,241
Total	<u>24,456,697</u>	<u>20,825,133</u>
Timing of revenue recognition		
At a point in time:		
Revenue from Trading	1,672,707	1,271,797
Revenue from sales of water	17,852	–
Over time:		
Revenue from TSEPC projects	19,815,151	18,200,341
Revenue from OMS services	2,950,987	1,352,995
Total	<u>24,456,697</u>	<u>20,825,133</u>

The Group derives its revenue from the transfer of goods and service over the time and at a point in time in the following major product line. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8.

Transaction price allocated to remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 is \$15,117,000. This will be recognised as revenue by reference to percentage of completion, which is expected to complete over the next two to three years. The amount disclosed above does not include any estimated amounts of variable consideration that is constrained.

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24. OTHER INCOME

	2018	2017
	\$	\$
Interest income		
- Banks	144,600	78,000
- Loan to a joint venture (Note 6)	21,334	–
Grant income from government	274,074	23,656
Others	237,835	10,995
Total	<u>677,843</u>	<u>112,651</u>

25. FINANCE COSTS

	2018	2017
	\$	\$
Interest expense on:		
- Finance leases	10,564	8,014
- Borrowings	147,388	175,133
- Loan from a director (Note 6)	2,854	–
Total	<u>160,806</u>	<u>183,147</u>

26. OTHER OPERATING EXPENSES

	2018	2017
	\$	\$
Foreign exchange loss – net	132,014	150,498
Loss on disposal of property, plant and equipment	–	7,300
Others	12,498	52
Total	<u>144,512</u>	<u>157,850</u>

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27. INCOME TAX EXPENSE

	2018	2017
	\$	\$
<u>Income tax recognised in profit or loss</u>		
Income tax:		
- Current	725,528	172,193
- Over provision in prior years	10,656	23,942
	<u>736,184</u>	<u>196,135</u>
Deferred tax:		
- Current	4,222	19,000
- Over provision in prior years	4,912	–
	<u>9,134</u>	<u>19,000</u>
Total	<u>745,318</u>	<u>215,135</u>
<u>Income tax recognised in other comprehensive income</u>		
Deferred tax		
- Retirement benefit obligations	<u>(825)</u>	<u>4,398</u>

Income tax for Singapore incorporated companies is calculated at 17% (2017 : 17%) of the estimated assessable income for the year.

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:

	2018	2017
	\$	\$
Profit before income tax	<u>5,464,537</u>	<u>925,846</u>
Tax at statutory rate of 17%	928,971	157,394
Effect of different tax rates of companies operating in other jurisdictions	42,512	18,334
Tax effect of expenses that are not deductible in determining taxable profit	71,301	88,447
Tax effect of income that are not taxable in determining taxable profit	(30,125)	(25,591)
Tax exemption and incentives	(68,917)	(150,238)
Adjustments recognised in the current year in relation to current and deferred tax of prior years	15,568	23,942
Deferred tax assets not recognised	–	117,509
Utilisation of previously unrecognised tax losses	(124,129)	–
Share of results of a joint venture	(91,146)	(2,463)
Others	1,283	(12,199)
Income tax expense	<u>745,318</u>	<u>215,135</u>

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28. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2018	2017
	\$	\$
Directors’ remuneration	528,374	539,724
Employee benefits expense (including directors’ remuneration) (Note A)	4,282,318	4,399,344
Costs of defined contribution plans (included in employee benefit expense)	291,374	310,322
Cost of inventories recognised as expense	1,650,562	402,219
Depreciation of property, plant and equipment (Note 11)	239,296	217,442
	2018	2017
	\$	\$

Note A

Presented in statement of profit or loss and other comprehensive income:

Cost of sales	2,794,502	2,640,071
General and administrative expenses	1,487,816	1,759,273
Total	4,282,318	4,399,344

29. EARNINGS PER SHARE

For illustrative purposes, the earnings per share have been calculated based on the profit for the year attributable to owners of the Company of \$4,593,249 (2017 : \$700,385) and pre-placement shares of 186,112,000 after adjusting for the share split.

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

30. DIVIDENDS

	2018	2017
	\$	\$
Dividends on ordinary shares declared during the year by MPL:		
Interim tax exempt (one-tier) dividend for 2016 : 26.67 cents	–	400,000
Interim tax exempt (one-tier) dividend for 2017 : 31.33 cents	–	470,000
Total	–	870,000

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31. 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 waste water management
- OMS – provision of operations, preventative and corrective maintenance services relating to water and waste water management
- Trading – sales and distribution of systems and equipment
- Others – sales of water

Segment revenue represents revenue generated from external and internal customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment as well as those 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.

Assets and liabilities are not allocated by segment as they are not considered critical by the chief operating decision maker in resource allocation and assessment of segment performance.

Segment revenue

	2018	2017
	\$	\$
Revenue – TSEPC	19,815,151	18,200,341
Revenue – OMS	2,950,987	1,352,995
Revenue – Trading	1,672,707	1,271,797
Others	17,852	–
Total	24,456,697	20,825,133

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Segment results

	2018	2017
	\$	\$
Profit from operations		
- TSEPC	4,310,019	1,612,183
- OMS	252,910	139,886
- Trading	697,528	360,919
- Others	5,534	–
Total	5,265,991	2,112,988
Other income	677,843	112,651
General and administrative expenses	(710,129)	(973,286)
Share of profit of a joint venture	536,150	14,490
Finance costs	(160,806)	(183,147)
Other operating expenses	(144,512)	(157,850)
Profit before tax	5,464,537	925,846
Income tax expense	(745,318)	(215,135)
Profit for the year	4,719,219	710,711

Geographical segments

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

	Revenue	
	2018	2017
	\$	\$
Singapore	9,673,761	17,031,085
Indonesia	14,103,347	3,690,807
China	679,589	103,241
Total	24,456,697	20,825,133

The Group’s information about the segment assets by geographical location are detailed below:

	Non-current assets		
	31 December 2018	31 December 2017	1 January 2017
	\$	\$	\$
Singapore	432,711	453,133	411,897
Indonesia	2,270,508	2,337,977	1,961,990
China	38,141	63,412	83,425
Total	2,741,360	2,854,522	2,457,312

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Major customer information

The Group’s revenue derived from customers who individually account for 10% or more of the Group’s revenue is detailed below:

	Group	
	2018	2017
	\$	\$
Customer A – (TSEPC)	7,863,946	14,520,405
Customer B – (TSEPC)	9,575,936	–
	<u>17,439,882</u>	<u>14,520,405</u>

32. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2018	2017
	\$	\$
Minimum lease payments under operating leases recognised as an expense in the financial year	<u>219,043</u>	<u>197,998</u>

At the end of the reporting period, the Group have outstanding commitments under non-cancellable operating lease, which fall due as follows:

	2018	2017
	\$	\$
Within one year	109,584	123,246
In the second to fifth year inclusive	49,477	15,303
Total	<u>159,061</u>	<u>138,549</u>

Operating lease payments represents rentals payable by the Group for warehouse and staff accommodations. The average lease term of the warehouse and staff accommodations range from one to three (2017 : one to three) years and rentals are fixed throughout the lease term.

33. 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 \$7,132,948 (31 December 2017 : \$Nil; 1 January 2017 : \$Nil) 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 2018.

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34. FULL CONVERGENCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) (“SFRS(I)”) AND ADOPTION OF NEW STANDARDS

The Group adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) (“SFRS(I)”) for the first time for financial year ended 31 December 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group has applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for optional exemptions set out in SFRS(I) 1:

- The Group has applied SFRS(I) 9 with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under FRS 39. The Group has applied the requirements of SFRS(I) 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. However, management has assessed that adoption of SFRS(I) 9 does not have any significant impact to the combined financial statements.
- The Group has applied the following practical expedients in accordance with the transition provisions in SFRS(I) 15:
 - For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 January 2017.
 - For the comparative year ended 31 December 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

In the first set of SFRS(I) financial statements for the financial year ended 31 December 2018, an additional opening statement of financial position as at date of transition (1 January 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (1 January 2017) and as at end of last financial period under FRS (31 December 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 December 2017). Additional disclosures are made for specific transition adjustments if applicable.

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There is no change to the Group’s previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 15 which are effective at the same time. The effects of adoption of SFRS(I) 15 under full retrospective approach are presented and explained below:

(A) Impact on the combined statement of financial position as at 31 December 2017

	As previously reported	Effect of adopting SFRS(I) 15	Notes	As restated
	\$	\$		\$
Assets				
Trade and other receivables	2,431,489	(355,090)	(i)	2,076,399
Contract work-in-progress	6,302,322	(6,302,322)	(ii)	–
Contract assets	–	5,763,352	(i) (ii)	5,763,352
	<u>8,733,811</u>	<u>(894,060)</u>		<u>7,839,751</u>
Liabilities				
Trade and other payables	9,376,344	(2,727,754)	(i)	6,648,590
Contract work-in-progress	127,458	(127,458)	(ii)	–
Contract liabilities	–	1,961,152	(i) (ii)	1,961,152
	<u>9,503,802</u>	<u>(894,060)</u>		<u>8,609,742</u>

(B) Impact on the combined statement of profit or loss and other comprehensive income as at 31 December 2017

	As previously reported	Effect of adopting SFRS(I) 15	Notes	As restated
	\$	\$		\$
Revenue	21,073,547	(248,414)	(iii)	20,825,133
Cost of sales	(17,137,609)	248,414	(iii)	(16,889,195)
Gross profit	<u>3,935,938</u>	<u>–</u>		<u>3,935,938</u>

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(C) Impact on the combined statement of cash flows as at 31 December 2017

	As previously reported	Effect of adopting SFRS(I) 15	As restated
	\$	\$	\$
Operating activities			
Profit before tax	925,846	–	925,846
Adjustments	231,044	–	231,044
Operating cash flows before movements in working capital	1,156,890	–	1,156,890
Trade and other receivables	1,200,465	(167,470)	1,032,995
Amount due from (to) customers for contract work-in-progress	(2,745,934)	2,745,934	–
Contract assets	–	(1,071,529)	(1,071,529)
Inventories	(150,461)	–	(150,461)
Trade and other payables	2,735,152	(2,572,022)	163,130
Contract liabilities	–	1,065,087	1,065,087
Cash generated from operations	2,196,112	–	2,196,112
Income tax paid	(182,028)	–	(182,028)
Interest income received	78,000	–	78,000
Net cash from operating activities	2,092,084	–	2,092,084
Investing activities			
Net cash used in investing activities	(2,402,609)	–	(2,402,609)
Financing activities			
Net cash from financing activities	1,260,936	–	1,260,936
Net increase in cash and cash equivalents	950,411	–	950,411
Cash and cash equivalents at beginning of year	2,264,047	–	2,264,047
Effect of exchange rate changes on the balance of cash held in foreign currencies	(52,642)	–	(52,642)
Cash and cash equivalents at end of the year (Note 7)	3,161,816	–	3,161,816

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(D) Impact on the combined statement of financial position as at 1 January 2017

	As previously reported	Effect of adopting SFRS(I) 15	Notes	As restated
	\$	\$		\$
Assets				
Trade and other receivables	3,932,751	(522,560)	(i)	3,410,191
Contract work-in-progress	4,301,152	(4,301,152)	(ii)	–
Contract assets	–	4,691,823	(i) (ii)	4,691,823
	<u>8,233,903</u>	<u>(131,889)</u>		<u>8,102,014</u>
Liabilities				
Trade and other payables	4,960,887	(155,732)	(i)	4,805,155
Contract work-in-progress	872,222	(872,222)	(ii)	–
Contract liabilities	–	896,065	(i) (ii)	896,065
	<u>5,833,109</u>	<u>(131,889)</u>		<u>5,701,220</u>

Notes on effect of adopting SFRS(I) 15

(i) *Reclassification of retention sum and advance payments from customers*

Retention sum is reclassified as contract assets because the Group had not obtained the unconditional rights to consideration. A right to consideration is unconditional if only the passage of time is required before payment is due.

Advance payments received from customers is reclassified as contract liabilities because the Group has obligation to transfer goods or services to customers for which the Group has received advances from customers for construction contracts and sales of goods.

(ii) *Reclassification of contract work-in-progress*

Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. This balance was previously recognised as part of contract work-in-progress (costs > billings) and has now been reclassified.

The contract liability balance includes an amount reclassified from contract work-in-progress (billings > costs).

(iii) *Reclassification of liquidated damages*

Liquidated damages were previously included in estimate TSEPC contract costs when it was considered probable that penalties would be incurred and paid. Under SFRS(I) 15, liquidated damages are required to be included as a reduction in estimated revenue for TSEPC projects and the estimate are based on the weighting of probable outcomes.

The above reclassifications had no impact on shareholders’ equity as of 1 January 2017 and 31 December 2017.

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35. STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these combined financial statements, the following SFRS(I)s pronouncements were issued but not effective and are expected to have an impact to the Group in the periods of their initial application.

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

SFRS(I) 16 Leases

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases that the Group enters into. Under SFRS(I) 16, the Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

Management has performed an analysis of the requirements of the initial application of SFRS(I) 16 on 1 January 2019 and expects the adoption of SFRS(I) 16 will result in changes to accounting policies relating to operating leases, where the Group is a lessee. A right-of-use asset amounting to \$122,970 will be recognised on the combined statement of financial position, representing the Group’s right to use the leased asset over the lease term and, recognise a corresponding liability amounting to \$122,970 to make lease payments. In addition, the adoption of SFRS(I) 16 will also result in reclassification of assets of \$191,727 that has been acquired under finance lease from “Property, plant and equipment” to “Right-of-use assets” and reclassification from “Finance leases” of \$158,926 to “Lease liabilities”.

Management did not early adopt SFRS(I) 16 for the financial year ended 31 December 2018.

SFRS(I) INT 23 Uncertainty over Income Tax Treatments

The Interpretation provides guidance on determining the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a Group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

Management will adopt the above Interpretation when it becomes effective.

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36. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in the report, subsequent to 30 June 2019, the following significant events took place:

(a) On 19 July 2019, the subsidiary, PTMI, declared a final dividend of IDR3,098,636 (equivalent to \$304) per ordinary share amounting to IDR34,085,000,000 (equivalent to \$3,341,667) in respect of the financial year ended 31 December 2018 to its then shareholders, being Ms. Dewi and Ms. Irawati. The dividends were paid in two tranches on 22 July 2019 and 2 August 2019.

(b) On 27 December 2018, Ms. Dewi and Ms. Irawati subscribed 144,919 and 2,881 shares in PTMP for a consideration of IDR14,491,900,000 (approximately \$1,420,040) and IDR288,100,000 (approximately \$28,890) respectively (the “Subscriptions”).

On 23 July 2019, the Subscriptions consideration were settled by the shareholders of PTMP and the balance of \$1,420,040 and \$28,890 have been accounted as deemed capital contribution from shareholder and contribution from non-controlling interest respectively in the equity.

(c) On 30 August 2019, the Company issued 3,904,462 ordinary shares for consideration of \$3,904,462 through conversion of the advances from shareholders recorded in other reserves in financial year ended 31 December 2018. The new shares ranked *pari passu* in all aspects with the existing ordinary shares.

(d) Pursuant to the investment term sheet dated 20 December 2019 entered into between the Company and the pre-invitation Investor (the “Pre-IPO Investor”), the Pre-IPO Investor agreed to invest \$1,046,822 (the “Investment amount”) into the Company. The total sum of the Investment amount shall be automatically converted into 6,502,000 new shares in the Company upon the issuance of a written notice by the Company to the Pre-IPO Investor. On 19 February 2020, pursuant to the conversion of the Investment amount, 6,502,000 ordinary shares were issued to the Pre-IPO Investor in accordance with the investment term sheet. The transaction cost of \$31,405.

(e) Pursuant to the written resolutions passed on 30 December 2019 and 18 February 2020, the shareholders approved, among others, the following:

(i) the conversion of the Company into a public company limited by shares and the consequential change of the name to “Memiontec Holdings Ltd.”;

(ii) the Share Split of 3,904,562 Shares in the issued and paid-up capital of the Company into 179,610,000 Shares;

(iii) the adoption of a new set of constitution;

(iv) the allotment and issue of the Placement Shares pursuant to the Placement, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;

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- (v) the approval of the listing and quotation of all the issued Shares (including the Placement Shares to be allotted and issued pursuant to the Placement), the ZC Shares and the Award Shares to be allotted and issued (if any) on Catalist;
- (vi) the adoption of the Plan, and the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon release of awards granted under the Plan;
- (vii) the authorisation for the Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit: (a)(i) issue (in addition to the Placement Shares) new 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 new 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 new Shares; and (b) (notwithstanding this authorisation conferred may have ceased to be in force at the time of the issue of such new Shares) issue new Shares in pursuance of any Instruments made or granted by the Directors while this authorisation was in force or additional Instruments arising from adjustments made to Instruments made or granted by the Directors while this authorisation was in force, provided that such adjustments do not give the holders a benefit that a shareholder does not receive provided that:
 - (1) the aggregate number of new Shares (including new Shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation) and Instruments to be issued pursuant to this authorisation shall not exceed 100.0% 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 new Shares to be issued (including new Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing Shareholders shall not exceed 50.0% 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 calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of new Shares (including new Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of new Shares that may be issued shall be based on the post-Placement issued share capital of the Company (excluding treasury shares and subsidiary holdings), after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of Shares; and
 - (3) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

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STATEMENT OF DIRECTORS

In the opinion of the directors, the combined financial statements of the Group as set out on pages B-4 to B-72 are drawn up so as to give a true and fair view of the financial position of the Group as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 December 2018 and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Tay Kiat Seng

Soelistyo Dewi Soegiharto

21 February 2020

APPENDIX C
INDEPENDENT AUDITOR'S REVIEW REPORT AND UNAUDITED INTERIM
CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE SIX MONTHS
PERIOD ENDED 30 JUNE 2019

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED INTERIM CONDENSED
COMBINED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

21 February 2020

The Board of Directors
Memiontec Holdings Ltd.
20 Woodlands Link
#04-30/31
Singapore 738733

Dear Sirs,

Introduction

We have reviewed the accompanying unaudited interim condensed combined financial statements of Memiontec Holdings Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the condensed combined statement of financial position of the Group as at 30 June 2019, and the related condensed combined statement of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the six months period ended 30 June 2019, and selected explanatory notes as set out on pages C-3 to C-38. Management is responsible for the preparation of the unaudited interim condensed combined financial statements in accordance with the Singapore Financial Reporting Standard (International) 1-34, *Interim Financial Reporting* ("SFRS(I) 1-34"). Our responsibility is to express a conclusion on the unaudited interim condensed combined financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed combined financial statements is not prepared, in all material respects, in accordance with SFRS(I) 1-34.

Other Matter

Other than the Group's condensed combined statement of financial position as at 31 December 2018 which has been audited, all other comparative figures have not been audited nor reviewed. The unaudited interim condensed combined financial information for the corresponding six months period ended 30 June 2019 is the responsibility of the management.

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Restriction on Distribution and Use

This report has been prepared solely to you for inclusion in the Offer Document in connection with the proposed listing of Memiontec Holdings Ltd. on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited and for no other purpose.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Ronny Chandra
Partner

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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019	31 December 2018
		\$ (Unaudited)	\$ (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	7	5,385,993	5,594,228
Trade and other receivables	8	6,737,511	4,051,525
Contract assets	9	6,809,236	4,689,508
Inventories	10	82,917	237,836
Total current assets		19,015,657	14,573,097
Non-current assets			
Property, plant and equipment	11	1,417,493	2,741,360
Right-of-use assets	12	287,541	–
Investment in a joint venture	13	2,215,432	2,180,224
Deferred tax assets	18	3,823	3,787
Total non-current assets		3,924,289	4,925,371
Total assets		22,939,946	19,498,468
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	15	10,444,673	7,683,251
Contract liabilities	9	883,334	209,395
Lease liabilities	12	111,935	–
Finance leases		–	40,071
Borrowings	16	568,751	436,987
Income tax payable		371,295	529,290
Total current liabilities		12,379,988	8,898,994
Non-current liabilities			
Lease liabilities	12	137,872	–
Finance leases		–	118,855
Borrowings	16	375,272	904,950
Retirement benefit obligations		85,011	84,218
Deferred tax liabilities	18	52,134	52,134
Total non-current liabilities		650,289	1,160,157

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CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	<u>Note</u>	30 June 2019	31 December 2018
		\$ (Unaudited)	\$ (Audited)
Capital, reserves and non-controlling interests			
Share capital	19	100	60,354
Translation reserve	20	(326,804)	(634,896)
Other reserves	21	1,611,863	1,500,000
Retained earnings		8,591,374	8,236,578
Equity attributable to owners of the Company		9,876,533	9,162,036
Non-controlling interests		33,136	277,281
Total equity		9,909,669	9,439,317
Total liabilities and equity		<u>22,939,946</u>	<u>19,498,468</u>

See accompanying notes to the condensed combined financial statements.

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CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
Six Months Period Ended 30 June 2019

	Note	1 January 2019 to 30 June 2019 \$ (Unaudited)	1 January 2018 to 30 June 2018 \$ (Unaudited)
Revenue	22	14,099,990	8,560,748
Cost of sales		(11,646,383)	(6,585,369)
Gross profit		2,453,607	1,975,379
Other income	23	295,140	196,442
General and administrative expenses		(2,051,629)	(1,213,992)
Share of profit of joint venture		13,123	292,953
Finance costs	24	(76,704)	(80,472)
Other operating expenses		(2,127)	(1,288)
Profit before income tax		631,410	1,169,022
Income tax expense	25	(276,431)	(207,149)
Profit for the period	26	354,979	961,873
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange loss on translation of foreign operations		(15,446)	(124,215)
Other comprehensive income for the period, net of tax		(15,446)	(124,215)
Total comprehensive income for the period		339,533	837,658
Profit for the period attributable to:			
Owners of the Company		354,796	923,768
Non-controlling interests		183	38,105
		354,979	961,873
Total comprehensive income attributable to:			
Owners of the Company		338,836	803,562
Non-controlling interests		697	34,096
		339,533	837,658
Earnings per share			
Basic and diluted (cents)	27	0.19	0.50

See accompanying notes to the condensed combined financial statements.

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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY
Six Months Period Ended 30 June 2019

	Share capital	Translation reserve	Other reserves	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2019 (Unaudited)	60,354	(634,896)	1,500,000	8,236,578	9,162,036	277,281	9,439,317
Total comprehensive income for the period:							
Profit for the period	-	-	-	354,796	354,796	183	354,979
Other comprehensive income for the period	-	(15,960)	-	-	(15,960)	514	(15,446)
Total	-	(15,960)	-	354,796	338,836	697	339,533
Transactions with owners, recognised directly in equity:							
Effect arising from Group restructuring (Note 21) ^(e)	(60,254)	-	276,137	-	215,883	(215,883)	-
Effect of disposal of a subsidiary (Note 28) ^(e)	-	324,052	(164,274)	-	159,778	(28,959)	130,819
Total	(60,254)	324,052	111,863	-	375,661	(244,842)	130,819
Balance as at 30 June 2019 (Unaudited)	100	(326,804)	1,611,863	8,591,374	9,876,533	33,136	9,909,669

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CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY (cont'd)
Six Months Period Ended 30 June 2019

	Share capital	Translation reserve	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2018 (Audited)	1,560,354	(424,650)	3,640,978	4,776,682	161,064	4,937,746
Total comprehensive income for the period:						
Profit for the period	–	–	923,768	923,768	38,105	961,873
Other comprehensive income for the period	–	(120,206)	–	(120,206)	(4,009)	(124,215)
Total	–	(120,206)	923,768	803,562	34,096	837,658
Balance as at 30 June 2018 (Unaudited)	1,560,354	(544,856)	4,564,746	5,580,244	195,160	5,775,404

Note:

^(a) Refer to Note 2 of the Group's audited combined financial statements for the financial year ended 31 December 2018, as set out in Appendix B of the Offer Document.

See accompanying notes to the condensed combined financial statements.

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CONDENSED COMBINED STATEMENT OF CASH FLOWS

Six Months Period Ended 30 June 2019

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Operating activities		
Profit before income tax	631,410	1,169,022
Adjustments for:		
Depreciation of property, plant and equipment	96,384	118,940
Depreciation of right-of-use assets	62,360	–
Share of profit of joint venture	(13,123)	(292,953)
Interest expense	76,704	80,472
Interest income	(138,314)	(142,625)
Gain on disposal of property, plant and equipment	(6,300)	–
Net foreign exchange (gain) loss	(101,925)	24,451
Operating cash flows before movements in working capital	607,196	957,307
Trade and other receivables	(1,368,765)	(1,937,636)
Contract assets	(2,119,728)	2,777,719
Inventories	154,919	(41,231)
Trade and other payables	2,160,329	(1,159,176)
Contract liabilities	673,939	1,363,573
Cash generated from operations	107,890	1,960,556
Income tax paid	(434,462)	(132,569)
Interest income received	138,314	142,625
Net cash (used in) from operating activities	(188,258)	1,970,612
Investing activities		
Purchase of property, plant and equipment (Note A)	(9,938)	(133,047)
Additions to right-of-use assets (Note B)	(7,290)	–
Proceeds from disposal of property, plant and equipment	6,300	–
Disposal of a subsidiary (Note 28)	(13,435)	–
Net cash used in investing activities	(24,363)	(133,047)

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CONDENSED COMBINED STATEMENT OF CASH FLOWS (cont'd)
Six Months Period Ended 30 June 2019

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Financing activities		
Interest paid	(56,868)	(80,472)
Advances from (Repayments to) directors	300,443	(1,088,203)
Repayments of borrowings	(232,933)	(337,698)
Repayments of obligations under finance leases	–	(22,823)
Repayments of lease liabilities	(60,012)	–
Net cash used in financing activities	<u>(49,370)</u>	<u>(1,529,196)</u>
Net (decrease) increase in cash and cash equivalents	(261,991)	308,370
Cash and cash equivalents at beginning of the period	5,594,228	3,161,816
Effects of exchange rate changes on the balance of cash held in foreign currencies	53,756	(67,231)
Cash and cash equivalents at end of the period (Note 7)	<u><u>5,385,993</u></u>	<u><u>3,402,955</u></u>

Notes to condensed combined statement of cash flows:

- A) During the six months period ended 30 June 2018, the Group acquired property, plant and equipment amounting to \$202,547 of which \$69,500 was acquired through lease arrangements.
- B) During the six months period ended 30 June 2019, the Group acquired right-of-use assets amounting to \$35,203 of which \$27,913 was acquired through lease arrangements (Note 12).

See accompanying notes to the condensed combined financial statements.

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NOTES TO THE UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
Six Months Period Ended 30 June 2019

1. GENERAL

Memiontec Holdings Ltd. (the "Company") (Registration No. 201305845W) is public limited company incorporated and domiciled in Singapore with its principal place of business and registered office at 20 Woodlands Link, #04-30/31, Singapore 738733. The unaudited interim condensed combined financial statements are expressed in Singapore dollars ("S\$"), 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 2, 12 and 13 to the audited combined financial statements for the financial year ended 31 December 2018, as set out in Appendix B of the Offer Document.

These unaudited interim condensed combined financial statements have been prepared solely in connection with the proposed listing of the Company on the Catalist of Singapore Exchange Securities Trading Limited.

The unaudited interim condensed combined financial statements of the Group for the six months period ended 30 June 2019 were authorised for issue by the Board of Directors on 21 February 2020.

2. BASIS OF PREPARATION

The unaudited interim condensed combined financial statements for the six months period ended 30 June 2019 have been prepared in accordance with Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting* ("SFRS (I) 1-34").

The unaudited interim condensed combined financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited combined financial statements for the financial year ended 31 December 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim condensed combined financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies in the audited combined financial statements for the year ended 31 December 2018, and are drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The accounting policies adopted are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the latest annual period ended 31 December 2018, except for the following new accounting policy:

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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) and leases of low value assets. 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 Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the condensed combined statement 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 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;

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- 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 the initial 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); or
- 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 by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. 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 condensed combined statement 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 the "Property, plant and equipment" policy in Note 3.9 in the audited combined financial statements for the year ended 31 December 2018.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that trigger those payments occurs and are included in the line of "General and administrative expenses" in the condensed combined statement of profit or loss and other comprehensive income.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

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4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**
The critical judgements and key sources of estimation uncertainty made by management remains unchanged from the audited combined financial statements for the year ended 31 December 2018.

5. **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT**
There has been no change in the financial risk management of the Group and the Group's overall capital risk management remains unchanged and has been disclosed in the audited combined financial statements for the year ended 31 December 2018.

6. **OTHER RELATED PARTY TRANSACTIONS**
Some of the Group's transactions and arrangements are with related parties and the effects of these on the basis determined between the parties are reflected in these unaudited interim condensed combined financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions, other than those disclosed elsewhere in the unaudited interim condensed combined financial statements, are as follows:

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
<u>A joint venture</u>		
Sales of goods	(844,417)	(2,287,976)
<u>Director</u>		
Interest expense (Note 24)	19,836	-

Compensation of directors and key management personnel

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

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Short-term benefits	479,586	409,397
Post-employment benefits	32,905	26,793
Total	512,491	436,190

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7. CASH AND CASH EQUIVALENTS

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Cash on hand	9,951	8,803
Cash at banks	2,234,980	1,625,029
Fixed deposits	3,141,062	3,960,396
	<u>5,385,993</u>	<u>5,594,228</u>

The effective interest rates of the fixed deposits ranged from 6.25% to 7.50% (31 December 2018 : 6.25% to 7.75%) per annum.

8. TRADE AND OTHER RECEIVABLES

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Trade receivables:		
- Third parties	2,376,661	1,736,930
- Joint venture (Note 6)	203,414	452,426
- Related party (Note 6)	10,661	35,988
	<u>2,590,736</u>	<u>2,225,344</u>
Unbilled revenues ^(a)	1,332,582	228,707
Total trade receivables	<u>3,923,318</u>	<u>2,454,051</u>
Other receivables comprise of:		
- Amount due from related parties ^(b) (Note 6)	1,341,098	8,894
- Amount due from a joint venture (Note 6)	20,911	20,716
- Grant receivables	-	241,488
- Refundable deposits	79,478	69,811
- Prepayments	669,854	657,269
- Staff loans	51,969	48,370
- Other tax recoverable	454,273	488,156
- Deferred listing expenses	127,437	-
- Others	69,173	62,770
Total other receivables	<u>2,814,193</u>	<u>1,597,474</u>
Total	<u>6,737,511</u>	<u>4,051,525</u>

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- (a) Unbilled revenues are those accrued revenues of which payment certificates are issued by customers but no billings have been raised to the customers yet at the end of the reporting period.
- (b) The following are included in the amount due from related parties:
- Consideration receivable of \$710,000 (31 December 2018 : \$Nil) arising from the disposal of a subsidiary, PT MIT Water Technologies ("PTWT") in May 2019 (Note 28). Such amount had been fully settled in July 2019.
 - Loan receivable of \$325,572 (31 December 2018 : \$Nil) from its related party, PTWT, in respect of the corresponding property term loan obtained by the Group for the financing of PTWT's leasehold property (Note 16). The loan had been fully settled in September 2019.
 - Non-trade amount of \$296,548 (31 December 2018 : \$Nil) from its related party, PTWT, in respect of payments made on behalf. Such amount had been fully settled in July 2019.
 - Others amounting to \$8,978 (31 December 2018 : \$8,894).

The credit period granted to customers is generally 30 days (31 December 2018 : 30 days). No interest is charged on the outstanding balances.

These trade and other receivables are not secured by any collateral or credit enhancements.

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 does not hold any collateral over these balances.

Starting from 1 January 2018, the Group applied simplified approach to provide the expected credit losses prescribed by SFRS(I) 9. The impairment methodology is set out in Notes 3.5.2 and 5(c)(iii) respectively in the audited combined financial statements for the financial year ended 31 December 2018.

As part of the Group's credit risk management, the Group assesses the impairment for its customers based on different group of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

Management considered that the ECL for trade and other receivables is insignificant as at 30 June 2019.

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9. **CONTRACT ASSETS (LIABILITIES)**

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

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Contract assets		
- Construction contracts	6,809,236	4,689,508
Contract liabilities		
- Construction contracts	(877,782)	(202,854)
- Trading	(5,552)	(6,541)
Total contract liabilities	(883,334)	(209,395)
	<u>5,925,902</u>	<u>4,480,113</u>

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

Contract assets:

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Unbilled contract works	6,040,311	4,021,901
Retention sum	768,925	667,607
Total	<u>6,809,236</u>	<u>4,689,508</u>

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 engineering, procurement and construction.

The changes in contract assets in 31 December 2018 and 30 June 2019 are due to the differences between the agreed payment schedule and the progress of the construction works.

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 2018 and 30 June 2019.

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Contract liabilities:

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Excess of milestone billings over contract works	(600,053)	–
Advances from customers	(283,281)	(209,395)
Total	<u>(883,334)</u>	<u>(209,395)</u>

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.

The Group's revenue recognised that was included in the contract liability balance at the beginning of the period.

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Construction contracts	202,854	1,886,599
Trading	6,541	74,553
Total	<u>209,395</u>	<u>1,961,152</u>

10. INVENTORIES

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Trading-related inventories	<u>82,917</u>	<u>237,836</u>

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11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Water treatment facility	Renovation	Machinery and equipment	Office equipment, furniture and fittings	Motor vehicles	Computers	Construction-in-progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost:									
At 1 January 2018 (Audited)	2,026,141	–	216,204	34,691	229,379	363,378	53,245	1,016,248	3,939,286
Additions	–	–	610	1,086	12,571	79,577	2,408	127,949	224,201
Transfers	–	1,144,197	–	–	–	–	–	(1,144,197)	–
Exchange differences	(60,115)	(44,560)	(3,115)	46	(974)	(5,507)	–	–	(114,225)
At 31 December 2018 (Audited)	1,966,026	1,099,637	213,699	35,823	240,976	437,448	55,653	–	4,049,262
Adoption of SFRS(I) 16	–	–	–	–	–	(259,971)	–	–	(259,971)
At 1 January 2019 (Unaudited)	1,966,026	1,099,637	213,699	35,823	240,976	177,477	55,653	–	3,789,291
Additions	–	3,012	–	523	6,403	–	–	–	9,938
Disposals	–	–	–	–	–	(57,846)	–	–	(57,846)
Disposal of a subsidiary (Note 28)	(1,323,247)	–	(79,249)	–	–	–	–	–	(1,402,496)
Exchange differences	12,353	10,363	5	(90)	(306)	324	–	–	22,649
At 30 June 2019 (Unaudited)	655,132	1,113,012	134,455	36,256	247,073	119,955	55,653	–	2,361,536
Accumulated depreciation:									
At 1 January 2018 (Audited)	681,783	–	112,043	11,159	134,655	124,622	20,502	–	1,084,764
Depreciation	89,323	7,577	24,373	6,980	38,989	62,461	9,593	–	239,296
Exchange differences	(11,726)	(218)	(529)	48	(738)	(2,995)	–	–	(16,158)
At 31 December 2018 (Audited)	759,380	7,359	135,887	18,187	172,906	184,088	30,095	–	1,307,902
Adoption of SFRS(I) 16	–	–	–	–	–	(68,244)	–	–	(68,244)
At 1 January 2019 (Unaudited)	759,380	7,359	135,887	18,187	172,906	115,844	30,095	–	1,239,658
Depreciation	38,487	22,584	7,052	3,007	14,802	5,718	4,734	–	96,384
Disposals	–	–	–	–	–	(57,846)	–	–	(57,846)
Disposal of a subsidiary (Note 28)	(309,112)	–	(27,737)	–	–	–	–	–	(336,849)
Exchange differences	2,629	70	(543)	(103)	(407)	1,050	–	–	2,696
At 30 June 2019 (Unaudited)	491,384	30,013	114,659	21,091	187,301	64,766	34,829	–	944,043
Carrying amount:									
At 30 June 2019 (Unaudited)	163,748	1,082,999	19,796	15,165	59,772	55,189	20,824	–	1,417,493
At 31 December 2018 (Audited)	1,206,646	1,092,278	77,812	17,636	68,070	253,360	25,558	–	2,741,360

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As at the end of reporting period, certain borrowings of the Group (Note 16) are secured by mortgage of leasehold properties of the Group of which the carrying amounts are shown above.

As at 31 December 2018, the carrying amounts of the Group's motor vehicles include assets acquired under leases amounting to \$191,727. Accordingly, reclassification adjustments have been made to "Right-of-use assets" with the initial adoption of SFRS(I) 16.

12. LEASES (GROUP AS A LESSEE)

From 1 January 2019

The Group leases several assets including warehouse, staff accommodation and motor vehicles. The average lease term for warehouse and staff accommodation is one to three years and the average lease term for motor vehicles is three to seven years. The remaining lease period for the staff accommodation is less than one year as at the beginning of the financial period.

Rights-of-use assets

	Warehouse and office	Motor vehicles	Total
	\$	\$	
	(Unaudited)	(Unaudited)	(Unaudited)
Net carrying amount as at 30 June 2019	85,207	202,334	287,541
Depreciation expense for the period	(37,764)	(24,596)	(62,360)

Lease liabilities

	30 June 2019
	\$
	(Unaudited)
Amounts due for settlement within 12 months (shown under current liabilities)	111,935
Amounts due for settlement after 12 months	137,872
	<u>249,807</u>
Maturity analysis:	
Within one year	111,935
In the second to fifth year inclusive	124,461
Later than five years	13,411
Total	<u>249,807</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

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Amounts recognised in the condensed combined profit or loss and other comprehensive income

	1 January 2019 to 30 June 2019
	\$ (Unaudited)
Depreciation expense on right-of-use assets	62,360
Interest expense on lease liabilities (Note 24)	7,883
Expense relating to short-term leases	68,372

Before 1 January 2019

The Group as lessee

	1 January 2018 to 31 December 2018
	\$ (Audited)
Minimum lease payments under operating leases recognised as an expense in the period	219,043

At the end of the reporting period, the Group have outstanding commitments under non-cancellable operating lease, which fall due as follows:

	31 December 2018
	\$ (Audited)
Within one year	109,584
In the second to fifth year inclusive	49,477
Total	159,061

Operating lease payments represents rentals payable by the Group for warehouse and staff accommodation. The average lease term of the warehouse and staff accommodation range from one to three years and rentals are fixed throughout the lease term.

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13. INVESTMENT IN A JOINT VENTURE

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Cost of investment in joint venture	1,721,104	1,721,104
Accumulated share of profit	563,763	550,640
Exchange difference	(69,435)	(91,520)
	<u>2,215,432</u>	<u>2,180,224</u>

Details of the Group's joint venture is as follows:

Name of joint venture	Country of incorporation/ operation	Principal activity	Equity interest held by the Group	
			30 June 2019	31 December 2018
			%	%
			(Unaudited)	(Audited)
<u>Held by PT Memiontec Indonesia ("PTMI")</u>				
PT Jakpro Memiontec Air ("PT JMA")	Indonesia	Provision of water management service and supply of potable water	40	40

The above joint venture is accounted for using the equity method in these combined financial statements and is reviewed/audited by an overseas practice of Deloitte Touche Tohmatsu Limited for sole purpose of inclusion of their financial position and results in the unaudited interim condensed combined financial statements of the Group.

On 25 May 2016, PT Memiontec Indonesia entered into a service concession agreement with DKI Jakarta regional-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 is still under construction at the end of the reporting period.

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.

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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.

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 had 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.

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Current assets	2,339,801	3,129,861
Non-current assets	12,330,232	11,079,577
Current liabilities	(1,192,471)	(1,275,986)
Non-current liabilities	(7,938,982)	(7,482,893)

The above amounts of assets and liabilities include the following:

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Cash and bank balances	303,312	1,539,856
Current financial liabilities (excluding trade and other payables)	(8,176)	(14,459)
Non-current financial liabilities (excluding trade and other payables)	(7,291,015)	(7,475,051)

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Revenue arising from service concession arrangement:		
- Construction revenue	661,431	12,695,595
- Finance income	506,296	194,830
	<u>1,167,727</u>	<u>12,890,425</u>
Profit for the period/year, representing total comprehensive income for the period/year	<u>32,808</u>	<u>1,340,376</u>

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The above profit for the period/year includes the following:

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Depreciation	2,141	5,172
Interest income	(31,941)	(66,940)
Interest expense	362,686	262,407
Income tax expense	160,726	536,225

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these unaudited interim condensed combined financial statements:

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Net assets of the joint venture	5,538,580	5,450,559
Proportion of the Group's ownership interest in the joint venture	40%	40%
Carrying amount of the Group's interest in the joint venture	<u>2,215,432</u>	<u>2,180,224</u>

14. 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	
			30 June 2019	31 December 2018
			%	%
			(Unaudited)	(Audited)
<u>Held by PTMI</u>				
KSO JUP-MIT	Indonesia	Provision of water management service 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 unaudited interim condensed combined financial statements and is audited by an overseas practice of Deloitte Touche Tohmatsu Limited for consolidation of its financial position and results into the unaudited interim condensed combined financial statements of the Group.

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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 2018, the joint operation commenced its operation and maintenance of the water treatment plant, including sales of treated water from 1 November 2018 for a cooperation contractual agreement of 25 years.

15. TRADE AND OTHER PAYABLES

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Trade payables	3,707,721	2,425,980
Trade accruals	3,476,012	2,781,937
Total trade payables	<u>7,183,733</u>	<u>5,207,917</u>
Other payables:		
- Amount due to directors ^(a) (Note 6)	1,913,078	1,650,778
- Amount due to related party (Note 6)	345,926	4,398
- Amount due to joint venture (Note 6)	–	117,326
- Accruals	486,041	374,512
- Other tax payable	81,670	88,380
- Provision for warranty	59,111	51,000
- Others	375,114	188,940
Total other payables	<u>3,260,940</u>	<u>2,475,334</u>
Total	<u><u>10,444,673</u></u>	<u><u>7,683,251</u></u>

^(a) This balance includes loan from a director amounting to \$240,000 (31 December 2018 : \$87,000) which is unsecured, bears fixed interest rate of 7.20% (31 December 2018 : 7.20%) per annum and repayable on demand.

The credit period on purchases is generally from 30 to 60 days (31 December 2018 : 30 to 60 days). No interest is charged on the outstanding balances.

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16. BORROWINGS

As at the end of the reporting period, the Group have the following borrowings:

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Secured:		
Property term loans ^(a)	325,572	566,013
Bank loans ^(b)	618,451	775,924
	<u>944,023</u>	<u>1,341,937</u>
Less : Amount due for settlement within 12 months (shown under current liabilities)	<u>(568,751)</u>	<u>(436,987)</u>
Amount due for settlement after 12 months	<u><u>375,272</u></u>	<u><u>904,950</u></u>

^(a) As at 30 June 2019, property term loan of \$325,572 (31 December 2018 : \$353,745) bears a fixed interest rate at 11.00% (31 December 2018 : 11.00%) per annum and secured by a legal mortgage over the leasehold property owned by PTWT and two other properties owned by a director. The property term loan is repayable over a period of 10 years commencing from August 2014. The loan had been fully settled in September 2019.

As at 31 December 2018, the Group's property term loans included PTWT's property term loan amounting to \$212,268 which had been disposed in the current financial period. The property term loan bore a fixed interest rate at 12.50% per annum and secured by a legal mortgage over the leasehold properties of PTWT and a corporate guarantee from a subsidiary of the Group. The property term loan was repayable over a period of 7 years commencing from February 2014.

^(b) The bank loans bear fixed interests ranging from 6.25% to 9.00% (31 December 2018 : 6.25% to 9.00%) per annum and repayable in equal monthly instalments over 2 to 5 (31 December 2018 : 2 to 5) years. The bank loans are secured by a joint and several guarantees from the directors of the Company in their respective personal capacity.

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17. 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 condensed combined statement of cash flows as cash flows from financing activities.

	31 December 2018	Effect of adoption of SFRS(I) 16	1 January 2019	Financing cash flows ⁽ⁱ⁾	New lease liabilities	Disposal of a subsidiary	Non-cash changes		30 June 2019
							Trade and other payables	Exchange differences	
	\$ (Audited)	\$ (Unaudited)	\$ (Unaudited)	\$ (Unaudited)	\$ (Unaudited)	\$ (Unaudited)	\$ (Unaudited)	\$ (Unaudited)	\$ (Unaudited)
Lease liabilities (Note 12)	-	281,896	281,896	(60,012)	27,913	-	-	10	249,807
Finance lease	158,926	(158,926)	-	-	-	-	-	-	-
Amount due to directors (Note 15)	1,650,778	-	1,650,778	300,443	-	(57,979)	19,836	-	1,913,078
Borrowings (Note 16)	1,341,937	-	1,341,937	(232,933)	-	(173,494)	-	8,513	944,023
	3,151,641	122,970	3,274,611	7,498	27,913	(231,473)	19,836	8,523	3,106,908

	1 January 2018	Financing cash flows ⁽ⁱ⁾	Non-cash changes		30 June 2018
			New lease liabilities	Exchange differences	
	\$ (Unaudited)	\$ (Unaudited)	\$ (Unaudited)	\$ (Unaudited)	\$ (Unaudited)
Finance lease	138,755	(22,823)	69,500	(1,082)	184,350
Amount due to directors (Note 15)	1,973,870	(1,088,203)	-	-	885,667
Borrowings (Note 16)	2,032,973	(337,698)	-	(20,481)	1,674,794
	4,145,598	(1,448,724)	69,500	(21,563)	2,744,811

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

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18. DEFERRED TAX ASSETS (LIABILITIES)

	Condensed combined statement of financial position		Condensed combined statement of profit or loss and other comprehensive income	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	\$	\$	\$	\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Deferred tax assets:				
Retirement benefits obligations	3,787	3,787	–	(825)
Exchange differences	36	–	–	–
Deferred tax assets	<u>3,823</u>	<u>3,787</u>		
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(34,462)	(34,462)	–	993
Foreign sourced interest income	(17,672)	(17,672)	–	8,141
Deferred tax liabilities	<u>(52,134)</u>	<u>(52,134)</u>		
Deferred tax expense			<u>–</u>	<u>8,309</u>

Deferred tax assets not recognised arising from tax losses

At the end of the reporting period, the Group has tax losses of approximately \$469,000 (31 December 2018 : \$226,000) that are available for offset against future taxable profits of the companies in which the losses arose. 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 in year 2021 to 2024 (31 December 2018 : year 2021 to 2022).

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the financial period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$1,850,000 (31 December 2018 : \$1,334,000). 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.

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19. SHARE CAPITAL

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.

The issued share capital in the condensed combined statement of financial position as at 30 June 2019 represent the share of the paid up capital of the Company.

The issued share capital in the condensed combined statement of financial position as at 31 December 2018 represents the aggregate amount of the share capital of the Company amounting to \$100 and PT Memiontec Indonesia ("PTMI") amounting to \$60,254.

20. TRANSLATION RESERVE

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's functional and presentation currency, Singapore dollars ("S\$").

21. OTHER RESERVES

	30 June 2019	31 December 2018
	\$	\$
	(Unaudited)	(Audited)
Capital reserve ^(a)	3,904,462	3,904,462
Merger reserve ^(b)	(2,404,462)	(2,404,462)
Others ^(c)	111,863	–
	1,611,863	1,500,000

^(a) This represents the advances received prior to the issuance of ordinary shares of the Company.

^(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 to the Group.

^(c) This represents the following items:

- Deemed gain on acquisition of non-controlling interests of \$276,137, as a result of the increase in the equity interest of PTMI from 95% to 99.4% in February 2019, subsequent to the Group restructuring exercise as disclosed in Note 2 to the audited combined financial statements for the financial year ended 31 December 2018, as set out in Appendix B of the Offer Document.
- Loss on disposal of a subsidiary, PTWT amounting to \$164,274 (Note 28).

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22. REVENUE

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Type of revenue		
Revenue from TSEPC projects	9,071,362	6,878,348
Revenue from OMS services	4,036,730	1,132,373
Revenue from sales of water	57,558	–
Revenue from Trading	934,340	550,027
Total	<u>14,099,990</u>	<u>8,560,748</u>
Geographical markets		
Singapore	10,344,267	4,317,191
Indonesia	3,469,857	4,237,533
China	285,866	6,024
Total	<u>14,099,990</u>	<u>8,560,748</u>
Timing of revenue recognition		
At a point in time:		
Revenue from Trading	934,340	550,027
Revenue from sales of water	57,558	–
Over time:		
Revenue from TSEPC projects	9,071,362	6,878,348
Revenue from OMS services	4,036,730	1,132,373
Total	<u>14,099,990</u>	<u>8,560,748</u>

23. OTHER INCOME

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Interest income from banks	138,314	142,625
Grant income from government	4,845	25,649
Foreign exchange gain, net	142,257	12,182
Gain on disposal of property, plant and equipment	6,300	–
Others	3,424	15,986
Total	<u>295,140</u>	<u>196,442</u>

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24. FINANCE COSTS

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Interest expense on:		
- Lease liabilities	7,883	5,217
- Borrowings	48,985	75,255
- Loan from a director (Note 6)	19,836	-
Total	<u>76,704</u>	<u>80,472</u>

25. INCOME TAX EXPENSE

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Income tax:		
- Current	269,091	196,596
- Over provision in prior periods	7,340	10,553
Total	<u>276,431</u>	<u>207,149</u>

Income tax for Singapore incorporated companies is calculated at 17% (30 June 2018 : 17%) of the estimated assessable income for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Profit before income tax	<u>631,410</u>	<u>1,169,022</u>
Tax at statutory rate of 17%	107,340	198,734
Effect of different tax rates of companies operating in other jurisdictions	4,104	7,810
Tax effect of expenses that are not deductible in determining taxable profit	101,780	15,035
Tax effect of income that are not taxable in determining taxable profit	-	(11,595)
Adjustments recognised in the current period in relation to current and deferred tax of prior periods	7,340	10,553
Deferred tax assets not recognised	60,672	36,828
Share of results of a joint venture	(2,231)	(49,802)
Others	(2,574)	(414)
Income tax expense	<u>276,431</u>	<u>207,149</u>

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26. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Directors' remuneration	252,042	266,212
Employee benefits expense (including directors' remuneration)	2,371,544	2,032,605
Costs of defined contribution plans (included in employee benefit expense)	185,702	134,861
Cost of inventories recognised as expense	605,158	243,253
Depreciation of property, plant and equipment (Note 11)	96,384	118,940
Depreciation of right-of-use assets (Note 12)	62,360	–
Listing expenses	433,011	–

27. EARNINGS PER SHARE

For illustrative purposes, the earnings per share have been calculated based on the profit for the period attributable to owners of the Company of \$354,796 (30 June 2018 : \$923,768) and pre-placement shares of 186,112,000 after adjusting for the share split.

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

28. DISPOSAL OF A SUBSIDIARY

On 27 May 2019, the Company entered into a sale and purchase agreement with a related party, UI Pte Ltd a company owned by Mr. Tay and Ms. Dewi, the controlling shareholders of the Company (the "Acquirer"), to dispose of PT MIT Water Technologies ("PTWT"), which holds two leasehold properties. The disposal was completed on 28 May 2019.

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Details of the disposal of PTWT are as follows:

	27 May 2019 \$ (Unaudited)
<u>Current assets</u>	
Cash and cash equivalents	13,435
Other receivables	338,793
Total current assets	352,228
<u>Non-current assets</u>	
Property, plant and equipment	1,065,647
Total non-current assets	1,065,647
<u>Current liabilities</u>	
Other payables	(665,200)
Borrowings	(102,675)
Total current liabilities	(767,875)
<u>Non-current liabilities</u>	
Borrowings	(70,819)
Total non-current liabilities	(70,819)
Net assets derecognised	579,181
Consideration received	
Cash	–
Deferred consideration (Note 8)	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 21)	(164,274)

The loss on disposal of the subsidiary is recorded as part of “Other reserves” in the condensed combined statement of changes in equity.

Net cash outflow arising on disposal

Cash consideration received	–
Cash and cash equivalents disposed of	(13,435)
	(13,435)

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29. 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 waste water management
- OMS – provision of operations, preventative and corrective maintenance services relating to water and waste water management
- Trading – sales and distribution of systems and equipment
- Others – sales of water

Segment revenue represents revenue generated from external and internal customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment as well as those 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.

Assets and liabilities are not allocated by segment as they are not considered critical by the chief operating decision maker in resource allocation and assessment of segment performance.

Segment revenue

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Revenue – TSEPC	9,071,362	6,878,348
Revenue – OMS	4,036,730	1,132,373
Revenue – Trading	934,340	550,027
Others	57,558	–
Total	14,099,990	8,560,748

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Segment results

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Profit from operations:		
– TSEPC	724,013	1,043,881
– OMS	430,404	190,506
– Trading	152,952	3,252
– Others	11,854	–
Total	1,319,223	1,237,639
Other income	295,140	196,442
General and administrative expenses	(917,245)	(476,252)
Share of profit of joint venture	13,123	292,953
Finance costs	(76,704)	(80,472)
Other operating expenses	(2,127)	(1,288)
Profit before income tax	631,410	1,169,022
Income tax expense	(276,431)	(207,149)
Profit for the period	354,979	961,873

Geographical segments

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

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$	\$
	(Unaudited)	(Unaudited)
Singapore	10,344,267	4,317,191
Indonesia	3,469,857	4,237,533
China	285,866	6,024
Total	14,099,990	8,560,748

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

	Non-current assets	
	30 June 2019	31 December 2018
	\$ (Unaudited)	\$ (Audited)
Singapore	670,703	432,711
Indonesia	1,005,098	2,270,508
China	29,233	38,141
Total	1,705,034	2,741,360

Major customer information

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	1 January 2019 to 30 June 2019	1 January 2018 to 30 June 2018
	\$ (Unaudited)	\$ (Unaudited)
Customer A – (TSEPC and OMS)	8,075,699	3,058,797
Customer B – (TSEPC)	–	2,287,976
	8,075,699	5,346,773

30. 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 \$7,600,404 (31 December 2018 : \$7,132,948) 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 2018 and 30 June 2019.

31. ADOPTION OF NEW STANDARDS

On 1 January 2019, the Group adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods, except as disclosed below.

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SFRS(I) 16 Leases

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with exemption for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The impact of the adoption of SFRS(I) 16 on the Group's unaudited interim condensed combined financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is 1 January 2019.

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the Standard:

- No reassessment on whether a contract is or contains a lease if the contract was entered into before 1 January 2019. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or modified before 1 January 2019.
- For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture, if any), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16.
- The Group accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.
- The Group has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- The Group has adjusted right-of-use asset by the amount of provision for onerous leases recognised under SFRS(I) 1-37 to approximate impairment.

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of SFRS(I) 16, the Group had carried out an implementation project. The project has shown that the new definition in SFRS(I) 16 does not change significantly the scope of contracts that meet the definition of a lease for the Group.

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Impact of lessee accounting

Former operating lease

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases (except as noted below), the Group:

- a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments;
- b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within general and administrative expenses in the condensed combined statement of profit or loss and other comprehensive income.

The Group has applied SFRS(I) 16 using the modified retrospective approach. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.00%.

Explanation of difference between operating lease commitments and lease liabilities:

	1 January 2019 to 30 June 2019
	\$
	(Unaudited)
Operating lease commitments disclosed as at 31 December 2018	159,061
Less: Short-term leases recognised on a straight-line basis as expense	(1,594)
Less: Leases of low value assets recognised on a straight-line basis as expense	(26,773)
	130,694
Discounted using the Group's incremental borrowing rate of 7.00%	(7,724)
Add: Finance lease liabilities recognised as at December 2018	158,926
Lease liabilities recognised as at 1 January 2019	281,896

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32. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in the report, subsequent to 30 June 2019, the following significant events took place:

(a) On 19 July 2019, the subsidiary, PTMI, declared a final dividend of IDR3,098,636 (equivalent to \$304) per ordinary share amounting to IDR34,085,000,000 (equivalent to \$3,341,667) 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.

(b) On 27 December 2018, Ms. Dewi and Ms. Irawati subscribed 144,919 and 2,881 shares in PTMP for a consideration of IDR14,491,900,000 (approximately \$1,420,040) and IDR288,100,000 (approximately \$28,890) respectively (the "Subscriptions").

On 23 July 2019, the Subscriptions consideration were settled by the shareholders of PTMP and the balance of \$1,420,040 and \$28,890 have been accounted as deemed capital contribution from shareholder and contribution from non-controlling interest respectively in the equity.

(c) On 30 August 2019, the Company issued 3,904,462 ordinary shares for consideration of \$3,904,462 through conversion of the advances from shareholders recorded in other reserves in financial year ended 31 December 2018. The new shares ranked *pari passu* in all aspects with the existing ordinary shares.

(d) Pursuant to the investment term sheet dated 20 December 2019 entered into between the Company and the pre-invitation Investor (the "Pre-IPO Investor"), the Pre-IPO Investor agreed to invest \$1,046,822 (the "Investment amount") into the Company. The total sum of the Investment amount shall be automatically converted into 6,502,000 new shares in the Company (after the Share Split) upon the issuance of a written notice by the Company to the Pre-IPO Investor. On 19 February 2020, pursuant to the conversion of the Investment amount, 6,502,000 ordinary shares were issued to the Pre-IPO Investor in accordance with the investment term sheet. The transaction cost is \$31,405.

(e) Pursuant to the written resolutions passed on 30 December 2019 and 18 February 2020, the shareholders approved, among others, the following:

(i) the conversion of the Company into a public company limited by shares and the consequential change of the name to "Memiontec Holdings Ltd.";

(ii) the Share Split of 3,904,562 Shares in the issued and paid-up capital of the Company into 179,610,000 Shares;

(iii) the adoption of a new set of constitution;

(iv) the allotment and issue of the Placement Shares pursuant to the Placement, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;

(v) the approval of the listing and quotation of all the issued Shares (including the Placement Shares to be allotted and issued pursuant to the Placement), the ZC Shares and the Award Shares to be allotted and issued (if any) on Catalist;

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- (vi) the adoption of the Plan, and the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon release of awards granted under the Plan;
- (vii) the authorisation for the Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit: (a)(i) issue (in addition to the Placement Shares) new 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 new 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 new Shares; and (b) (notwithstanding this authorisation conferred may have ceased to be in force at the time of the issue of such new Shares) issue new Shares in pursuance of any Instruments made or granted by the Directors while this authorisation was in force or additional Instruments arising from adjustments made to Instruments made or granted by the Directors while this authorisation was in force, provided that such adjustments do not give the holders a benefit that a shareholder does not receive provided that:
 - (1) the aggregate number of new Shares (including new Shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation) and Instruments to be issued pursuant to this authorisation shall not exceed 100.0% 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 new Shares to be issued (including new Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing Shareholders shall not exceed 50.0% 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 calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of new Shares (including new Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of new Shares that may be issued shall be based on the post-Placement issued share capital of the Company (excluding treasury shares and subsidiary holdings), after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of Shares; and
 - (3) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

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STATEMENT OF DIRECTORS

In the opinion of the directors, the unaudited interim condensed combined financial statements of the Group as set out on pages C-3 to C-39 are drawn up so as to give a true and fair view of the financial position of the Group as at 30 June 2019, and the financial performance, changes in equity and cash flows of the Group for the six months period ended 30 June 2019 and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Tay Kiat Seng

Soelistyo Dewi Soegiharto

21 February 2020

APPENDIX D
INDEPENDENT AUDITOR'S ASSURANCE REPORT AND THE COMPILATION
OF UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND THE SIX MONTHS PERIOD
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INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO
FORMA COMBINED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER
2018 AND SIX MONTHS PERIOD ENDED 30 JUNE 2019

21 February 2020

The Board of Directors
Memiontec Holdings Ltd.
20 Woodlands Link
#04-30/31
Singapore 738733

Report on the Compilation of Unaudited Pro Forma Combined Financial Information

We have completed our assurance engagement to report on the compilation of the unaudited pro forma combined financial information of Memiontec Holdings Ltd. (the "Company") and its subsidiaries (the "Group") by management. The unaudited pro forma combined financial information of the Group consists of the pro forma combined statements of financial position as at 31 December 2018 and 30 June 2019 and pro forma combined statement of cash flows for the year ended 31 December 2018, and related notes as set out on pages D-4 to D-8 of the Offer Document issued by the Company. The applicable criteria on the basis of which management has compiled the unaudited pro forma combined financial information are described in Note 3.

The unaudited pro forma combined financial information has been compiled by the management to illustrate the impact of the Significant Events set out in Explanatory Note 2 on:

- (i) the unaudited pro forma combined financial position of the Group as at 31 December 2018 and 30 June 2019 as if the Significant Events had occurred on 31 December 2018 and 30 June 2019 respectively; and
- (ii) the unaudited pro forma combined cash flows of the Group for the year ended 31 December 2018 as if the Significant Events had occurred on 1 January 2018.

The pro forma adjustments do not have any material effect on the combined financial performance of the Group for the year ended 31 December 2018 and six months period ended 30 June 2019, and the combined cash flows of the Group for the six months period ended 30 June 2019. Accordingly, the unaudited pro forma combined statements of profit or loss and other comprehensive income for the year ended 31 December 2018 and six months period ended 30 June 2019, and unaudited pro forma combined statement of cash flows for six months period ended 30 June 2019 have not been presented.

As part of this process, information about the Group's financial position and cash flows has been extracted by management from the Group's audited combined financial statements for the financial year ended 31 December 2018 and the unaudited interim condensed combined financial statements for the six months period ended 30 June 2019, on which the audit and review reports have been published respectively.

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INDEPENDENT AUDITOR'S ASSURANCE REPORT AND THE COMPILATION
OF UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND THE SIX MONTHS PERIOD
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Management's Responsibility for the Unaudited Pro Forma Combined Financial Information

Management is responsible for compiling the unaudited pro forma combined financial information of the Group on the basis of the applicable criteria as described in Note 3.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma combined financial information has been compiled, in all material respects, by management on the basis of the applicable criteria as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements ("SSAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* ("SSAE 3420"), issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the unaudited pro forma combined financial information of the Group on the basis of the applicable criteria as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma combined financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma combined financial information.

The purpose of the unaudited pro forma combined financial information included in the Offer Document is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma combined financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the unaudited pro forma combined financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (i) The related pro forma adjustments give appropriate effect to those criteria; and

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- (ii) The unaudited pro forma combined financial information of the Group reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to his understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma combined financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma combined financial information of the Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) The unaudited pro forma combined financial information has been compiled:
- (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards (International);
 - (ii) on the basis of the applicable criteria stated in Note 3 of the unaudited pro forma combined financial information of the Group; and
- (b) each material adjustment made to the information used in the preparation of the unaudited pro forma combined financial information is appropriate for the purpose of preparing such unaudited financial information.

Restriction of Use and Distribution

This report has been prepared solely to you for inclusion in the Offer Document in connection with the proposed listing of Memiontec Holdings Ltd. on Catalist, the sponsor supervised board of the Singapore Exchange Securities Trading Limited and for no other purposes.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Ronny Chandra
Partner

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UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Audited combined statement of financial position	Unaudited pro forma adjustments				Unaudited pro forma combined statement of financial position
		Event 1	Event 2	Event 3	Event 4	
	\$	\$	\$	\$	\$	
		[Note 2(a)]	[Note 2(b)]	[Note 2(c)]	[Note 2(d)]	
ASSETS						
Current assets						
Cash and cash equivalents	5,594,228	–	(3,341,667)	1,449,020	1,015,417	4,716,998
Trade and other receivables	4,051,525	–	–	–	–	4,051,525
Contract assets	4,689,508	–	–	–	–	4,689,508
Inventories	237,836	–	–	–	–	237,836
Total current assets	14,573,097	–	(3,341,667)	1,449,020	1,015,417	13,695,867
Non-current assets						
Property, plant and equipment	2,741,360	–	–	–	–	2,741,360
Investment in a joint venture	2,180,224	–	–	–	–	2,180,224
Deferred tax assets	3,787	–	–	–	–	3,787
Total non-current assets	4,925,371	–	–	–	–	4,925,371
Total assets	19,498,468	–	(3,341,667)	1,449,020	1,015,417	18,621,238
LIABILITIES AND EQUITY						
Current liabilities						
Trade and other payables	7,683,251	–	–	–	–	7,683,251
Contract liabilities	209,395	–	–	–	–	209,395
Finance leases	40,071	–	–	–	–	40,071
Borrowings	436,987	–	–	–	–	436,987
Income tax payable	529,290	–	–	–	–	529,290
Total current liabilities	8,898,994	–	–	–	–	8,898,994
Non-current liabilities						
Finance leases	118,855	–	–	–	–	118,855
Borrowings	904,950	–	–	–	–	904,950
Retirement benefit obligations	84,218	–	–	–	–	84,218
Deferred tax liabilities	52,134	–	–	–	–	52,134
Total non-current liabilities	1,160,157	–	–	–	–	1,160,157
Capital, reserves and non-controlling interests						
Share capital	60,354	3,904,462	–	–	1,015,417	4,980,233
Translation reserve	(634,896)	–	–	–	–	(634,896)
Other reserves	1,500,000	(3,904,462)	–	1,420,040	–	(984,422)
Retained earnings	8,236,578	–	(3,341,667)	–	–	4,894,911
Equity attributable to owners of the Company	9,162,036	–	(3,341,667)	1,420,040	1,015,417	8,255,826
Non-controlling interests	277,281	–	–	28,980	–	306,261
Total equity	9,439,317	–	(3,341,667)	1,449,020	1,015,417	8,562,087
Total liabilities and equity	19,498,468	–	(3,341,667)	1,449,020	1,015,417	18,621,238

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	Unaudited combined statement of financial position	Unaudited pro forma adjustments				Unaudited pro forma combined statement of financial position
		Event 1	Event 2	Event 3	Event 4	
	\$	\$	\$	\$	\$	\$
		[Note 2(a)]	[Note 2(b)]	[Note 2(c)]	[Note 2(d)]	
ASSETS						
Current assets						
Cash and cash equivalents	5,385,993	–	(3,341,667)	1,449,020	1,015,417	4,508,763
Trade and other receivables	6,737,511	–	–	–	–	6,737,511
Contract assets	6,809,236	–	–	–	–	6,809,236
Inventories	82,917	–	–	–	–	82,917
Total current assets	19,015,657	–	(3,341,667)	1,449,020	1,015,417	18,138,427
Non-current assets						
Property, plant and equipment	1,417,493	–	–	–	–	1,417,493
Right of use of assets	287,541	–	–	–	–	287,541
Investment in a joint venture	2,215,432	–	–	–	–	2,215,432
Deferred tax assets	3,823	–	–	–	–	3,823
Total non-current assets	3,924,289	–	–	–	–	3,924,289
Total assets	22,939,946	–	(3,341,667)	1,449,020	1,015,417	22,062,716
LIABILITIES AND EQUITY						
Current liabilities						
Trade and other payables	10,444,673	–	–	–	–	10,444,673
Contract liabilities	883,334	–	–	–	–	883,334
Lease liabilities	111,935	–	–	–	–	111,935
Borrowings	568,751	–	–	–	–	568,751
Income tax payable	371,295	–	–	–	–	371,295
Total current liabilities	12,379,988	–	–	–	–	12,379,988
Non-current liabilities						
Lease liabilities	137,872	–	–	–	–	137,872
Borrowings	375,272	–	–	–	–	375,272
Retirement benefit obligations	85,011	–	–	–	–	85,011
Deferred tax liabilities	52,134	–	–	–	–	52,134
Total non-current liabilities	650,289	–	–	–	–	650,289
Capital, reserves and non-controlling interests						
Share capital	100	3,904,462	–	–	1,015,417	4,919,979
Translation reserve	(326,804)	–	–	–	–	(326,804)
Other reserves	1,611,863	(3,904,462)	–	1,420,040	–	(872,559)
Retained earnings	8,591,374	–	(3,341,667)	–	–	5,249,707
Equity attributable to owners of the Company	9,876,533	–	(3,341,667)	1,420,040	1,015,417	8,970,323
Non-controlling interests	33,136	–	–	28,980	–	62,116
Total equity	9,909,669	–	(3,341,667)	1,449,020	1,015,417	9,032,439
Total liabilities and equity	22,939,946	–	(3,341,667)	1,449,020	1,015,417	22,062,716

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UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Audited combined statement of cash flows	Unaudited pro forma adjustments				Unaudited pro forma combined statement of cash flows
		Event 1	Event 2	Event 3	Event 4	
	\$	\$	\$	\$	\$	\$
		[Note 2(a)]	[Note 2(b)]	[Note 2(c)]	[Note 2(d)]	
Operating activities						
Profit before income tax	5,464,537	–	–	–	–	5,464,537
Adjustments for:						
Depreciation of property, plant and equipment	239,296	–	–	–	–	239,296
Retirement benefit obligations	24,894	–	–	–	–	24,894
Share of profit of joint venture	(536,150)	–	–	–	–	(536,150)
Interest expense	160,806	–	–	–	–	160,806
Interest income	(165,934)	–	–	–	–	(165,934)
Net foreign exchange loss	114,737	–	–	–	–	114,737
Operating cash flows before movements in working capital	5,302,186	–	–	–	–	5,302,186
Trade and other receivables	(1,953,792)	–	–	–	–	(1,953,792)
Contract assets	1,073,844	–	–	–	–	1,073,844
Inventories	43,041	–	–	–	–	43,041
Trade and other payables	1,354,899	–	–	–	–	1,354,899
Contract liabilities	(1,751,757)	–	–	–	–	(1,751,757)
Cash generated from operations	4,068,421	–	–	–	–	4,068,421
Income tax paid	(255,892)	–	–	–	–	(255,892)
Interest income received	144,600	–	–	–	–	144,600
Net cash from operating activities	3,957,129	–	–	–	–	3,957,129
Investing activity						
Purchase of property, plant and equipment, representing cash used in investing activity	(154,701)	–	–	–	–	(154,701)
Financing activities						
Interest paid	(157,952)	–	–	–	–	(157,952)
Dividends paid	–	–	(3,341,667)	–	–	(3,341,667)
Repayments to directors	(323,092)	–	–	–	–	(323,092)
Capital contribution from shareholders of PT Memindo Pratama	–	–	–	1,449,020	–	1,449,020
Repayments of borrowings	(659,837)	–	–	–	–	(659,837)
Repayments of obligations under finance leases	(48,028)	–	–	–	–	(48,028)
Proceeds on issue of shares	–	–	–	–	1,015,417	1,015,417
Net cash used in financing activities	(1,188,909)	–	(3,341,667)	1,449,020	1,015,417	(2,066,139)
Net increase in cash and cash equivalents	2,613,519	–	(3,341,667)	1,449,020	1,015,417	1,736,289
Cash and cash equivalents at beginning of the year	3,161,816	–	–	–	–	3,161,816
Effect of exchange rate changes on the balance of cash held in foreign currencies	(181,107)	–	–	–	–	(181,107)
Cash and cash equivalents at end of the year	5,594,228	–	(3,341,667)	1,449,020	1,015,417	4,716,998

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NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE YEAR
ENDED 31 DECEMBER 2018 AND SIX MONTHS PERIOD ENDED 30 JUNE 2019

1 GENERAL

Memiontec Holdings Ltd. (the "Company") (Registration No. 201305845W) is public limited company incorporated and domiciled in Singapore with its principal place of business and registered office at 20 Woodlands Link, #04-30/31, Singapore 738733.

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 2, 12 and 13 to the audited combined financial statements for the financial year ended 31 December 2018, as set out in Appendix B of the Offer Document.

2. SIGNIFICANT EVENTS

Save for the following Significant Events discussed in Notes (a), (b) and (c) below, the directors, as at the date of this report, are not aware of any other Significant Events subsequent to 30 June 2019.

(a) Issuance of share capital of the Company

On 19 September 2019, the Company issued 3,904,462 ordinary shares for consideration of \$3,904,462 through conversion of the advances from shareholders recorded in other reserve in financial year ended 31 December 2018. The new shares ranked pari passu in all aspects with the existing ordinary shares.

(b) Declaration of final dividends of PT Memiontec Indonesia ("PTMI")

On 19 July 2019, the subsidiary, PTMI declared final dividends of IDR3,098,636 (equivalent to \$304) per share amounting to IDR34,085,000,000 (equivalent to \$3,341,667) in respect of the financial year ended 31 December 2018 to its then shareholders, being Ms. Soelisty Dewi Soegiharto ("Ms. Dewi") and Ms. Irawati. The dividends were paid in two tranches on 22 July 2019 and 2 August 2019.

(c) Increase in share capital of PT Memindo Pratama ("PTMP")

On 27 December 2018, Ms. Dewi and Ms. Irawati subscribed 144,919 and 2,881 shares in PTMP for a consideration of IDR14,491,900,000 (approximately \$1,420,040) and IDR288,100,000 (approximately \$28,890) respectively (the "Subscriptions").

On 23 July 2019, the Subscriptions consideration were settled by the shareholders of PTMP and the balance of \$1,420,040 and \$28,890 have been accounted as deemed capital contribution from shareholder and contribution from non-controlling interest respectively in the equity.

(d) Issuance of new shares to pre-invitation investor (the "Pre-IPO Investor")

Pursuant to the investment term sheet dated 20 December 2019 entered into between the Company and the pre-invitation investor (the "Pre-IPO Investor"), the Pre-IPO Investor agreed to invest \$1,046,822 (the "Investment amount") into the Company. The total sum of the Investment amount shall be automatically converted into 6,502,000 new shares in the Company upon the issuance of a written notice by the Company to the Pre-IPO Investor. On 19 February 2020, pursuant to the conversion of the Investment amount, 6,502,000 ordinary shares were issued to the Pre-IPO Investor in accordance with the investment term sheet. The transaction cost is \$31,405.

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3. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION OF THE GROUP

3.1 The unaudited pro forma combined financial information of the Group for the year ended 31 December 2018 and six months period ended 30 June 2019 have been compiled based on:

- a) The audited combined financial statements of the Group for the financial year ended 31 December 2018, which were prepared by management in accordance with the Singapore Financial Reporting Standards (International), and audited by Deloitte & Touche LLP, Singapore in accordance with Singapore Standards on Auditing. The auditor's report on these combined financial statements was not modified; and
- b) The unaudited interim condensed combined financial statements of the Group for the six months period ended 30 June 2019, which were prepared by management in accordance with Singapore Financial Reporting Standard (International) 1-34, *Interim Financial Reporting* ("SFRS(I) 1-34") and reviewed by Deloitte & Touche LLP, Singapore in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". The auditor's review report on these condensed combined financial statements was not modified.

3.2 The unaudited pro forma combined financial information of the Group has been prepared using the same accounting policies and methods of computation in the preparation of the audited combined financial statements for the year ended 31 December 2018.

The unaudited pro forma combined financial information of the Group for the year ended 31 December 2018 are prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show what:

- a) the unaudited pro forma combined financial position of the Group as at 31 December 2018 and 30 June 2019 would have been if the Significant Events had occurred on 31 December 2018 and 30 June 2019 respectively; and
- b) the unaudited pro forma combined cash flows of the Group for the year ended 31 December 2018 as if the Significant Events had occurred on 1 January 2018.

The pro forma adjustments do not have any material effect on the combined financial performance of the Group for the year ended 31 December 2018 and six months period ended 30 June 2019 and the combined cash flows of the Group for the six months period ended 30 June 2019. Accordingly, the unaudited pro forma combined statement of profit or loss and other comprehensive income for the year ended 31 December 2018 and six months period ended 30 June 2019, and unaudited pro forma combined statement of cash flows for six months period ended 30 June 2019 have not been presented.

3.3 The unaudited pro forma combined financial information of the Group, because of its nature, is not necessarily indicative of the results of the operations, cash flows and financial position that would have been attained had the Significant Events actually occurred earlier. Save as disclosed in Note 2, the management, for the purpose of preparing this set of unaudited pro forma combined financial information of the Group, has not considered the effects of other events.

APPENDIX E

SUMMARY OF OUR CONSTITUTION

The discussion below provides information about certain provisions of our Constitution. This description is only a summary and is qualified by reference to our Constitution, a copy of which will be displayed at our registered office at 20 Woodlands Link #04-30/31 Singapore 738733.

The following are extracts of the provisions in our Constitution relating to:

(a) A director's power to vote on a proposal, arrangement or contract in which he is interested

Regulation 88(1) – Powers of Directors to contract with Company

No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director and Chief Executive Officer shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors and Chief Executive Officers in transactions or proposed transactions with the Company or of any office or property held by a Director or Chief Executive Officer which might create duties or interests in conflict with his duties or interests as a Director or Chief Executive Officer and any transactions to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange or the Act. No Director shall vote in regard to any contract, arrangement or transaction, or proposed contract, arrangement or transaction in which he has directly or indirectly a personal material interest as aforesaid or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted. A Director shall also not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Regulation 88(2) – Relaxation of restriction on voting

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit. under the Company, or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to this Constitution or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

Regulation 89(2) – Exercise of voting power

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

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- (b) A director's power to vote on remuneration (including pension or other benefits) for himself or for any other director and whether the quorum at a meeting of the board of directors to vote on directors' remuneration may include the director whose remuneration is the subject of the vote**

Regulation 84(1) – Fees

The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

Regulation 84(2) – Extra remuneration

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of the Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Regulation.

Regulation 84(3) – Remuneration of Director

The fees (including any remuneration under Regulation 84(2) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or a percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.

Regulation 85 – Expenses

The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Regulation 86 – Pensions to Directors and dependents

Subject to the Act, the Directors on behalf of the Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections or to any persons in respect of and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance..

Regulation 87 – Benefits for employees

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

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Regulation 92 – Remuneration of Chief Executive Officer/Managing Director

The remuneration of a Chief Executive Officer/Managing Director (or any person holding an equivalent appointment) shall from time to time be fixed by the Directors and may subject to this Constitution be by way of salary or commission or participating in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Regulation 101(1) – Alternate Directors

Any Director of the Company may at any time under his hand and deposited at the Office, or delivered at a meeting of the Directors, appoint any person who is not a Director or Alternate Director and who is approved by a majority of his co-Directors to be his Alternate Director for such period as he thinks fit and may at any time remove any such alternate Director from office. An Alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an Alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

(c) The borrowing powers exercisable by the directors and how such borrowing powers may be varied

Regulation 116 – Directors' borrowing powers

The Directors may at their discretion exercise all the powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any property or business of the Company including any uncalled or called but unpaid capital and to issue debentures or give any other security, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

(d) The retirement or non-retirement of a director under an age limit requirement

Regulation 91 – Chief Executive Officer/Managing Director to be subject to retirement by rotation

Any Director who is appointed as a Chief Executive Officer/Managing Director (or an equivalent appointment) shall be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors of the Company notwithstanding the provisions of his contract of service in relation to his executive office and if he ceases to hold the office of Director from any cause he shall *ipso facto* and immediately cease to be a Chief Executive Officer/Managing Director.

Regulation 96 – Retirement of Directors by rotation

Subject to this Constitution and to the Act, at each Annual General Meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. For the avoidance of doubt, each Director shall retire from office at least once every three (3) years.

Regulation 97 – Selection of Directors to retire

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. However as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

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Regulation 98 – Deemed re-elected

The Company at the meeting at which a Director retires under any provision of this Constitution may by ordinary resolution fill up the vacated office by electing a person thereto. In default the retiring Director shall be deemed to have been re-elected, unless:

- (i) at such meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (ii) such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
- (iii) such Director has attained any retiring age applicable to him as a Director; or
- (iv) the nominating committee appointed has given notice in writing to the directors that such director is not suitable for re-appointment, having regard to the Director's contribution and performance.

The retirement of any Director who is deemed to have been re-elected shall not have effect until the conclusion of the meeting and such Director will continue in office without a break.

(e) The number of shares, if any, required for the qualification of a director

Regulation 83 – Qualifications

A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at general meetings.

(f) The rights, preferences and restrictions attaching to each class of shares

Regulation 4 – Issue of new shares

Subject to the Act, the listing rules of the Exchange and this Constitution, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting pursuant to Section 161 of the Act but subject thereto and to Regulation 47, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (or, where permitted under the Act and the listing rules of the Exchange, for no consideration) and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors.

Regulation 4A

The Company may issue shares for which no consideration is payable to the Company.

Regulation 5(1) – Rights attached to certain shares

Preference shares may be issued subject to such limitations thereof as may be prescribed by the Exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in this Constitution. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

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Regulation 5(2)

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

Regulation 7(2) – Rights of preference shareholders

The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

Regulation 17(1) – Entitlement to certificate

Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) market days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed two dollars (S\$2) (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding two dollars (S\$2) (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may determine. Where the Member is a Depositor, the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

Regulation 22(1) – Directors' power to decline to register

Subject to this Constitution, there shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, bye-laws or listing rules of the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register in accordance with and pursuant to the requirements of the Act and the listing rules of the Exchange.

Regulation 48 – Rights and privileges of new shares

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of this Constitution and the listing rules of the Exchange. In particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

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Regulation 69(1) – Voting rights of Members

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Regulation 6, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

Regulation 69(3)

Notwithstanding anything contained in this Constitution, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than seventy-two (72) hours before the time of the relevant general meeting or such cut-off time as provided under the Securities and Futures Act (the cut-off time), whichever is earlier, as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

Regulation 70 – Voting rights of joint holders

Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.

Regulation 71 – Voting rights of Members of unsound mind

If a Member who is mentally disordered or whose person or estate is liable to be dealt with in any way under the law relating to mental capacity may vote, whether on a show of hands or on a poll, by a person who properly has the management of the estate of the Member, and any such person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than seventy-two (72) hours before the time appointed for holding the meeting or such cut-off time as provided under the Act, whichever is earlier.

Regulation 72 – Right to vote

Subject to the provisions of this Constitution, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a Member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum. Save as expressly provided herein or in the Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy at any general meeting.

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(g) Any change in capital

Regulation 51(1) – Power to consolidate, cancel and subdivide shares

The Company may by ordinary resolution alter its share capital in the manner permitted under the Act including without limitation:

- (i) consolidate and divide all or any of its shares;
- (ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Act;
- (iii) subdivide its shares or any of them (subject to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and
- (iv) subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency.

Regulation 51(3) – Repurchase of Company's shares

The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the “**Relevant Laws**”), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

Regulation 52 – Power to reduce capital

The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

(h) Any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law

Regulation 7(1) – Variation of rights

If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with

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such adaptations as are necessary, apply. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting. The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

Regulation 8 – Creation or issue of further shares with special rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

(i) Any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement operates

Regulation 128(1) – Unclaimed dividends

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

(j) Any limitation on the right to own shares including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the shares

Regulation 12 – No trust recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

Regulation 21 – Person under disability

No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs, but nothing herein contained shall be construed as imposing on the company any liability in respect of the registration of such transfer if the company has no actual knowledge of the same.

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Regulation 49(1) – Issue of new shares to Members

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

Regulation 49(2)

Notwithstanding Regulation 49(1) above but subject to the Act and the bye-laws and listing rules of the Exchange, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:

- (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant Instruments; and/or
- (iii) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;

provided that:

- (a) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits and complies with the manner of calculation prescribed by the Exchange;
- (b) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and the Constitution; and
- (c) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the next Annual General Meeting following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

Regulation 49(3)

Notwithstanding Regulation 49(1) above but subject to the Act, the Directors shall not be required to offer any new shares to Members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but may sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

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DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of our Shareholders as conferred by the laws of Singapore and our Constitution. These statements summarise the material provisions of our Constitution but are qualified in entirety by reference to our Constitution, a copy of which will be available for inspection at our registered offices during normal business hours for a period of six (6) months from the date of the registration of this Offer Document with the SGX-ST. Please see “*Appendix E – Summary of our Constitution*” of this Offer Document for a summary of our Constitution.

Legal Framework

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board, which are qualified in their entirety by reference to the laws of Singapore.

Singapore has a common law system based on a combination of case law and statutes. The Companies Act is the principal legislation governing companies incorporated under the laws of Singapore and provides for three (3) main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with the Accounting and Corporate Regulatory Authority in Singapore certain electronic forms, including the constitutional documents which comprise its constitution.

The constitution of a Singapore incorporated company may set out the specific objects and powers of the company, or may give the company full power to carry on or undertake any business activity. The constitution generally contains provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors’ meetings, powers and duties of directors, accounts, dividends and reserves, capitalisation of profits, secretary, common seal, winding-up and indemnity of the officers of a company.

Shares

The Shares, which have identical rights in all respects, rank equally with one another. Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board may think fit, and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations.

All of the Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in the circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of the Shares.

New Shares

We may only issue new Shares with the prior approval of our Shareholders in a general meeting.

Shareholders

We only recognise the persons who are registered in our register of members and, in cases in which the person so registered is CDP or its nominee, as the case may be, we recognise the persons named as the Depositors in the Depository Register (as defined in the SFA) maintained by CDP for the Shares as holders of the Shares.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any of the Shares, or any interest in any fractional part of a Share, or other rights in respect of any Share, other than the absolute right thereto of the person whose name is entered in our register of members as the registered holder thereof, or of the person whose name is entered in the Depository Register maintained by CDP for that Share.

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We may close our register of members at any time or times if we provide the SGX-ST with at least five (5) clear Market Days' notice, or such other periods as may be prescribed by the SGX-ST. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid-up Shares except where required by law or the listing rules of, or bye-laws and rules, governing any securities exchange upon which the Shares are listed or as provided in our Constitution. Our Board may in their discretion decline to register any transfer of Shares on which we have a lien and in the case of Shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve. A Shareholder may transfer any Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by any securities exchange upon which the Shares are listed or in any other form acceptable to our Directors. Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A Shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed S\$2.00, and furnishes such evidence and a letter of indemnity as our Board may require.

GENERAL MEETINGS

General Meetings of Shareholders

We are required to hold a general meeting of Shareholders every year and not more than 15 months after the holding of the last preceding annual general meeting. All general meetings of our Company shall be held in Singapore. Under the Companies Act, we will be required to hold a general meeting of Shareholders within four (4) months from the end of our financial year. Our Board may convene an extraordinary general meeting whenever they think fit and it must do so upon the written request of Shareholders holding not less than 10.0% of the total number of paid-up Shares as carries the right to vote at general meetings (disregarding paid-up Shares held as treasury shares). In addition, two (2) or more Shareholders holding not less than 10.0% of our total number of issued Shares may call a meeting of our Shareholders.

Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including:

- voluntary winding-up;
- amendments to our constitution;
- a change of our corporate name; and
- a reduction in the share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. For so long as the Shares are listed on the SGX-ST, at least 14 days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press.

The notice must be given to every Shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

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Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 72 hours before the general meeting.

Except as otherwise provided in our Constitution, two (2) or more Shareholders must be present in person or by proxy or attorney to constitute a quorum at any general meeting. Under our Constitution:

- on a show of hands, every Shareholder present in person or by proxy shall have one (1) vote, provided that:
 - in the case of a Shareholder who is not a relevant intermediary (as defined below) and who is represented by two (2) proxies, only one (1) of the two (2) proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman of the meeting) in his sole discretion shall be entitled to vote on a show of hands); and
 - in the case of a Shareholder who is a relevant intermediary and who is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands; and
- on a poll, every Shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents.

The following types of members (“**relevant intermediaries**” and each a “**relevant intermediary**”) are allowed to appoint more than two (2) proxies: (i) a licensed bank or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity; (ii) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and (iii) the CPF Board, in respect of shares purchased on behalf of CPF members.

The Catalist Rules requires all resolutions at general meeting to be voted by poll. A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- by not less than two (2) Shareholders present in person or by proxy and entitled to vote at the meeting;
- by any Shareholder present in person or by proxy and representing not less than 5% of the total voting rights of all Shareholders having the right to vote at the meeting; and
- by any Shareholder present in person or by proxy and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid-up equal to not less than 5% of the total sum paid up on all the shares conferring that right.

In the case of a tie vote, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

Limitations on Rights to Hold Shares

Singapore law and our Constitution do not impose any limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights attached to the Shares.

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Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. Our Board may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profit(s) available for distribution.

All dividends we pay are *pro rata* in amount to our Shareholders in proportion to the amount paid up or credited as paid on each Shareholder's Shares, unless the rights attaching to an issue of any share or class of shares provide otherwise.

Unless otherwise directed, dividends may be paid by a cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of members or (as the case may be) the Depository Register. However, our payment to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

Our Board may, with the approval from our Shareholders at a general meeting, capitalise any sums standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit or loss account and distribute the same as bonus Shares credited as paid-up to the Shareholders in proportion to their shareholdings.

Our Board may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms as our Board shall think fit.

Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any securities exchange upon which the Shares are listed.

Take-overs and Substantial Shareholdings

Under the Singapore Take-over Code, issued by the MAS pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting shares must extend a take-over offer for the remaining voting shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any six-month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of (i), (ii), (iii) or (iv);

APPENDIX F DESCRIPTION OF OUR SHARES

- (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
- (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
 - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10.0% or more of the customer's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
- (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i);
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
 - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months.

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of the Shares will be entitled to participate in the distribution of any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company.

APPENDIX F

DESCRIPTION OF OUR SHARES

Indemnity

As permitted by Singapore law, our Constitution provides that our Company may, subject to the provisions of and so far as may be permitted by the Companies Act, indemnify our Board and officers against any liability incurred or to be incurred by them in the execution of their duties.

Subject to certain exceptions, our Company may not indemnify our Board and our officers against any liability attaching to them in connection with any negligence, default, breach of duty or breach of trust in relation to our Company. Such exceptions are: (i) the purchase and maintenance for our Directors and officers of insurance against any such liability; and (ii) circumstances where the provision for indemnity is against liability incurred by our Directors and officers to a person other than our Company, except when the indemnity is against (a) any liability of our Director or officer to pay a fine in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or (b) any liability incurred by our Director or officer (1) in defending criminal proceedings in which he is convicted; (2) in defending civil proceedings brought by our Company or a related company in which judgment is given against him; or (3) in connection with an application for relief under Section 76A(13) or Section 391 of the Companies Act in which the court refuses to grant him relief.

Substantial Shareholdings

Under the SFA, a person has a substantial shareholding in our Company if he has an interest (or interests) in one (1) or more voting shares (excluding treasury shares) in our Company and the total votes attached to that share or those shares, is not less than 5% of the aggregate of the total votes attached to all voting shares (excluding treasury shares) in our Company.

The SFA requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice to us using the forms prescribed by the MAS (which are available at www.mas.gov.sg) of particulars of the voting shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the SFA is two (2) Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- of any change in the percentage level in his interest; or
- that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being “aware” of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

“**Percentage level**”, in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

APPENDIX F

DESCRIPTION OF OUR SHARES

Minority Rights

Section 216 of the Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one (1) or more of our Shareholders; or
- if we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one (1) or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;
- regulate the conduct of our affairs in the future;
- authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- direct us or some of our Shareholders to purchase a minority Shareholder's Shares and, in the case of our purchase of Shares, a corresponding reduction of our share capital;
- direct that our Constitution be amended; or
- direct that we be wound up.

In addition, Section 216A of the Companies Act allows a complainant (including a minority shareholder) to apply to court for leave to bring an action in a court proceeding or to commence an arbitration proceeding in the name and on behalf of a company.

APPENDIX G TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and Indonesia and is not intended to be and does not constitute legal or tax advice. The discussion is based on laws, regulations and interpretations now in effect and available as of the date of this Offer Document. These laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore and Indonesia could later disagree with the explanations or conclusions set out below.

The discussion is limited to a general description of certain Singapore and Indonesian income tax, capital gains tax, stamp duty and estate duty consequences with respect to the subscription for, purchase, ownership and disposal of our Shares and does not purport to be a comprehensive nor exhaustive description of all tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of our Shares.

Prospective investors of our Shares should consult their own tax advisors concerning the tax consequences of subscribing for, purchasing, owning and disposing of our Shares. Neither our Company, our Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, ownership or disposal of our Shares.

TAXATION IN SINGAPORE

Individual Income Tax

An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax.

Currently, Singapore tax resident individuals are subject to tax at progressive rates, ranging from 0% to 22%. Non-resident individuals are subject to Singapore income tax on their employment income accruing in or derived from Singapore at a flat rate of 15% or the resident rate, whichever is higher. Other non-employment income accruing in or derived from Singapore by non-resident individuals are taxed at 22%.

Corporate Income Tax

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. "Control and management" is the making of decisions on strategic matters, such as those on company policy and strategy.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from Singapore income tax if the following conditions are met:

- (i) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;
- (ii) at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and

APPENDIX G TAXATION

- (iii) the Comptroller of Income Tax in Singapore is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore with respect to such conditions.

A non-resident corporate taxpayer is subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore, subject to certain exceptions.

The prevailing corporate income tax rate in Singapore for both resident and non-resident companies is currently 17%. Under the Partial Tax Exemption (“PTE”) scheme, up to the year of assessment (“YA”) 2019, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company’s chargeable income otherwise subject to normal taxation is exempt from corporate income tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate income tax rate. With effect from YA 2020 onwards, the PTE scheme will be adjusted to allow for tax exemption on three-quarters of up to the first S\$10,000, and one-half of up to the next S\$190,000, of a company’s chargeable income otherwise subject to normal taxation is exempt from corporate income tax. Any chargeable income in excess of S\$200,000 will be fully taxable at the prevailing corporate income tax rate. All other conditions of the PTE scheme remain unchanged.

It is announced in the Budget 2018 by the Minister for Finance that companies will be granted a 20% corporate income tax rebate, capped at S\$10,000, for the YA 2019. The aforementioned rebate will not apply to income derived by a non-Singapore tax resident company that is subject to final withholding tax.

Dividend Distributions

All Singapore-resident companies are currently under the one-tier corporate tax system (“**one-tier system**”).

Dividends received in respect of our Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that our Company is a tax resident of Singapore and under the one-tier system.

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Shareholders/investors are advised to consult their own tax advisers in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement that their country of residence may have with other jurisdictions.

Bonus Shares

Under current Singapore tax law and practice, a capitalisation of profits followed by the issue of new shares, credited as fully paid, *pro-rata* to shareholders (“**bonus issue**”) does not represent a distribution of dividends by a company to its shareholders. Therefore, a Singapore resident shareholder receiving shares by way of a bonus issue should not have a liability to Singapore tax.

When a dividend is to be satisfied wholly or in part in the form of an allotment of ordinary shares credited as fully paid, the dividend declared will be treated as income to its shareholders. However, as our Company is under the one-tier system after 31 December 2007, any dividend paid on or after 1 January 2008 will be exempt from Singapore tax. Similarly, when shareholders are given the right to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash, the dividend declared will be treated as exempt (one-tier) dividend income and will not be subject to Singapore tax.

APPENDIX G TAXATION

Gains on Disposal of Shares

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature.

However, gains arising from the disposal of our Shares which are considered gains derived from any trade, business, vocation or profession carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature. Gains derived from the disposal of our Shares may also be taxable if they constitute any gains or profits of any income nature under Section 10(1)(g) of the Income Tax Act, Chapter 134 of Singapore ("**Income Tax Act**").

Section 13Z of the Income Tax Act provides a safe harbour in the form of an exemption of gains or profits arising from the disposal of ordinary shares. To qualify for the tax exemption, the divesting company must be both the legal and beneficial owner of the ordinary shares which are disposed of and must have legally and beneficially held at least 20.0% of the ordinary shares in the investee company for a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of such shares.

The rule is not applicable to the disposal of shares held in an unlisted investee company that is in the business of trading or holding Singapore immovable properties (other than the business of property development), or generally to a divesting company in the insurance business industry, or to the disposal of shares by a partnership, limited partnership or limited liability partnership where one (1) or more of the partners of which is a company or are companies.

Such tax exemption is applicable for disposals between 1 June 2012 and 30 June 2022 (both dates inclusive).

Shareholders are advised to consult their own accounting and tax advisers regarding the Singapore income tax consequences of their subscription for, purchase, ownership and disposal of our Shares.

Stamp Duty

There is no stamp duty payable on the subscription for, allotment or ownership of our Shares.

Where our Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the agreement or instrument of transfer of our Shares at the rate of 0.2% of the consideration for, or market value of, our Shares, whichever is higher.

Stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an agreement or instrument of transfer is executed outside Singapore or no agreement or instrument of transfer is executed, no stamp duty is payable on the acquisition of our Shares. However, stamp duty may be payable if the agreement or instrument of transfer is executed outside Singapore and is received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP.

Estate Duty

Singapore estate duty was abolished with respect to all deaths occurring on or after 15 February 2008.

Goods and Services Tax ("GST")

The sale of our Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

APPENDIX G TAXATION

Where our Shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Any input GST incurred by the GST-registered investor in making such a supply in the course of or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the standard rate of 7.0%. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Shares.

TAXATION IN INDONESIA

General

Resident taxpayers, whether individual or corporate, are subject to income tax in Indonesia on their worldwide income. Resident corporate taxpayers that derive income from foreign sources may claim tax credit in respect of the foreign tax paid on the income, limited to the amount of Indonesian tax payable on the income. Generally, residency is determined as follows:

- An individual is considered to be a tax resident of Indonesia if the individual resides or intends to stay in Indonesia for more than 183 days in a 12-month period; and
- A corporation is considered to be a tax resident of Indonesia if its country of incorporation or domicile or effective place of management is in Indonesia.

A resident taxpayer is subject to tax on income received or obtained in Indonesia and from outside Indonesia, while a non-resident taxpayer is taxed only on income from income sources in Indonesia.

In determining the residency and tax status of an individual or corporation, consideration will also be given to the provision of any applicable agreement for the avoidance of double taxation ("**tax treaty**") which Indonesia has concluded with other countries.

Subject to the provisions of any applicable tax treaty, non-resident taxpayers which derive income sourced in Indonesia from, amongst others, interest, royalties or dividends from Indonesia, are subject to a final withholding tax on that income at the rate of 20.0%, so long as the income is not derived from a permanent establishment ("**PE**") in Indonesia. Income derived from a PE in Indonesia shall be regarded as income earned by that PE which will be subject to the income tax rate applied to income earned by an Indonesian corporate tax resident, being 25.0%. Further, a branch profit tax of 20.0% will be imposed on the net profit after income tax of the PE.

Individual Income Tax

Resident individual taxpayers are subject to tax rates ranging from 5.0% to 30.0%. The rate is 5% on the first IDR50 million of annual taxable income, 15.0% on amounts exceeding IDR50 million up to IDR250 million, 25.0% on amounts exceeding IDR250 million up to IDR500 million, and 30.0% on amounts exceeding IDR500 million.

Generally, a non-resident taxpayer is taxed based on gross income accruing in or derived from Indonesia at 20.0%, except for income on sale of shares in Indonesian incorporated company and certain assets, which is subject to 5.0% final tax on the sales proceeds.

APPENDIX G TAXATION

Corporate Income Tax

Corporate income tax is imposed at a flat rate of 25.0% (for fiscal year 2010 onwards). This rate applies to Indonesian companies and foreign companies operating in Indonesia through a PE. Public companies that satisfy a minimum listing requirement of 40.0% and other conditions are entitled to a tax cut of 5.0% off the standard rate, giving them an effective tax rate of 20.0%. Small enterprises, i.e. corporate taxpayers with an annual turnover of not more than IDR50 billion, are entitled to a 50.0% discount of the standard tax rate which is imposed proportionally on taxable income of the parts of gross turnover up to IDR4.8 billion. Certain enterprises with gross turnover of IDR4.8 billion are subject to a final tax rate at 0.5% of their turnover.

Tax withheld by third parties on certain income or tax to be paid on certain transactions would constitute as advance payments for the current year's income tax liability ("**Prepaid Taxes**"). Certain types of income earned by resident taxpayers or Indonesian PEs are subject to final income tax, where such tax withheld by third parties would constitute the final settlement of the income tax for that particular income. Corporate Income Tax Return ("**CITR**") must be reported within four (4) months after end of the accounting period. If the Prepaid Taxes withheld is less than the total corporate income tax due, the taxpayer has to settle the shortfall before filing its CITR.

Taxation of Dividends

Dividends are subject to withholding tax as follows:

(a) Resident taxpayers

Dividends received by limited liability companies (PTs), cooperatives or state-owned companies from Indonesian companies are exempt from income tax if the following conditions are met:

- Dividends are paid out of retained earnings; and
- For limited liability companies (PTs) and state-owned companies, the dividend recipient (i.e. the company earning the dividends) owns a minimum 25.0% of the total paid-up capital in the company distributing the dividends.

If the above conditions are not met, the dividends are subject to Article 23 income tax withholding at 15.0%. The amount withheld will be considered as an advance payment for the dividend recipient's income tax liability.

Dividends received by resident individual taxpayers are subject to a final income tax with a maximum rate of 10.0%.

(b) Non-resident taxpayers

Dividends remitted overseas are subject to a final withholding tax rate of 20.0%, unless an applicable tax treaty provides a lower rate. Under the current tax treaty between Indonesia and Singapore, the reduced withholding tax rate on dividend distributions from an Indonesian subsidiary is 10.0% on the condition that the dividend recipient's share ownership has a minimum of 25.0% of the company distributing the dividends, otherwise a 15.0% tax rate shall apply.

Shareholders/investors are advised to consult their own tax advisers in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement that their country of residence may have with other jurisdictions.

APPENDIX G TAXATION

Capital Gains on Disposal of Shares

Capital gains are profits generated outside of the principal activities of the company, and hence these are usually treated as non-business income. Examples of capital gains include sale or disposal of any financial assets (i.e. shares) or non-financial assets (i.e. properties).

A final withholding tax rate of 0.1% will be imposed on proceeds of sales of publicly listed shares through the Indonesian stock exchange. An additional tax at a rate of 0.5% of the share value is levied on sales of founder shares associated with a public offering.

Capital gains derived by resident shareholders, both individuals and corporates, from disposals of non-listed Indonesian company shares are included in taxable income and are subject to tax at their respective applicable income tax rates. Capital gains derived by non-resident shareholders are subject to a tax rate of 20.0%, imposed on an amount of deemed income. The Minister of Finance of Indonesia established that the deemed income for sales of unlisted shares equals to 25.0% of the gross sale proceeds, which results in an effective tax rate of 5.0% of the gross sale proceeds. This rule applies to residents of non-treaty countries and to residents of treaty countries only if the applicable treaty allows Indonesia to tax the income.

A sale or transfer by non-residents of shares in conduit companies or special purpose companies established or residing in tax haven jurisdictions that have special relationships with an Indonesian entity or an Indonesian permanent establishment of a foreign entity, is deemed to be a sale or transfer of shares of the Indonesian entity or the permanent establishment.

Investors are advised to consult their own tax advisers regarding the Indonesia income tax consequences of their subscription for, purchase, ownership and disposal of our Shares and the applicability of any double taxation agreement that their country of residence may have with other jurisdictions.

Anti-Avoidance Rule on the Tax Treaty

Indonesia has concluded tax treaties with a number of countries. The relevant tax treaty may also affect the definition of non-resident taxpayers. Where a tax treaty exists and the eligibility requirements of that treaty are satisfied, a reduced rate of withholding tax may be applicable in the case of interest, royalty, dividends and capital gains. This is also subject to there being no misuse of the tax treaties and the non-resident taxpayers meeting the administrative requirements under the Indonesian tax regulations. Some tax treaties also provide an exemption from Indonesian tax on any capital gains of non-resident taxpayers arising from alienation of certain properties in Indonesia. To obtain the benefit of an applicable tax treaty, the non-resident taxpayer must be the beneficial owner of the income received from Indonesia and comply with the eligibility requirements of the tax treaty and the specific requirements in Indonesia.

Investors are advised to consult their own tax advisers in respect of the applicability of any double taxation agreement that their country of residence may have with other jurisdictions.

Value-Added Tax ("VAT")

An amendment of the VAT Law was signed into law by the President of the Republic of Indonesia on 15 October 2009, following ratification from the parliament in mid-September 2009. The changes have come into effect on 1 April 2010. The events that are subject to VAT, or commonly referred to as VAT events, are as follows:

- Delivery of taxable goods and services as defined under the VAT Law within the customs area by an enterprise;
- Import of taxable goods;
- Use or consumption of taxable intangible goods originating from outside the customs area within the customs area;

APPENDIX G TAXATION

- Use or consumption of taxable services originating from outside the customs area within the customs area; and
- Exports of tangible or intangible taxable goods and export of taxable services by taxable enterprises as determined under the VAT Law.

VAT is imposed on delivery of most goods and services at a rate of 10.0%. Government regulations can adjust the rate to as low as 5.0% and as high as 15.0%. Delivery of certain goods and services is not subject to VAT. Any VAT paid for acquisition of goods and/or services that relates to non VAT-able sales is non-creditable and can only be treated as part of business costs.

Under the current VAT legislations, the Indonesian government provides VAT relief in the form of VAT exemptions on importation or acquisition of certain strategic goods (as defined under the VAT Law).

Shareholders should not be liable for VAT in respect of their acquisition or disposal of our Shares. No VAT should be payable by Shareholders on receiving dividends distributed by our Company. Investors should seek their own advice on the impact of VAT in their own particular circumstances.

Stamp Duty

According to Government Regulation No. 24 of 2000, legal documents or other documents with monetary value are subject to stamp duty. Currently, the nominal amount of Indonesian stamp duty is IDR6,000 for legal documents or other documents having a value greater than IDR1,000,000, and IDR3,000 for transactions having a value greater than IDR250,000 up to a maximum of IDR1,000,000. Generally, the stamp duty is due at the time the document is executed. Stamp duty is payable by the party that benefits from the executed document unless both parties state otherwise.

No Indonesian stamp duty should be payable by Shareholders in respect of their acquisition or disposal of their Shares. Investors should obtain their own independent advice depending on their individual circumstances.

Estate Duty

Land and building tax is imposed on individuals, companies or organisations that have certain rights to or obtain benefits from land, or possess, control or obtain benefits from ownership of land and buildings. The tax is based on the government assessed value (rateable value) of the land and buildings as determined by the regional government. The current tax on land and buildings could be up to 0.3% of the rateable value deducted by non-taxable rateable value.

No Indonesian stamp duty should be payable by Shareholders in respect of their acquisition or disposal of their Shares. Investors should obtain their own independent advice depending on their individual circumstances.

APPENDIX H
RULES OF THE MEMIONTEC PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

The Plan shall be called the “Memiontec Performance Share Plan”.

2. DEFINITIONS

2.1 In the Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Adoption Date”	The date on which the Plan is adopted by resolution of the Shareholders of the Company
“Auditors”	The auditors of the Company for the time being
“Award”	A contingent award of Shares granted under Rule 5
“Award Date”	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
“Award Letter”	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee
“Board”	The board of Directors of the Company for the time being
“Catalist”	The Catalist board of the SGX-ST
“CDP”	The Central Depository (Pte) Limited.
“CEO”	Chief Executive Officer
“Committee”	The remuneration committee for the time being of the Company
“Company”	Memiontec Holdings Ltd., a company incorporated in Singapore
“Constitution”	The constitution of the Company, as amended or modified from time to time
“Control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting Shares (excluding treasury shares and subsidiary holdings) in the Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises Control over the Company
“Director”	A person holding office as a director for the time being of the Company.
“Group”	The Company and its Subsidiaries.

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RULES OF THE MEMIONTEC PERFORMANCE SHARE PLAN

<i>“Group Executive”</i>	Any full time employee of the Group and any Group Director who meets the relevant age and rank criteria selected by the Committee to participate in the Plan in accordance with Rule 4.1(a)
<i>“Group Director”</i>	A director of the Company (including non-executive directors of the Company) for the time being
<i>“Listing Manual”</i>	Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
<i>“Market Value”</i>	In relation to a Share, on any day: (a) the average price of a Share on the SGX-ST over the five (5) days immediately preceding a Trading Day; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable
<i>“Participant”</i>	Any eligible person selected by the Committee to participate in the Plan in accordance with the rules hereof
<i>“Performance Condition”</i>	In relation to an Award, the condition specified on the Award Date in relation to that Award
<i>“Performance Period”</i>	In relation to an Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition is to be satisfied
<i>“Plan”</i>	The Memiontec Performance Share Plan, as the same may be modified or altered from time to time
<i>“Release”</i>	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
<i>“Release Schedule”</i>	In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period
<i>“Released Award”</i>	An Award which has been Released in accordance with Rule 7
<i>“Rules”</i>	The rules of the Plan, as amended or modified from time to time

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“SFA”	The Securities and Futures Act (Chapter 289) of Singapore as amended, modified or supplemented from time to time
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“Shareholders”	The registered holders for the time being of the Shares (other than the CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
“Shares”	Ordinary shares in the capital of the Company
“Sponsor”	The sponsor of the Company from time to time, as required by the Listing Manual
“Subsidiary”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Act
“Substantial Shareholder”	A person who has an interest in the Shares, the total votes attached to which is not less than 5.0% of the total votes attached to all the voting Shares (excluding treasury shares and subsidiary holdings) in the Company
“Trading Day”	A day on which the Shares are traded on the SGX-ST
“Vesting”	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7

- 2.2 For purposes of the Plan, the Company shall be deemed to have control over another company if it has the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.
- 2.4 Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.5 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Plan and used in the Plan shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.
- 2.6 The term “**Associate**” shall have the meaning ascribed to it by the Listing Manual as set out below:
- (a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:
 - (i) his immediate family;

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- (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more.
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more.
- 2.7 The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the same meanings ascribed to them respectively by Section 81SF of the SFA.
- 2.8 The terms “**treasury shares**” and “**subsidiary holdings**” shall have the same meanings ascribed to them respectively in the Listing Manual.

3. OBJECTIVES OF THE PLAN

- 3.1 The Plan is a performance share incentive scheme, which is proposed on the basis that it is important to recognise the fact that the services of the employees of the Group are important to the success and continued well-being of the Group. The Company, by implementing the Plan, will be able to give the employees of the Group a direct interest in the Company. Further, the Plan will also help to achieve the following positive objectives:
- (a) foster an ownership culture within the Group which aligns the interests of Participants with the interests of Shareholders;
 - (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business divisions and encourage greater dedication and loyalty to the Group; and
 - (c) make total employee remuneration sufficiently competitive to recruit new Participants and/or retain existing Participants whose contributions are important to the long term growth and profitability of the Group, and whose skills are commensurate with the Company’s ambition to become a world class company.

The Plan is designed to complement the Company’s efforts to reward, retain and motivate employees of the Group to achieve better performance.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1 The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:
- (a) Group Executives
Full time employees of the Group and Group Directors who have attained the age of 21 years on or before the date of the grant of the Award and hold such rank as may be designated by the Committee from time to time. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.
 - (b) Controlling Shareholders and Associates of Controlling Shareholders
Subject to Rule 4.2, persons who are qualified under Rule 4.1(a) above and who are also Controlling Shareholders or Associates of Controlling Shareholders.

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4.2 Employees who are Controlling Shareholders or Associates of Controlling Shareholders shall (notwithstanding that they may meet the eligibility criteria in Rule 4.1(a) above) not participate in the Plan unless:

- (a) their participation; and
- (b) the terms of each grant of Award and the actual number of Shares to be granted to them,

have been approved by the independent Shareholders in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the terms of each grant of Award and the actual number of Shares to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholders for the participation in the Plan of a Controlling Shareholder or an Associate of a Controlling Shareholder who is, at the relevant time already a Participant. For the purposes of obtaining such approval from the independent Shareholders, our Company shall procure that the circular, letter or notice to the shareholder in connection therewith shall set out the following:

- (i) clear justifications for the participation of each such Controlling Shareholders or Associates of Controlling Shareholders; and
- (ii) clear rationale for the terms of the Awards (including the rationale for any discount to the Market Price, if so proposed) to be granted to each such Controlling Shareholders or Associates of Controlling Shareholders.

4.3 For the purposes of determining eligibility to participate in the Plan, the secondment of an employee of the Group to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full time employee of our Group.

4.4 Save as prescribed by the Listing Manual, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme, implemented or to be implemented by any company within our Group. Subject to the Act, the Listing Manual and any requirements of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted from time to time, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

5. GRANT OF AWARDS

5.1 Except as provided in Rule 8, the Committee may grant Awards to Group Executives (who are eligible to participate under Rule 4.1) as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force.

5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria as it considers fit, such as (but not limited to) his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness with which the Performance Condition may be achieved within the Performance Period.

The Performance Condition shall be determined at the absolute discretion of the Committee, which may comprise factors such as (but not limited to) the market capitalisation or earnings of the Company at specified times.

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5.3 The Committee shall decide in relation to an Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the Performance Period;
- (d) the number of Shares which are the subject of the Award;
- (e) the Performance Condition;
- (f) the Release Schedule; and
- (g) any other condition which the Committee may determine in relation to that Award.

5.4 The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule and/or any condition in respect of any Award:

- (a) in the event of a take-over offer being made for the Shares or if (i) Shareholders or (ii) under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
- (b) if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition and/or Release Schedule should be waived,

and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate such change or waiver).

5.5 As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

- (a) the Award Date;
- (b) the Performance Period;
- (c) the number of Shares which are the subject of the Award;
- (d) the Performance Condition;
- (e) the Release Schedule; and
- (f) any other condition which the Committee may determine in relation to that Award.

5.6 Participants are not required to pay for the grant of Awards.

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or

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permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

- 5.8 No minimum Vesting periods are prescribed under the Plan and the length of the Vesting period in respect of each Award shall be determined on a case-by-case basis. The Committee may also make an Award at any time where in its opinion, a Participant's performance and/or contribution justifies such an Award.

6. EVENTS PRIOR TO THE VESTING DATE

- 6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
- (b) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
- (c) subject to Rule 6.2(b), upon the Participant ceasing to be in the employment of the Group for any reason whatsoever;
- (d) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency; or
- (e) in the event the Committee shall, in its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the Plan (as set out in Rule 3) have not been met.

For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed as at the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 6.2 Where the Participant being a Group Executive ceases to be in the employment of the Group by reason of:

- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) retirement at or after the legal retirement age;
- (d) retirement before the legal retirement age with the consent of the Committee;
- (e) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;
- (f) (where applicable) his transfer of employment between companies within the Group;
- (g) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
- (h) any other event approved by the Committee;

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the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

- 6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:
- (a) a take-over offer for the Shares becomes or is declared unconditional;
 - (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by Shareholders and/or sanctioned by the court under the Act; or
 - (c) an order being made or a resolution being passed for the winding up of the Company (other than as provided in Rule 6.1(d) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has lapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.

7. RELEASE OF AWARDS

7.1 Review of Performance Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be a Group Executive from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be a Group Executive from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect.

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The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further the right to amend the Performance Condition if the Committee decides that a changed Performance Condition would be a fairer measure of performance.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1(a) and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- (c) Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the Sponsor and/or the SGX-ST and any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of such Shares.

7.2 Release of Award

Shares which are allotted (as an issue of new Shares) or transferred (as a transfer of Shares then held by the Company in treasury) on the Release of an Award to a Participant shall be issued in the name of, or transferred to, (a) CDP to the credit of the securities account of that Participant maintained with CDP; or (b) the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

Subject to the Act and the Listing Manual, the Company shall have the flexibility to deliver Shares to Participants upon the Release of their Awards by way of (a) the allotment and issuance to each Participant of the number of new Shares, deemed to be fully paid or credited upon their allotment and issuance, and/or (b) the transfer of existing Shares to the Participant, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares. Any proposed allotment and issue of new Shares will be subject to there being in force at the relevant time the requisite Shareholders approval under the Act for the issue of Shares.

Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.

In determining whether to allot and issue new Shares or to purchase existing Shares for delivery to the Participants upon the Release of their Awards, the Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

7.3 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the Release of an Award shall:

- (a) be subject to all the provisions of the Constitution of the Company (including provisions relating to the liquidation of the Company) and the Act; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

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For the purposes of this Rule 7.3, “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

Shares which are allotted, and/or treasury shares which are transferred, on the Vesting of an Award to a Participant, may be subject to such moratorium as may be imposed by the Committee.

7.4 Cash Awards

The Committee, in its absolute discretion, may determine to make a Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him upon the Release of his Award on the Vesting Date, the aggregate Market Value of such Shares on the Vesting Date.

8. LIMITATION ON THE SIZE OF THE PLAN

- 8.1 The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when aggregated with the total number of new Shares allotted and issued and/or to be allotted and issued Shares delivered and/or to be delivered pursuant to Awards already granted under the Plan, and the aggregate number of Shares over which options or awards are granted under any share option schemes or share schemes of the Company, shall not exceed 15.0% of total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date.
- 8.2 The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan to Participants who are Controlling Shareholders and their Associates (including adjustments made in accordance with Rule 9) shall not exceed 25.0% of the total number of Shares available under the Plan.
- 8.3 The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan to each Participant who is a Controlling Shareholder or his Associate (including adjustments made in accordance with Rule 9) shall not exceed 10.0% of the total number of Shares available under the Plan.
- 8.4 The aggregate number of Shares which are the subject of each Award to be granted to a Participant who is a non-executive Director shall not exceed 10.0% of the total number of Shares available under the Plan.
- 8.5 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.

9. ADJUSTMENT EVENTS

- 9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision of Shares, consolidation of Shares, distribution, or otherwise howsoever) shall take place, then:
 - (a) the class and/or number of Shares which is/are the subject of an Award to the extent not yet Vested; and/or
 - (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

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- 9.2 Unless the Committee considers an adjustment to be appropriate, the following shall not normally be regarded as a circumstance requiring adjustment:
- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
 - (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
 - (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Share to the employees pursuant to any share option scheme or share scheme approved by Shareholders in general meeting, including the Plan; or
 - (d) the issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.
- 9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

10. ADMINISTRATION OF THE PLAN

- 10.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 10.2 Subject to the Listing Manual, the Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Committee.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the Plan;
 - (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

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11. NOTICES AND COMMUNICATIONS

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number provided by the Participant to the Company.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three quarters of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full;
 - (b) the definitions of “**Group Executive**”, “**Group Director**”, “**Participant**”, “**Performance Period**” and “**Release Schedule**” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10, 13 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Shareholders in general meeting; and
 - (c) any modification or alteration shall not be made except in compliance with the Listing Manual or such other stock exchange on which the Shares are quoted or listed, and for so long as the Company is listed on Catalist, shall not be made without the prior approvals of the Sponsor (acting as agent and on behalf of the SGX-ST) and/or the SGX-ST and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the Plan to amend or adjust any Award.

- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approvals of the Sponsor (acting as agent and on behalf of the SGX-ST) and/or the SGX-ST) amend or alter the Plan in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

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13. TAKE-OVER AND WINDING UP OF THE COMPANY

- 13.1 Subject to Rule 13.5, in the event of a take-over offer being made for the Company, a Participant shall be entitled to the Shares under the Awards if he has met the Performance Condition for the corresponding Performance Period. For the avoidance of doubt, the Vesting of such Awards shall not be affected by the take-over offer.
- 13.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Condition shall be entitled, notwithstanding the provisions under this Rule 13 but subject to Rule 13.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 13.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that Shares may not have been released to the Participants, shall be deemed null and void.
- 13.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Shares under the Awards shall be released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Condition prior to the date on which the members' voluntary winding-up is deemed to have commenced or is effective in law.
- 13.5 If in connection with the making of a general offer referred to in Rule 13.1 or the scheme referred to in Rule 13.2 or the winding-up referred to in Rule 13.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no Release of Shares under the Award shall be made in such circumstances.

14. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

15. DURATION OF THE PLAN

- 15.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 15.2 The Plan may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.
- 15.3 The expiry or termination of the Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

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16. TAXES, COSTS AND EXPENSES OF THE PLAN

- 16.1 All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.
- 16.2 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.
- 16.3 Save for the taxes referred to in Rule 16.1 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award, shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c).

18. DISCLOSURES IN ANNUAL REPORTS

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation as required by the Listing Manual:

- (a) the names of the members of the Committee administering the Plan;
- (b) the information required in the table below for the following Participants:
- (i) Directors of the Company;
- (ii) Controlling Shareholders and their Associates; and
- (iii) Participants, other than those in (i) and (ii) above, who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent 5.0% or more of the aggregate of the total number of Shares available under the Plan;

Name of Participant	Aggregate number of Shares comprised in Awards which have been granted to the Participant during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards which have been granted to such Participant since the commencement of the Plan to the end of financial year under review	Aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the Plan since the commencement of the Plan to the end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at end of financial year under review
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APPENDIX H
RULES OF THE MEMIONTEC PERFORMANCE SHARE PLAN

(c) such other information as may be required by the Listing Manual or the Act.

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

19. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

20. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Plan are to abstain from voting on any Shareholders' resolution relating to the Plan (including the participation in the Plan and the grant of Awards to the Participants) and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast for each of the Shareholders' resolutions contemplated.

Controlling Shareholders and their Associates who are eligible to participate in the Plan shall abstain from voting on the resolutions in relation to the implementation of the Plan, their participation in the Plan, and any grant of Awards to them.

21. CONDITION OF AWARDS

Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

22. GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

APPENDIX I NSMP LEGAL OPINION



21 February 2020

Memiontec Holdings Ltd.
20 Woodlands Link #04-30/31
Singapore 738733
Attention: Mr. Tay Kiat Seng

PT Memiontec Indonesia
Rukan Avenue Blok F8 No. 136 – 137
Jakarta Garden City, East Cakung, Jakarta
Indonesia
Attention: Ms. Irawati

ZICO Capital Pte. Ltd.
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Attention: Mr. Alex Tan/Ms. Karen Soh

UOB Kay Hian Private Limited
8 Anthony Road
#01-01
Singapore 229957
Attention: Mr. Esmond Choo

Subject: Legal Opinion

COMMERCIAL RATIONALE FOR THE LOAN

Memiontec Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) has informed that the Loan is meant to part finance the paid-up capital contribution in respect of the 30.0% shareholding held by PT Memindo Pratama (“**PTMP**”) in PT Memiontec Indonesia (“**PTMI**”). The Company further informed that PTMP’s capital contribution in respect of PTMI Shares is IDR18.03 billion (“**PTMP’s Obligation**”). Since IDR11.0 billion has been used towards fulfilling PTMP’s Obligation, PTMP intends for the shortfall of IDR7.03 billion to be fulfilled by the Loan.

The Company has also expressed confidence in the Loan (and accrued interest) repayment capability of PTMP in view that its investment in PTMI (which has track record in providing total solutions engineering procurement and construction services and water management services) would provide PTMP with a return on investment either through dividends or increased business opportunities through the undertaking of projects together with PTMI. These views from the Company serve as the commercial rationale for the Loan.

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OPINION

Nurjadin Sumono Mulyadi & Partners ("NSMP"), the legal advisers to the Company on Indonesian Law, as of the date hereof, is of the opinion that:

(a) Legality, Validity and Enforceability

- (i) Each of the Relevant Documents constitutes valid, legal and binding obligations of the Parties thereto, and each of the Relevant Documents is enforceable against the Parties, in accordance with and subject to the terms thereof.
- (ii) The execution and delivery of each of the Relevant Documents, by each of the Parties thereto, are in compliance with the Relevant Laws, in accordance with and subject to the terms thereof.
- (iii) The performance of each Relevant Transaction in accordance with and subject to the terms and conditions of each of the Relevant Documents by each of the Parties thereto, complies with the Relevant Laws which are relevant to such said Relevant Transaction.
- (iv) The Structure (i) is legal and valid; and (ii) is in compliance with and not contrary to, the Relevant Laws (including but not limited to foreign ownership restrictions) on the following bases:

a) Absence of legal ownership

Memiontec Industries Pte. Ltd. ("MIPL") is not the legal owner of the 30.0% shareholding held by PTMP in PTMI nor the legal owner of PTMP. This is notwithstanding that (i) MIPL will have control over PTMP through the Agreements (namely the Share Pledge Agreements, Assignment of Dividend Agreements, and the rights of MIPL to appoint, dismiss or change the members of the Board of Directors and the Board of Commissioners of PTMP pursuant to the Loan Agreement), and (ii) the financial results of PTMI and PTMP will be consolidated as part of the Group's results as a 99.4% subsidiary and a 98.0% subsidiary respectively from the accounting perspective. For avoidance of doubt, the Loan extended by MIPL (a wholly-owned subsidiary of the Company and is accordingly a non-domestic party) to PTMP is not for the purchase of the rights to appoint, dismiss or change the members of the Board of Directors and the Board of Commissioners of PTMP and rights to dividend of PTMI and PTMP. The rights to appoint, dismiss or change the members of the Board of Directors and the Board of Commissioners of PTMP and the assignment of dividends accruing to PTMI Shares and PTMP Shares are essentially securities for the Loan as provided under the Loan Agreement. Furthermore, the control that MIPL will have over PTMP cannot be detached from its purpose of securing the Loan repayment. MIPL has the said control only when the Loan is subsisting.

b) Absence of trust arrangements

The Structure is in compliance with Law Number 25 of 2007 on Investment, which prohibits any form of trust arrangement as there are no trust

APPENDIX I NSMP LEGAL OPINION



arrangements between the Group and any parties in connection with the following arrangements:

- (i) *Loan Agreement.* The Loan Agreement is a commercial arrangement.
 - (ii) *Share Pledge Agreement.* The pledge of the PTMI Shares and the PTMP Shares by PTMP and Soelistyo Dewi Soegiharto ("DS") respectively to MIPL are securities for the Loan as provided under the Loan Agreement.
 - (iii) *Assignment of Dividend Agreements.* The assignment of dividends accruing to the PTMI Shares and the PTMP Shares by PTMP and DS respectively to MIPL are securities for the Loan as provided under the Loan Agreement. Such assignment of dividends is intended to ensure the due and punctual repayment of the Loan.
 - (iv) *Assignment Agreement and the Dividend Assignment Agreement.* In order to better align the commercial interest of DS with that of the Company, MIPL will be assigned the rights which are attributable to DS' 98.0% shareholding interests in PTMP in respect of (i) excess of liquidation proceeds from PTMP in the event of a liquidation process; (ii) proceeds of capital reduction from PTMP in the event PTMP reduces its issued and paid up capital pursuant to the prevailing laws and regulations; and (iii) the dividends derived and distributed from the retained earnings as at the date of full repayment of the Loan in accordance to the prevailing laws and regulations and so long as PTMP is 98.0% owned by DS. Based on the above, the Assignment Agreement and the Dividend Assignment Agreement are in compliance with the Relevant Laws.
 - (v) *Undertaking Agreement by DS.* In order to facilitate the granting by PTMP to MIPL of the rights to appoint, dismiss or change the members of the Board of Directors and/or the Board of Commissioners of PTMP, as part of the security arrangement for the Loan, DS (as a 98.0% shareholder in PTMP) has undertaken to vote in favour of the shareholders' resolution of PTMP in the event MIPL exercises its rights to appoint, dismiss or change the members of the Board of Directors and/or Board of Commissioners of PTMP.
- c) Satisfaction of requirements by PTMP and PTMI in accordance with the Relevant Laws
- (i) **PTMP** has satisfied the requirements as a national construction service business entity (*Badan Usaha Jasa Konstruksi Nasional*) based on the Ministry of Public Work and Public Housing Regulation Number 08/PRT/M/2019 regarding Permit Service Guideline of National Construction Service Business. Under the regulation, PTMP is a company owned entirely by Indonesian parties and has secured a construction service business license.

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- (ii) **PTMI** has satisfied the requirements as a foreign construction service business entity (*Badan Usaha Jasa Konstruksi Asing*) based on the Circular Letter of Ministry of Public Work and Public Housing Number 22/SE/M/2019 on the Guideline of Licensing Service of Foreign Construction Service Business Entity. Under the ordinance, PTMI is a foreign construction service business entity which has secured a construction service business license.

- (v) NSMP is of the view that the likelihood of nullification or voidance of the Structure by the Indonesian regulatory authorities is low based on the following bases:
 - a) The Structure is in compliance with the Indonesian laws or regulations, in particular the Investment Law, as there are no trust arrangements involved. The Loan Agreement, together with the Share Pledge Agreement and the Assignment of Dividend Agreements which are collateral arrangements for the Loan, is purely a commercial arrangement. The control obtained by MIPL is based on the provisions in the Loan Agreement, and exists only when the Loan is subsisting. The Assignment Agreement and the Dividend Assignment Agreement are entered into to better align the commercial interest of DS with that of the Company and are considered business to business arrangements under the Indonesian Civil Code; and
 - b) To the best of NSMP's knowledge, none of these arrangements have been attempted to be challenged in court.

- (vi) MIPL and its 70.0% shareholding in PTMI will not be implicated in the event that any investigation is carried out by regulatory authorities on the affairs of PTMP, its directors, commissioners and/or its shareholders.

- (vii) The quantum of the Loan and irrevocable undertaking by Tay Kiat Seng ("Tay") and DS for the Company to provide further loans to PTMP do not affect the compliance of the proposed Structure with the Relevant Laws.

- (viii) The constituent documents of each of PTMI and PTMP are in compliance with the Relevant Laws.

- (ix) There are no entrenchment provisions that seek to prevent directors and or commissioners from being removed from the board of directors and or the board of commissioners in the Relevant Documents and the constituent documents of each of the Indonesian Companies.

- (x) There is no timeline for the share capital of PTMI to be fully paid in cash as there is no legal requirement stipulating when the shareholders of PTMI are required to fully pay up the share capital of PTMI in cash.

- (xi) From a legal perspective, the total number of shares in the current share capital of PTMI (being 60,100 shares in PTMI) is considered issued.

- (xii) The shareholders of PTMI are entitled to their shareholders' rights, notwithstanding that from a funds flow perspective, the share capital of PTMI has not been fully paid up in cash, as (a) the approvals issued by the authorities (specifically the Ministry of

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Law and Human Rights) for the increase in the issued and paid-up capital of PTMI by way of subscription of new shares by the shareholders of PTMI are evidence that the law views and considers that (i) the allotment and issue of shares in PTMI is duly authorised, valid, effected, in order and made in accordance with the Company Law; and (ii) the total 60,100 issued shares in PTMI with value of IDR60,100 million is considered issued and fully paid-up notwithstanding that from a funds flow perspective, the cash payment for part of the share capital remains unpaid to-date; and (b) the name of the shareholders and their respective shareholdings have been recorded in the shareholders' registry of PTMI. Based on the above, the shareholders of PTMI are in compliance with the Relevant Laws with respect to the issued and paid-up share capital of PTMI.

- (xiii) From a legal perspective, there is no difference in the rights between holders of paid and unpaid issued shares (in cash) in view that: (a) the approvals for the increase in the issued and paid-up capital of PTMI by way of subscription of new shares by the shareholders of PTMI have been issued by the authorities (specifically the Ministry of Law and Human Rights) to PTMI; and (b) the shareholders of PTMI have been recorded in the shareholders' registry of PTMI. The abovementioned approvals from the authorities (specifically the Ministry of Law and Human Rights) are not conditional upon any other conditions to be met by PTMI.
- (xiv) The dividend entitlements attributable to the unpaid share capital (from a funds flow perspective) and the corresponding dividend distributions by PTMI to its shareholders, would not be affected during the period that the share capital remains unpaid in cash by the shareholders.
- (xv) The shareholders of PTMP are classified as "*domestic parties*" in accordance with the Relevant Laws.
- (xvi) PTMI is allowed to carry out its business activities pursuant to its business license, notwithstanding that from a funds flow perspective, the share capital of PTMI has not been fully paid up in cash as PTMI has secured the approvals issued by the authorities (specifically the Ministry of Law and Human Rights) for the increase in the issued and paid-up capital of PTMI by way of subscription of new shares by the shareholders of PTMI.

(b) Power, Capacity, and Authorisation

- (i) Each of the Parties has the requisite rights, power, capacity and authority to enter into and to perform its relevant obligations under the Relevant Documents to which it is a Party.
- (ii) Each of the Parties has taken all necessary actions to authorise the execution, delivery and performance by it of the Relevant Documents to which it is a Party.

(c) Approvals of Relevant Authorities

- (i) Save for the mandatory filings made with Bank Indonesia and the Ministry of Finance of Indonesia, which are required for offshore loans, there is no authorisation, consent, permit or approval of, or other action by, or filing with or notice to, any Relevant Authority is required in connection with the execution,

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delivery and performance by each relevant Party of the Relevant Documents to which it is a Party.

- (ii) The assignment of dividends in relation to shares in PTMI and PTMP (as the case may be), in the manner provided under the relevant assignment of dividends agreements, in favour of each assignee under the relevant assignment of dividends agreements will not in itself give rise to any additional approval of any Relevant Authority, with regard to the businesses and operations of each of PTMI and PTMP.
- (iii) There is no action taken by any of the Relevant Authority against any entity adopting the use of similar Structures.
- (iv) There is no presence of laws and regulations (which are in force at the date of this legal opinion) prohibiting and/or restricting the use of similar Structures to comply with the Relevant Laws (including but not limited to foreign ownership restrictions). The proposed type of contractual arrangements (i.e. Loan, Share Pledge Agreements, Assignment of Dividend Agreements, Assignment Agreement and Dividend Assignment Agreement) are not uncommon in Indonesia. Further, NSMP has in the last three years, advised a number of companies which have businesses in Indonesia and are subject to foreign ownership restrictions in the undertaking of similar type of contractual arrangements in Indonesia.
- (v) There is no presence of court rulings that such Structures are deemed to be illegal and/or contrary to the Relevant Laws.
- (vi) The Relevant Laws allows PTMI and PTMP to grant the exclusive options to MIPL to acquire the PTMI Shares and PTMP Shares in accordance to the Structures. Nonetheless, the exercise of such options is subject to the then prevailing applicable foreign ownership restrictions.

(d) Relevant Documents

- (i) The Relevant Laws do not prohibit PTMP from borrowing from MIPL, and as securities for the loan, for PTMP and MIPL to enter into the Relevant Documents.
- (ii) The Relevant Laws do not prohibit MIPL from holding pledges of shares in PTMI and PTMP in the manner provided under the relevant share pledge agreements.
- (iii) The Relevant Laws do not prohibit MIPL from holding options to purchase shares in PTMI and PTMP in the manner provided under the relevant option to purchase share agreements.
- (iv) The Relevant Laws do not prohibit MIPL from receiving dividends in relation to shares in PTMI and PTMP in the manner provided under the relevant Assignment of Dividend Agreements.
- (v) DS (with the approval from her spouse and children by giving their signature on the agreement) has agreed to assign to MIPL all of her rights which is attributable to her 98.0% shareholding in PTMP in respect of (i) the excess liquidation proceeds from PTMP in the event of a liquidation process, and (ii) proceeds of capital reduction from PTMP in the event PTMP reduces its issued and paid up capital pursuant to

APPENDIX I
NSMP LEGAL OPINION



the prevailing laws and regulations, based on Assignment Agreement dated 22 December 2019 entered into by DS and MIPL.

- (vi) DS (with the approval from her spouse and children by giving their signature on the agreement) has agreed to assign to MIPL all of her rights which is attributable to her 98.0% shareholding in PTMP in respect of the dividends derived and distributed from the retained earnings as at the date of full repayment of the Loan in accordance to the prevailing laws and regulations and so long as PTMP is 98.0% owned by DS, based on Dividend Assignment Agreement dated 22 December 2019 entered into by DS and MIPL.
- (vii) The absence of prior written approval from PT Jakarta Utilitas Propertindo ("**PT JUP**") for any amendment to PTMI's shareholding composition as required under Joint Venture Agreement No. 02/JUP/PKS/I/2017 No. MIT/PKS/2796 dated 27 January 2019 entered into by PT JUP and PTMI ("**JV Agreement**") may be deemed as an event of default under the JV Agreement and may lead to dispute over the JV Agreement. In such event, the parties shall resolve the dispute by amicable settlement, and failing which can proceed to arbitration for final resolution as set out in the JV Agreement.

NSMP further confirms that all possible actions or steps taken to enable it to reach its legal conclusions as opined above have been taken.

Sincerely Yours,

Nurjadin Sumono Mulyadi & Partners

NURJADIN SUMONO MULYADI & PARTNERS

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DEFINITIONS FOR PURPOSE OF THIS LEGAL OPINION

The documents set out in Appendix 1 shall collectively be referred to as the "**Relevant Documents**".

The Parties under or referenced in the Relevant Documents shall each be referred to as a "**Party**" and collectively be referred to as the "**Parties**".

"**Assignment Agreement**" shall refer to the agreement where DS will undertake to (i) assign to MIPL all the remaining liquidation proceeds which are attributable to her 98.0% shareholding interests in PTMP in the event PTMP undergoes a liquidation process; and (ii) assign to MIPL the proceeds from any capital reduction exercises undertaken by PTMP pursuant to the prevailing laws and regulations which are attributable to her 98.0% shareholding interests in PTMP. The aforementioned undertaking by DS shall be irrevocable as agreed between the parties to the Assignment Agreement (being DS and MIPL), and binding on DS.

"**Assignment of Dividend Agreements**" shall refer to the agreements where PTMP shall assign all its rights, titles and interests in and to any dividends accruing to the PTMI Shares to MIPL, and DS shall assign all her rights, titles and interests in and to any dividends accruing to the PTMP Shares to MIPL.

"**Indonesia Companies**" shall mean PTMP and PTMI.

"**Investment Law**" shall mean Law Number 25 of 2007 on Investment, which regulates investment activities in Indonesia (either foreign or domestic), and how they operate in Indonesia.

"**Loan Agreement**" shall refer to the agreement where MIPL will provide a loan of IDR7.03 billion (equivalent to S\$0.67 million) (the "**Loan**") to PTMP to finance the paid up capital contribution in respect of its 30.0% shareholding in PTMI.

"**Placement Agent**" shall mean UOB Kay Hian Private Limited.

"**PTMI Shares**" shall refer to PTMP's 30.0% shareholding interests in PTMI.

"**PTMP Shares**" shall refer to DS' 98.0% shareholding interests in PTMP.

"**Relevant Authority**" shall mean in relation to the doing of any act or the conduct of any activity, business or transaction in Indonesia, the relevant governmental authority (or authorities) or ministry (or ministries) in Indonesia having charge of, and/or having regulatory authority or control over the doing of such act or the conduct of such activity, business or transaction.

"**Relevant Laws**" shall mean all the relevant laws and regulations of Indonesia, including subsidiary legislation, rules and regulations which have the force of law, in particular but not limited to Law Number 40 of 2007 on Limited Liability Company and the Indonesian Civil Code, Law Number 25 of 2007 on Investment, Law Number 2 of 2017 on Construction Service, Government Regulation Number 24 of 2018 on Electronic Integrated Business Permit Services, Presidential Regulation Number 44 of 2016 on List of Business Field Restricted and Business Field Open With Requirement in the Investment Field, Ministry of Public Work and Public Housing Regulation Number 08/PRT/M/2019 regarding Permit Service Guideline of National Construction Service Business, Ministry of Public Work and Public Housing Regulation Number 17/PRT/M/2019 on Revocation of Ministry of Public Work and Public Housing Regulation Number 09/PRT/M/2019 on the Guideline of Licensing Service of Foreign Construction Service

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Business Entity and Circular Letter of Ministry of Public Work and Public Housing Number 22/SE/M/2019 on the Guideline of Licensing Service of Foreign Construction Service Business Entity.

"Relevant Transaction" shall mean the transactions which are expressed to be effected under each of the Relevant Documents.

"Dividend Assignment Agreement" shall refer to the agreement where DS will undertake to (i) assign to MIPL all of her rights attributable to her 98.0% shareholding in PTMP in respect of the dividends derived and distributed from the retained earnings as at the date of full repayment of the Loan in accordance to the prevailing laws and regulations and so long as PTMP is 98.0% owned by DS. The aforementioned undertaking by DS shall be irrevocable as agreed between the parties to the Dividend Assignment Agreement (being DS and MIPL), and binding on DS.

"Share Pledge Agreements" shall refer to the agreements where PTMP and DS shall not, without the prior consent of MIPL, dispose of or transfer any of the PTMI Shares or PTMP Shares, as the case may be, or create any encumbrances on these shares.

"Sponsor and Issue Manager" shall mean ZICO Capital Pte. Ltd..

"Structure" shall mean the corporate structure resulting from the completion of the Relevant Transactions in accordance with and subject to the terms of each of the Relevant Documents, and which is set out in Appendix 2 of this legal opinion.

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ASSUMPTION(S)

For the purposes of the Opinion expressed herein, we have assumed:

- (i) The genuineness of all signatures in the Relevant Documents;
- (ii) Each of the Parties established under laws other than the laws of the Republic of Indonesia has been duly established and is validly existing as a legal entity with limited liability under laws of its incorporation, and has full capacity, power and authority to enter into legally binding and enforceable contracts and undertakings, with full power and authority to own, use, lease and operate its properties and assets;
- (iii) The authenticity of the Relevant Documents submitted to us as originals and the conformity to the originals of the Relevant Documents submitted to us as copies;
- (iv) That the Relevant Documents which are submitted to us are complete and correct, and that the contents thereof are true, correct and complete, and that there were no defects therein, and have not been amended, supplemented, terminated, rescinded and or declared null and void by a court since the date of their execution;
- (v) That all actions necessary or desirable to be taken by the Parties to the Relevant Documents (other than the Indonesian Companies and DS) under the laws of any relevant jurisdiction in order to permit such Parties to enter into, execute, deliver and or perform the Relevant Documents have been duly taken and remain current;
- (vi) That (a) each Party to the Relevant Documents, other than the Indonesian Companies, has all licenses and permits to conduct its business operations, (b) each Party to the Relevant Documents, other than the Indonesian Companies and DS, has requisite power (corporate and otherwise) to execute and to perform its obligations under the Relevant Documents, and (c) each Relevant Document has been duly and fully authorized and executed by or on behalf of the Parties thereto, other than the Indonesian Companies and DS, and has not been amended supplemented, terminated, rescinded and or declared null and void by a court or other relevant authority since the date of its execution;
- (vii) That the Relevant Documents constitute the legal, valid and binding obligations of all Parties, other than the Indonesian companies and DS, under the law of all relevant jurisdictions (other than the Republic of Indonesia), and are enforceable against all Parties, other than the Indonesian companies and DS, in accordance with their terms under the law of all relevant jurisdictions (other than the Republic of Indonesia);
- (viii) That none of the Parties to the Relevant Documents are, or will be, seeking to conduct any relevant transaction or any associated activity in a manner or for a purpose not evident on the face of the Relevant Documents or otherwise not known to us which would render the Relevant Documents or any others relevant transactions or associated activity illegal, void or voidable;
- (ix) No action, suit, other legal proceeding, arbitral proceeding or investigation relating to the Relevant Documents and the Parties thereto is pending, threatened by or before any domestic, foreign court or governmental authority or in any arbitral or other forum, against or affecting any Party to the Relevant Documents;

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- (x) That all government approvals, licenses and permits obtained by or on behalf of the Indonesian Companies or any other documents issued by any governmental authority have been duly authorized and executed by the relevant authorities and are in full force and effect;
- (xi) That all approvals, licenses and permits (in any required forms) from third party pursuant to any agreements and its derivatives to which each of Indonesian Companies is a party, for the Structure obtained by or on behalf of the Indonesian Companies to exercise the Relevant Transactions are in full force and effect;
- (xii) The entire information (written or verbal) acquired by us to procure this opinion from the Company and or Indonesian Companies, related authorities and or concerned Parties are relevant, effective and or in force until the date when this opinion is issued. We will not be liable if there is any new regulation, information or requirement which is revised, altered, superseded and or amended after the date of this opinion which may affect our opinion; and
- (xiii) That the deed of establishment, article of associations, constitutions and or similar documents thereto of the Parties have been passed by a duly authorized and licensed notary-public, that the contents thereof are correct and complete, and that there were no legal issues in the establishment (not appearing on the face of deed of establishment) on the basis of which a court might dissolve the Parties.

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QUALIFICATIONS

The foregoing opinions are subject to the following qualifications:

- A. The statements, opinions, written and oral information provided by the members of the board of director and the board of commissioner, other representatives and/or the Company's employees, directly or indirectly, government officials, and any other party are valid, comprehensive and comply with the actual circumstances.
- B. We are counsellors at law in the Republic of Indonesia and are not experts in or qualified to render opinions on the laws and regulations of jurisdictions other than that of Indonesia. Accordingly, we have in the foregoing expressed our opinion only as the laws of Indonesia in force on the date hereof. We do not express any opinion on tax, finance and or accounting related matters.
- C. This opinion is only made based on the applicable and prevailing laws and regulation in the Republic of Indonesia.
- D. We are not qualified to issue and or provide any opinion concerning or relating to tax and or financial matters. Thus, the relevant parties should appoint a qualified tax and or financial adviser(s) to furnish opinions concerning and relating to taxation and financial matters with respect to the Structure and Relevant Documents. We are not liable in the event that there are any claims, losses, charges, indemnifications submitted by any party, whether directly and or indirectly, concerning and or relating to any taxation and or financial matters which are directly and or indirectly related to the Structure, the Relevant Documents and or this opinion.
- E. Our opinion is only limited to the Relevant Documents and does not extend to any other documents contemplated therein.
- F. Our opinion only speaks to laws and regulations in effect on the date hereof. As normally applies in Indonesia, legislation may establish board principles of regulations, leaving details to be stipulated in implementing regulations, and in such cases our opinions are based only on the regulations and self-executing provisions of such regulations in effect on the date hereof.
- G. Our opinion herein is based on your description of the business activities and operations of the Indonesian Companies as provided in the Relevant Documents listed in Appendix 1 and our opinion does not extend to any future business activities or operations of the Indonesian Companies which are in addition to or a variation on the business activities or operations as currently conducted by the Indonesian companies.

We assume no obligation to advise you of any change in law subsequent to the delivery of this opinion which may have an effect on the opinion rendered herein. This opinion is made on the abovementioned date and is strictly limited to the matters stated herein and may not be read as extending by implication to any matters not specifically referred to. Nothing in this opinion should be taken as expressing an opinion in respect of any representations or warranties, or other information, contained in the Relevant Documents or any other document examined in connection with this opinion, except as expressly confirm herein.

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This opinion is prepared solely for the Company, the Sponsor and Issue Manager and the Placement Agent for inclusion in the offer document in connection with the proposed listing of Memiontec Holdings Ltd. on Catalist, the sponsor supervised board of the Singapore Exchange Securities Trading Limited and for no other purpose, and may not be relied upon by any other person, firm, company or institution, other than the Company, the Sponsor and Issue Manager and the Placement Agent, and their respective professional adviser, and successors and assignees.

Except for the disclosure of this opinion to any relevant stock exchange, or the disclosure of this opinion by the Company in the offer document or any other documents in connection with its initial public offering, and the disclosure of this opinion in making the same available for inspection at the Company's registered office as provided for in the offer document, this opinion may not be transmitted to or filed with any other person, firm, company or institution, except any of the company's prospective successors or assignees or any of their respective advisors or regulators or as otherwise required by applicable law or pursuant to legal process, without our prior written consent.

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Appendix 1

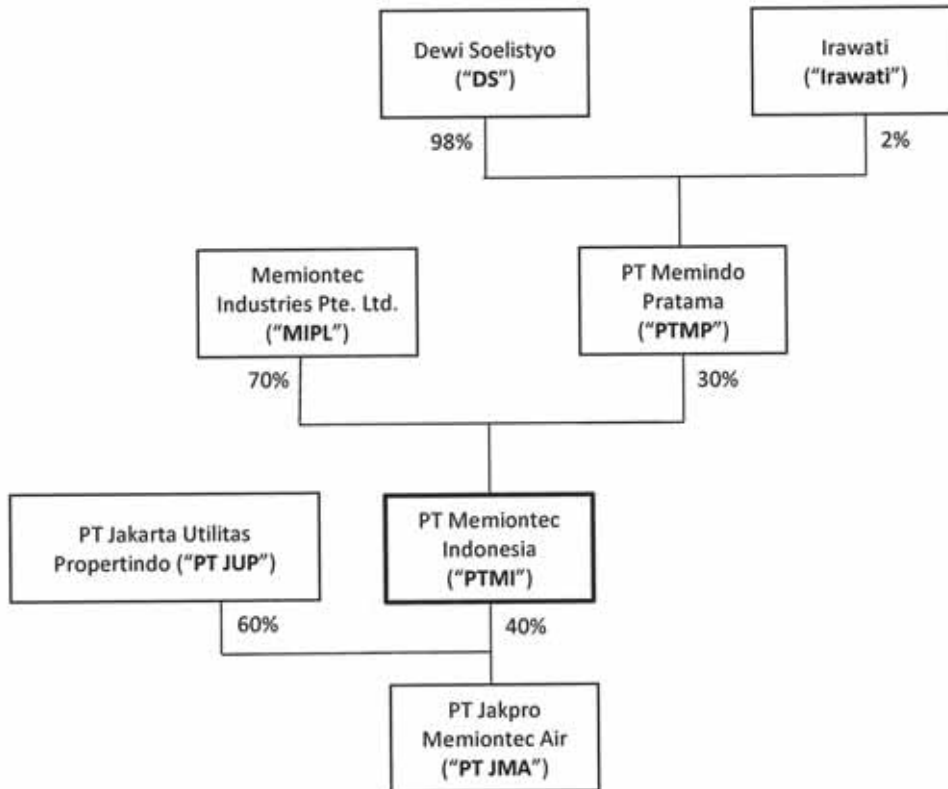
List of Relevant Documents

Combination Agreements	
No.	Documents
1.	Power Attorney to Sell Shares dated 22 December 2019, made between (i) PTMP as Authorizer and (ii) MIPL as Attorney
2.	Substitution Power Attorney to Sell Shares dated 22 December 2019 based on Power Attorney to Sell Shares dated, made between (i) MIPL as Authorizer and (ii) Memiontec Holdings Pte. Ltd. ("MHPL") (now known as Memiontec Holdings Ltd.) as Attorney
3.	Power Attorney to Sell Shares dated 22 December 2019, made between (i) DS as Authorizer to (ii) MIPL as Attorney
4.	Substitution Power Attorney to Sell Shares dated 22 December 2019 based on Power Attorney to Sell Shares dated 22 December 2019, made between (i) MIPL as Authorizer to (ii) MHPL as Attorney
5.	Loan Agreement dated 22 December 2019, made between (i) MIPL as Lender, (ii) PTMP as Debtor, (iii) DS, and (iv) Tay
6.	Pledge of Shares Agreement dated 22 December 2019, made between (i) PTMP as Pledgor and (ii) MIPL as Pledgee
7.	Pledge of Shares Agreement dated 22 December 2019, made between (i) DS as Pledgor and (ii) MIPL as Pledgee
8.	Option to Purchase Shares Agreement dated 22 December 2019, made between (i) PTMP as Grantor and (ii) MIPL as Grantee
9.	Option to Purchase Shares Agreement dated 22 December 2019, made between (i) DS as Grantor and (ii) MIPL as Grantee
10.	Assignment of Dividend Agreement dated 22 December 2019, made between (i) PTMP as Assignor and (ii) MIPL as Assignee
11.	Assignment of Dividend Agreement dated 22 December 2019, made between (i) DS as Assignor and (ii) MIPL as Assignee
12.	Assignment Agreement dated 22 December 2019, made between (i) DS as Assignor and (ii) MIPL as Assignee
13.	Dividend Assignment Agreement dated 22 December 2019, made between (i) DS as Assignor and (ii) MIPL as Assignee
14.	DS' Undertaking dated 22 December 2019. This undertaking is related to the Loan Agreement dated 22 December 2019, made between (i) MIPL as Lender, (ii) PTMP as Debtor, (iii) DS, and (iv) Tay

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Appendix 2

Structure of the Group



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STATEMENT LETTER

The undersigned below, Ms. Rusmaini Lenggogeni, acting in her capacity as a Partner with the law office of SSEK Indonesian Legal Consultants (**SOEWITO SUHARDIMAN EDDYMURTHY KARDONO**), domiciled at 14th Floor, Mayapada Tower I, Jl. Jend. Sudirman Kav. 28, Jakarta 12920, Indonesia, hereby states as follows:

That, we have been provided with the following documents:

1. Legal Opinion as issued by Nurjadin Sumono Mulyadi and Partners ("**NSMP Legal Opinion**") dated February 21, 2020; and
2. Transaction Documents, as listed below:
 - a. Loan Agreement dated December 22, 2019, made between (i) Memiontec Industries Pte. Ltd, ("**MIPL**") as Lender, (ii) PT Memindo Pratama ("**PT MP**") as Debtor, (iii) Ms. Soelistyo Dewi, and (iv) Mr. Tay Kiat Seng;
 - b. Pledge of Shares Agreement dated December 22, 2019 between PT MP as Pledgor and MIPL as Pledgee with regards to PT MP's shares in PT Memiontec Indonesia ("**PT MI**");
 - c. Pledge of Shares Agreement dated December 22, 2019 between Ms. Soelistyo Dewi as Pledgor and MIPL as Pledgee with regards to her shares in PT MP;
 - d. Assignment of Dividends Agreement dated December 22, 2019 between PT MP as Assignor and MIPL as Assignee with regards to PT MP's dividends in PT MI;
 - e. Assignment of Dividends Agreement dated December 22, 2019 between Ms. Soelistyo Dewi as Assignor and MIPL as Assignee with regards to her dividends in PT MP;
 - f. Dividend Assignment Agreement dated December 22, 2019 between Ms. Soelistyo Dewi as Assignor and MIPL as Assignee;
 - g. Assignment Agreement dated December 22, 2019 between Ms. Soelistyo Dewi as Assignor and MIPL as Assignee with respect to her rights over the excess of liquidation proceeds in the event of liquidation process of PT MP and the proceeds of capital reduction in the event where PT MP decreases its issued and paid up capital;
 - h. Power of Attorney to Sell Shares dated December 22, 2019, granted by PT MP with regards to its shares in PT MI in favor of MIPL;
 - i. Power of Attorney to Sell Shares dated December 22, 2019, granted by Ms. Soelistyo Dewi with regards to her shares in PT MP in favor of MIPL;
 - j. Substitution Power of Attorney to Sell Shares dated December 22, 2019, granted by MIPL as the attorney of PT MP with regards to her shares in PT MI in favor of Memiontec Holdings Pte. Ltd. ("**MHPL**");

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- k. Substitution Power of Attorney to Sell Shares dated December 22, 2019, granted by MIPL as the attorney of Ms. Soelistyo Dewi with regards to her shares in PT MP in favor of MHPL;
- l. Option to Purchase Share Agreement dated December 22, 2019 between PT MP as Grantor and MIPL as Grantee with regards to PT MP's shares in PT MI;
- m. Option to Purchase Share Agreement dated December 22, 2019 between Ms. Soelistyo Dewi as Grantor and MIPL as Grantee with regards to her shares in PT MP; and
- n. Letter of Undertaking dated December 22, 2019 signed by Ms. Soelistyo Dewi.

That, based on our review of the aforementioned documents, and having considered all the facts and opinions set out in NSMP's Legal Opinion dated February 21, 2020, we have accordingly concluded and therefore issued our legal opinion dated February 21, 2020, as attached hereto. This statement letter is an integral part of our legal opinion dated February 21, 2020.

The undersigned hereby certifies that the statement given under this letter is true and correct as of the date hereof.

Jakarta, February 21, 2020,

SOEWITO SUHARDIMAN EDDYMURTHY KARDONO

A handwritten signature in blue ink, appearing to read 'Rusmaini Lenggogeni', written over a horizontal line.

Rusmaini Lenggogeni

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February 21, 2020

Memiontec Holdings Ltd.
20 Woodlands Link #04-30/31
Singapore 738733

Attention: Mr. Tay Kiat Seng

PT Memiontec Indonesia
Rukan Avenue Blok F8 No. 136 – 137
Jakarta Garden City
East Cakung
Jakarta

Attention: Ms. Irawati/Mr. Arista Haditomo

ZICO Capital Pte. Ltd.
8 Robinson Road
#09-00 ASO Building
Singapore 048544

Attention: Mr. Alex Tan/Ms. Karen Soh

UOB Kay Hian Private Limited
8 Anthony Road
#01-01
Singapore 229957

Attention: Mr. Esmond Choo

Re: Legal Opinion

Dear Sir/Madam:

You have requested our legal opinion ("**Opinion**") regarding due authorization of PT Memindo Pratama ("**PT MP**") and PT Memiontec Indonesia ("**PT MI**") (the "**Indonesian Companies**") to execute, as well as the legality, validity and enforceability of, the Transaction Documents (as defined below) entered into by (i) Memiontec Industries Pte. Ltd. ("**MIPL**"), a corporation organized under the Singaporean Law; (ii) Memiontec Holdings Pte. Ltd. ("**MHPL**"), a corporation organized under the Singaporean Law; (iii) PT MP; (iv) the Indonesian Shareholders (as defined below); and/or (v) Mr. Tay Kiat Seng, a Singaporean citizen, as a part of MHPL's proposed listing on the Singapore Exchange Securities Trading Limited (the "**Proposed Listing**").

We are counselors at law qualified to practice law in the Republic of Indonesia. Our opinions expressed herein are limited to matters governed by the laws of the Republic of Indonesia. As used herein, the terms "**Indonesian law**" and the "**laws of the Republic of Indonesia**"

A small, handwritten signature in blue ink, appearing to be the initials 'AP'.

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February 21, 2020
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shall mean any published and publicly available statute, regulation, decree or other directive of the central Government of the Republic of Indonesia, in effect and having the force of law on the date hereof.

Since we are neither familiar with nor do we represent ourselves as being familiar with Singaporean law or the laws of any jurisdiction other than the Republic of Indonesia, we do not pass nor express any opinion in respect of matters governed by or construed in accordance with laws other than the laws of Indonesia nor shall we be deemed to do so in this Opinion.

Wherever the phrase "to the best of our knowledge" appears in this Opinion, such phrase means (i) we have made no independent investigation of the matter, (ii) our opinion is based on the relevant document or documents, as the case may be, as delivered to us, and (iii) we have no grounds to doubt the content of such document or documents. The term "knowledge" as used in such phrase does not include any constructive or implied understanding or knowledge.

In rendering this Opinion, we have examined and relied exclusively on the documents provided to us as listed in the schedules to this Opinion. Any capitalized item used but not defined in this Opinion shall have the meaning assigned to it in the relevant Transaction Document. We have also examined such laws and regulations of the Republic of Indonesia as we considered necessary or desirable for the opinions hereinafter expressed. As to certain matters of fact material to the opinions expressed herein, we have relied upon the certificates of one or more of the parties involved or upon the representations and warranties contained in Schedule "VI" to this Opinion.

I. Background:

PT MI is a foreign investment company ("**PMA Company**") engaging in water management services, construction implementation services and integrated construction services, as provided in Article 3 of its Articles of Association. Based on PT MI's IUJK (as defined in Schedule "V" of this Opinion), PT MI is engaging in the business of building construction for processing, channeling and storing of drinking water, waste water and drainage under the Standard Classification of Indonesian Business Fields ("**KBLI**") No. 42212. PT MI's SBU (as defined in Schedule "V" of this Opinion) provides that PT MI is qualified to engage in (i) construction implementing services, drinking water and waste water processing installation, and construction of waste processing building, (ii) construction implementation business for local drinking water pipeline, and (iii) construction implementation services for local waste water pipeline.

As to PT MP, it is a domestic investment company engaging in the water management services and implementing services for construction of civil buildings and wholesale trade, pursuant to Article 3 of its Articles of Association. Based on PT MP's IUJK (as defined in Schedule "V" of this Opinion), PT MP is engaging in the business of building construction for processing, channeling and storing of drinking water, waste water and drainage under KBLI No. 42212. PT MP's SBU (as defined in Schedule "V" of this Opinion) provides that PT MP is qualified to engage in (i) construction implementing services, drinking water and waste water processing installation, and construction of waste processing building, (ii) construction implementation business for local drinking water pipeline, (iii) construction implementation services for local

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waste water pipeline, and (iv) construction implementation services for water channel, port, dam, and other water resources infrastructure.

Under the Investment Law (as defined below), foreign ownership limitations are applicable to certain business activities. Further, PR 44/2016 (as defined below), as the implementing regulation of the Investment Law, regulates that construction services using high technology and/or has high risk and/or value of work of more than Rp.50,000,000,000 (fifty billion Rupiah), the foreign ownership is limited to a maximum of 70% for investors from ASEAN countries or 67% for investors other than ASEAN countries, whichever applicable.

As at the date of this Opinion, 70% of the issued and paid-up share capital in PT MI is held by MIPL, while the remaining 30% of the shares in PT MI is held by PT MP. 98% of the issued and paid-up share capital in PT MP is held by Ms. Soelistyo Dewi, while the remaining 2% of the issued and paid-up share capital in PT MP is held by Ms. Irawati (Ms. Soelistyo Dewi and Ms. Irawati together referred to as the "**Indonesian Shareholders**").

The shareholding composition of the Indonesian Companies are reflected in the current Articles of Association of each of the Indonesian Companies as approved by the Indonesian Ministry of Law and Human Rights (*Kementerian Hukum dan Hak Asasi Manusia* or "**MOLHR**"), as provided in Schedule "III" in this Opinion.

MIPL, PT MP, Ms. Soelistyo Dewi, and Mr. Tay Kiat Seng have entered into contractual agreements for the provision of a loan by MIPL to PT MP to be used by PT MP for the subscription of shares in PT MI as described in the Transaction Documents (PT MP and Ms. Soelistyo Dewi together referred to as the "**Indonesian Parties**"). The Indonesian Shareholders have also agreed to provide certain undertakings, assignments, and securities to secure the obligations of PT MP under the Transaction Documents.

II. Documents Reviewed: In preparing this Opinion, we based our Opinion on our examination of copies that shall be or have been executed (certified or otherwise to our satisfaction) of the following documents:

1. Executed copies of the Transaction Documents as listed in Schedule "I" of this Opinion ("**Transaction Documents**");
2. Copy of the Transaction Structure as listed in Schedule "II" of this Opinion ("**Transaction Structure**") provided by Nurjadin Sumono Mulyadi and Partners ("**NSMP**") on November 4, 2019;
3. Copies of the Articles of Association of the Indonesian Companies, as listed in Schedule "III" of this Opinion;
4. Copy of the spousal consent of Mr. Tay Kiat Seng, as the spouse of Ms. Soelistyo Dewi, approving her execution of the Transaction Documents to which she is a party, as listed in Schedule "IV" of this Opinion ("**Spousal Consent**");
5. Copies of the business licenses of each of the Indonesian Companies issued by the government authorities relevant to their respective line of business, as listed in Schedule "V" of this Opinion ("**Business Licenses**"); and

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6. The original certificates of the President Director and/or Director of each of the Indonesian Companies (as applicable) dated February 21, 2020, (the "**Certificates**"), copies of which are attached as Schedule "VI" of this Opinion.

In issuing and rendering this Opinion, we have not reviewed any documents other than the above documents.

III. Laws and Regulations: We have also examined and considered such prevailing laws and regulations of the Republic of Indonesia in effect as at the date of this Opinion as we have considered necessary or advisable for the purpose of rendering this Opinion, including the following:

- a. Indonesian Civil Code;
- b. Law No. 40 of 2007 regarding Limited Liability Companies (August 16, 2007) (the "**Company Law**");
- c. Law No. 25 of 2007 regarding Capital Investment (April 26, 2007) (the "**Investment Law**");
- d. Law No. 24 of 2009 regarding Flag, Language, and State Emblem, as well as National Anthem (July 9, 2009) (the "**Language Law**");
- e. Law No. 2 of 2017 regarding Construction Services (January 12, 2017) (the "**Construction Law**");
- f. Government Regulation No. 24 of 2018 regarding Electronic Integrated Business Permit Services (June 21, 2018) ("**GR 24/2018**");
- g. Presidential Regulation No. 44 of 2016 regarding List of Business Field That Are Closed and Business Field That Are Open with Requirement in the Investment Field (May 18, 2016) ("**PR 44/2016**");
- h. Presidential Regulation No. 13 of 2018 regarding Beneficial Ownership (March 5, 2018) ("**PR 13/2018**");
- i. Presidential Regulation No. 63 of 2019 regarding Use of Indonesian Language (September 30, 2019) ("**PR 63/2019**");
- j. Presidential Decree No. 59 of 1972 regarding Receipt of Offshore Loans (October 12, 1972) ("**PD 59/1972**");
- k. Presidential Decree No. 39 of 1991 regarding Offshore Loan Management Coordination (September 4, 1991) ("**PD 39/1991**");
- l. Ministry of Public Works and Public Housing Regulation No. 08/PRT/M/2019 regarding Permit Service Guideline of National Construction Service Business (June 13, 2019) ("**PUPR 8/2019**");

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- m. Ministry of Public Works and Public Housing Regulation No. 17/PRT/M/2019 regarding Revocation of Ministry of Public Works and Public Housing Regulation No. 09/PRT/M/2019 regarding Permit Service Guideline of Foreign Construction Service Business (November 18, 2019) ("**PUPR 17/2019**");
- n. Minister of Finance Decree No. KEP-261/MK/IV/5/73 (May 3, 1973) as lastly amended by Minister of Finance Decree No. 279/KMK.01/1991 (March 18, 1991) regarding Implementing Provisions on the Receipt of Offshore Loans and Issuance of Bank Guarantees for the Receipt of Offshore Loans by Foreign Exchange Banks ("**MOFD 261/1973**");
- o. Bank Indonesia Regulation No. 18/18/PBI/2016 regarding Foreign Exchange Transaction to Rupiah between Banks and Domestic Parties (September 5, 2016) ("**BI Reg 18/18**");
- p. Bank Indonesia Regulation No. 16/22/PBI/2014 regarding Report of Foreign Exchange and Prudence Principle in the Management of Non-Bank Corporate Offshore Loan (December 31, 2014) as partially revoked and replaced with Bank Indonesia Regulation No. 21/2/PBI/2019 regarding Foreign Exchange Report (January 9, 2019) ("**BI Reg 16/22**");
- q. Board of Governors of Bank Indonesia Decree No. 20/16/PADG/2018 regarding Foreign Exchange Transaction to Rupiah between Banks and Domestic Parties (August 15, 2018) ("**BOG BI Decree 20/16**");
- r. Board of Governors of Bank Indonesia Regulation No. 21/7/PADG/2019 regarding Reporting of Non-Banking Institutions for Foreign Exchange Activities (April 12, 2019) ("**BOG BI Reg 21/7**"); and
- s. Circular Letter of Ministry of Public Works and Public Housing No. 22/SE/M/2019 regarding Permit Guideline of Foreign Construction Service Business (November 19, 2019) ("**SE 22/2019**").

IV. Assumptions: In rendering this Opinion, we have assumed:

- (i) The genuineness of all signatures, stamps, seals and markings on and the authenticity of all documents submitted to or reviewed by us, and the conformity with the originals of all documents submitted to us as copies thereof.
- (ii) The continued accuracy and effectiveness on the date hereof of all copies of all documents dated earlier than the date hereof on which we have relied, and the legal capacity of all individuals executing documents.
- (iii) The absence of any other arrangements between any of the parties to the Transaction Documents which may modify or supersede any of the terms of any of the Transaction Documents.
- (iv) Each of the Indonesian Companies' corporate documents, as listed in Schedule "III" and Schedule "V" in this Opinion, that have been submitted to or

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reviewed by us continues to be in full force and effect and has not been revoked, amended, modified or superseded in any way.

- (v) That all issued share capital of each of the Indonesian Companies has been fully paid up and is non-assessable and no shares have been repurchased or cancelled; all historical transfers of shares to any current or prior shareholder of each of the Indonesian Companies effectually transferred title to the shares in accordance with the relevant Indonesian Company's Articles of Association and Indonesian law are as set out in Schedule "III" and Schedule "VII" to this Opinion; the shareholders of the Indonesian Companies hold valid and legal title to such shares, free of any defect which may result in the rescission or avoidance thereof; and such shares are free and clear of any arrest or attachment by order of any court or authorized government official.
- (vi) There has been no change in the composition of the Board of Directors or the Board of Commissioners of the Indonesian Companies, or in their respective shareholders or the respective numbers of shares in the Indonesian Companies held by their respective shareholders, other than as reflected in the documents which we have examined and the foregoing are as set out in Schedule "III" and Schedule "VII" to this Opinion.
- (vii) Each appointment of a current Director or Commissioner of the Indonesian Companies was reported to the Minister of Law and Human Rights within the time period prescribed by Indonesian law and was thereafter acknowledged by the Minister of Law and Human Rights.
- (viii) Each of the Indonesian Companies has prepared the shareholder registry containing the latest information on their respective shareholding compositions, as listed in Schedule "VII" of this Opinion.
- (ix) The perfection of the Share Pledge (as defined below) is subject to such pledge being recorded in the shareholder register of PT MI and PT MP, respectively, as required under the Company Law and delivery of the relevant Share Certificates, as defined in Schedule "VII", to MIPL as the pledgee. As of the date of this Opinion, we have been provided with both the Shares Certificates and the shareholder register of PT MP evidencing the annotation of the Share Pledge and receipt of the delivery of Shares Certificate to MIPL.
- (x) MHPL and MIPL have been duly established according the laws of Singapore and are authorized under the laws of Singapore to engage in its respective business activities and to enter into the Transaction Documents.
- (xi) MIPL is a subsidiary of MHPL under the laws and regulations of Singapore.
- (xii) The entry into and performance by MHPL and MIPL of their respective obligations under the Transaction Documents and Transaction Structure are not illegal or invalid under the laws of Singapore and permitted by and do not breach the constitutional documents of MHPL and MIPL.

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- (xiii) The Certificates signed by the President Director and/or Director and therefore for and on behalf of each of the Indonesian Companies (as applicable) and the information contained therein is true, correct, complete, and not misleading in any way as of the date of this Opinion. We rely on the information stated in each Certificate as if such information were set out in full as assumptions in this Opinion.
- (xiv) That all the notices of any meetings of the shareholders of the Indonesian Companies, the proceeding of such meetings, and the resolutions passed in such meetings were properly conducted or passed (as applicable) in accordance with the Articles of Association of the Indonesian Companies (as applicable) and Indonesian law.
- (xv) The absence of fraud or other unconscionable conduct in relation to the execution, delivery or performance of the Transaction Documents and the other documents which we have reviewed.
- (xvi) The Transaction Documents, the Spousal Consent, the Business Licenses of the Indonesian Companies, the Articles of Association of the Indonesian Companies and the Certificates are complete, that any documents have been validly executed, signed or passed as of the date of this Opinion have not been revoked or declared null and void.
- (xvii) Each of the corporate documents that we have examined is executed by individuals validly appointed and duly authorized to execute such documents.
- (xviii) Mr. Tay Kiat Seng is a Singaporean citizen and is authorized under the laws of Singapore to engage in his business activities and to enter into the Transaction Documents.
- (xix) The marriage of Mr. Tay Kiat Seng and Ms. Soelistyo Dewi has been registered in Singapore under the Singaporean Law, not in Indonesia under Indonesian law, and the execution of the Spousal Consent is all that is required under the laws of Singapore for Ms. Soelistyo Dewi to execute the Transaction Documents to which she is a party.
- (xx) Any statement as to the ultimate beneficial owners of the Indonesian Companies has stated and will state that the ultimate beneficial owners of PT MP are Ms. Soelistyo Dewi and Ms. Irawati and the ultimate beneficial owners of PT MI are MIPL and PT MP. The books and records, as well as statutory filings of MIPL will not indicate that MIPL is the beneficial owner of PT MP's shares.
- (xxi) Ms. Soelistyo Dewi holds her shares in PT MP on her own account, and not for or on behalf of any other party.
- (xxii) None of the parties was disqualified from executing the Transaction Documents due to any conflict of interest within the meaning of Article 99 of Company Law.

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- (xxiii) That the execution, delivery and performance of the Transaction Documents do not and will not conflict or be inconsistent with or result in any breach of any of the terms, conditions, covenants, or provisions of or constitute a default under any agreement, contract or instrument to which any of the Indonesian Companies, Indonesian Shareholders, MIPL, MHPL or Mr. Tay Kiat Seng is a party or by which any of its properties or assets are bound or may be subject.
- (xxiv) None of the parties to the Transaction Documents is, or will be, involved in or seeking to conduct any relevant transaction or associated activity in a manner or for a purpose not expressly evident on the face of such Transaction Documents.
- (xxv) On the date of this legal opinion, no winding up, suspension of debt payment obligations or bankruptcy petitions have been presented nor any winding up, suspension of debt payment obligations or bankruptcy orders made in relation to Indonesian Companies, Indonesian Shareholders, MIPL, MHPL or Mr. Tay Kiat Seng and no resolutions have been passed for the winding up or liquidation of Indonesian Companies, MIPL, or MHPL.
- (xxvi) None of the opinions expressed below will be affected by the laws of any other jurisdiction outside the Republic of Indonesia (including the public policy of any jurisdiction outside the Republic of Indonesia).
- (xxvii) All documents and records of MHPL and MIPL are consistent with the statements and documents of the Indonesian Companies and Ms. Soelistyo Dewi.
- (xxviii) That all opinions, beliefs and views expressed by the representatives of the Indonesian Companies were honestly held by them and when made were, and continue to be, based on reasonable assumptions having made the appropriate and proper enquiries, and all statements of fact relating to Indonesian group companies were, and continue to be, true, accurate, correct and not misleading in any way.

Nothing has come to our attention to cause us to believe that the statements made herein to our knowledge or known to us are false. We have relied solely on the representations and warranties contained in the Transaction Documents that have been made available to us for our review.

V. Opinion: Based upon the foregoing and subject to the assumptions, qualifications and explanations referred herein, on the date of this Opinion we are of the opinion that:

1. Each of the Indonesian Companies is a limited liability company that has been duly incorporated and is validly existing under the laws of the Republic of Indonesia.
2. Each of the Indonesian Companies has full corporate power and authority to carry on its business as described in its Articles of Association and the Business Licenses.

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3. The Articles of Association of each of the Indonesian Companies including their amendments listed in Schedule "III" of this Opinion have been approved and/or acknowledged by MOLHR as required under the Company Law (as applicable).
4. Based on the Articles of Association of each of the Indonesian Companies, the current authorized, issued, and paid-up capital of each of the Indonesian Companies as of the date of this Opinion is as listed in Schedule "VII" of this Opinion.
5. As of the date of this Opinion, pursuant to the Articles of Association of each of the Indonesian Companies, the shareholders of PT MI are MIPL and PT MP and the shareholders of PT MP are Ms. Soelistyo Dewi and Ms. Irawati as listed in Schedule "VII" of this Opinion.
6. Each of the Indonesian Companies has obtained the Business Licenses as listed in Schedule "V" of this Opinion. As of the date of this Opinion, all the operational licenses owned by each of the Indonesian Companies listed in Schedule "V" of this Opinion are still valid and, to the best of our knowledge, have not been suspended or revoked.
7. PT MP has obtained all approvals required under its Articles of Association and has the right to execute, deliver and perform its obligations under the Transaction Documents to which it is a party, and to consummate the transactions contemplated thereby, including the obtaining of its Board of Commissioners' approval by way of the execution of the Transaction Documents by Board of Commissioners of PT MP to which PT MP is a party.
8. Ms. Soelistyo Dewi has obtained the Spousal Consent and has the right to execute, deliver and perform her obligations the Transaction Documents to which she is a party.
9. The laws and regulations of the Republic of Indonesia referred in Point III above do not prohibit or restrict the Transaction Structure which is further implemented by the Transaction Documents. The Transaction Structure is therefore legal and valid, in compliance with, and is not contrary to the laws and regulations of the Republic of Indonesia referred in Point III of this Opinion.
10. Each of the Transaction Documents constitutes legal, valid and binding obligations of Indonesian Parties (as the case may be), enforceable against each of them in accordance with its terms.
11. To the best of our knowledge, the relevant authorities have yet to take any actions against existing Indonesian entities adopting structures similar to the Transaction Structure. While there is always a risk that the relevant authorities might challenge the Transaction Structure, we believe the likelihood of nullification or voidance of the Transaction Structure by them is low based on the fact that, to the best of our knowledge, none of such structures has been challenged by any relevant authority as of the date of this Opinion.

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12. The execution and delivery by the Indonesian Parties of the Transaction Documents and the performance by the Indonesian Parties of their obligations thereunder does not contravene any relevant provisions of PT MP's Articles of Association or any Indonesian law binding on any of the Indonesian Parties.
13. There are no stamp duties or documentary taxes payable under the laws of the Republic of Indonesia in respect of the execution, delivery, or enforcement of the Transaction Documents, except that the Transaction Documents are subject to the stamp tax in the current amount of Rp.6,000 if stamped when executed and a higher amount if stamped after execution, the stamp duty must be paid with respect to each of such documents when executed or, if executed abroad, when first used in the Republic of Indonesia and before the admissibility as evidence in the Indonesian courts.
14. The Transaction Documents are governed by Indonesian law and are in a proper legal form under the laws of Indonesia for the enforcement thereof against the Indonesian Parties under such laws and will be in appropriate form to be admissible as evidence in the courts of the Republic of Indonesia.
15. No consents, approvals, reports, recordings, enrollments, registrations or filings with any governmental, judicial or public body or authority or any court in the Republic of Indonesia are required for the execution and delivery of the Transaction Documents and the performance by PT MP of its obligations under the Transaction Documents other than making of a report of its interest to obtain an offshore loan, an initial report upon the signing of the Loan Agreement and periodic reports to Bank Indonesia of the obligations which PT MP expresses to assume as a borrower and to make reports of such obligations to the Team for the Coordination of Management of Offshore Commercial Loans (*Tim Pinjaman Komersial Luar Negeri*) and the Ministry of Finance and as set out in opinions 16 and 17 below.
16. Any repayment of the loan that requires any conversion of Rupiah into foreign currency cannot exceed the value of the underlying transaction, in this matter the Transaction Documents. Any conversion exceeding USD25,000 will require PT MP to provide the Transaction Documents to the remitting bank together with copies of the Articles of Association of PT MP, notarial deed identifying the Directors of PT MP, a copy of PT MP's Taxpayer Identification Number, and an authenticated written statement executed by an authorized representative PT MP confirming: (i) validity and originality of the underlying document, (ii) the underlying document will only be used to purchase or sell foreign currency against Rupiah up to the maximum amount stipulated in the underlying document through the Indonesian banking system, and (iii) evidence of the amount needed, purpose of utilization and date of utilization, if the underlying document is in the form of an estimate.
17. For purchases of foreign currencies not exceeding such threshold, PT MP must declare in a duly stamped letter that its aggregate foreign currency purchases do not exceed the thresholds in the Indonesian banking system.

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VI. Qualifications, Exemptions and Explanations: The opinions expressed above are subject to the following additional explanations, limitations, qualifications, and exceptions:

- (1) The Opinion herein rendered may be affected or limited by (i) the general defenses available to obligors, and actions available to creditors, under the laws of the Republic of Indonesia in respect of the validity and enforceability of agreements, such as failure to perform by the other party, breach of contract, undue influence, limitation of action by the passage of time, defenses of set off or counterclaim, illegality of the agreement and infringement of public order or morals; and (ii) the provision of any applicable bankruptcy, insolvency, fraudulent conveyance (*actio pauliana*), reorganization, moratorium, or other laws or public policies of general application now or hereafter in effect, relating to or affecting the enforcement or protection of creditors' rights generally. Our opinion that an obligation or document is in acceptable legal form for enforcement in Indonesia means that the obligation or document is of a type and form which courts in the Republic of Indonesia should enforce. It is not to be taken as meaning that the obligation or document can necessarily be enforced in accordance with its terms in all circumstances.
- (2) Indonesian judges operate in an inquisitorial legal system, have very broad fact finding powers and a high level of discretion as to the manner in which those powers are exercised, including, without limitation, for the purpose of enforcing a foreign arbitration award, and consequently, Indonesian courts can sometimes be influenced by factors, issues and evidence which may not immediately be apparent on the fact of the documents in question.
- (3) There is no reliable public source from which to know the regulations, guidelines, decrees or other directions of the Government of Indonesia or any regional government of the Republic of Indonesia. Our opinion is based only on the provisions of Indonesian law and regulations enacted by the central government.
- (4) Nothing in the Opinion herein rendered should be taken as indicating that the remedies of specific performance, injunction or prejudgment attachment (being in some instances discretionary remedies of the Court) would necessarily be available in any particular instance with respect to any particular provisions of the documents that have been provided to us should the matter be litigated in the Republic of Indonesia.
- (5) We did not conduct an in-depth review on the conformity between the Indonesian language version and English language version for any documents executed in bilingual form or in English language supplemented with an Indonesian translation because we are not qualified as a sworn translator.
- (6) Other than as set out in Opinion No. 13, we express no opinion on tax law or the tax consequences of the documents that have been provided to us.
- (7) While the Ministry of Law and Human Rights maintains a Company Registry setting out the articles of association and names of the shareholders, directors and commissioners of a company which it acknowledges for purposes of the

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exercise of approval and other authorities granted to the Ministry of Law and Human Rights under the Company Law, the Company Registry does not necessarily contain the most up-to-date information, and it does not include information relating to encumbrances and charges over corporate assets or shares in a company.

- (8) Under Indonesian law, agreements purporting to create a security interest are, and other agreements purporting to create other rights and obligations in support of the satisfaction of a debt or other obligation may be, accessory agreements whose validity, binding effect and enforceability are subject to the continuing validity, binding effect and enforceability of the debt or other obligation to which they relate.
- (9) Certain priority rights created by law, and not by contract, such as, without limitation, certain rights of the tax, customs and excise authorities of Indonesia, will rank higher than rights created by the Transaction Documents.
- (10) Under Indonesian law, the enforceability of an agreement, power of attorney or mandate, whether or not expressed to be irrevocable, may be deemed terminated by the force of law or limited due to the bankruptcy, insolvency, reorganization, and other laws of general applicability affecting creditors' rights and the unavailability in certain circumstances of specific performance and other equitable remedies and as to such other matters set forth in the qualifications listed below and the arrangement contemplated and effected by the Transaction Documents is consistent with the provisions of Indonesian Law.
- (11) Any power, authority, or appointment expressed in the Transaction Documents to be irrevocable may not, despite such expression, be effective in preventing a grantor from disposing of or encumbering assets subject thereto, to which he remains authorized and capable. Any such action, albeit in violation of the provisions of an irrevocable power of attorney, is not, per se, invalid but may result in a claim for damages.
- (12) Under Indonesian law, each power of attorney, granted under the Transaction Documents, whether or not expressed to be irrevocable, and whether granted explicitly or by implication, may be deemed terminated by force of law and without notice upon the insolvency or bankruptcy of the grantor or the grantee as declared by a competent court. It is not clear as a matter of Indonesian law whether Articles 1813, 1814 and 1816 of the Indonesian Civil Code, which require or permit the revocation of a power of attorney in specified circumstances, may be waived, as various provisions express to do in the Transaction Documents.
- (13) A third party is not required by Indonesian law to accept or honor a power of attorney or the powers created under a power of attorney unless such third party, by its acts or omissions, becomes bound to do so as a matter of contract.
- (14) The enforcement in Indonesia of the Transaction Documents will be subject to the rules of civil procedure as applied by the Indonesian courts, such rules providing, amongst others, that the courts have discretion in determining the

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party or parties obligated to pay court costs, and costs of legal representation are not generally awarded. For the purpose of proceedings in Indonesia, service of process must be effected by an authorized court server or by other means approved by the court. The remedies of specific performance, injunction and pre-judgment attachment are discretionary remedies of the court, and nothing in this opinion should be taken as indicating that these remedies would necessarily be available in any particular instances with respect to any particular provision provided in the Transaction Documents.

- (15) A court order may be required for the enforcement of any security interest created by the Transaction Documents.
- (16) Under Indonesian law, a share pledge agreement and other agreements purporting to create rights and obligations in support of the satisfaction of a debt or other obligation of a third party are accessory agreements whose validity, binding effect and enforceability are subject to the validity, binding effect and enforceability of the debt or other obligation to which they relate. If PT MP's payment obligations under the Transaction Documents are for any reason held not to be the valid, binding and enforceable obligations of PT MP, the share pledge agreement in respect of those payment obligations may not be enforceable against to the extent Indonesian law is deemed to govern.
- (17) The pledge of share agreements, as provided under the Transaction Documents ("**Share Pledge**"), may be enforced by conducting a public auction followed by the execution of a sale purchase agreement with the winning bidder, or selling the pledged shares in a private sale, in accordance with Article 1155 of the Indonesian Civil Code.
- (18) Under existing practice, the public auction office in Indonesia will not commence auction proceedings with respect to a pledge of shares unless the secured party has obtained a writ of execution from an Indonesian court having jurisdiction over the property subject to the security interest. Under existing court practice, courts in Indonesia generally require a hearing to which the obligor under the indebtedness will be summonsed and then be provided an additional opportunity to make payment with a period of time allowed by the court. If the obligor does not settle or pay its obligations within that period, the court may issue the writ of execution. Indonesian law does not specify any period of time within which a writ of execution must be issued, and in practice, the period may be several months or more. The public auction office will begin the auction process following receipt of the writ of execution, and the time required thereafter to consummate a sale may require six months or more, depending upon the nature of the property to be sold and other market and commercial considerations.
- (19) There is no public registry for the perfection or registration of security interests for Share Pledge except for fiduciary transfer over shares as further discussed in no. 20 below. In addition to a pledge, it is possible to take a fiduciary transfer over shares in an Indonesian company. Both a pledge and a fiduciary transfer over shares are capable of creating valid, legally binding and enforceable security interests if perfected. A fiduciary transfer is perfected by registration at

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the Fiduciary Registration Office at the domicile of the shareholder. If a fiduciary transfer of shares is so perfected, then any subsequent pledge or transfer of those shares while subject to the security interest created by the fiduciary transfer is invalid. The records of the Fiduciary Registration Office are not fully computerized and require that persons desiring to perform a search themselves do a manual search of the written records. We note that the Company Law also requires that a fiduciary transfer over shares be recorded in a company's shareholders' register so that interested parties may know the status of such shares, although such recordation is not a requirement to perfect the fiduciary transfer. We have not performed searches of the records of the Fiduciary Registration Office in respect of the shares in PT MP that are subject to the fiduciary transfer over the shares.

- (20) The perfection of the pledge of any additional shares under the Transaction Documents must be done by a separate deed or document and is subject to the approval of the shareholders of PT MP at the time under the Articles of Association of PT MP.
- (21) With your permission, we have not undertaken (nor have we caused to be undertaken) any company or litigation searches against any of the parties or searches of publicly available records for existing security interests against any of their assets. We are accordingly not responsible for any information which any such searches may reveal.
- (22) Any provision in the Transaction Documents that have been provided to us that purports to excuse, or to protect any party against, its own negligence or misconduct or which purports to apply notwithstanding the negligence or misconduct of any party, may not be given effect in the courts of the Republic of Indonesia.
- (23) The rights and obligations of the parties to the Transaction Documents are subject to principles of good faith, which under Indonesian law, governs the relationship between parties to a contract and which, under certain circumstances, may limit or preclude the reliance on, or enforcement of, the contractual terms and provisions.
- (24) Claims may become time-barred under Indonesian laws equivalent to statutes of limitation or may be or become subject to defenses of set-off or counterclaim. The statute of limitations for contractual claims in Indonesia pursuant to the Indonesian Civil Code is typically 30 years.
- (25) We assume no obligation to advise you of any change in the laws of the Republic of Indonesia subsequent to the date of the delivery of this opinion that may affect the opinions herein rendered.
- (26) We note that we have not examined and, therefore, do not issue any opinion as to, the legal validity or enforceability of any historical transfer of any such shares to any current or prior shareholder of the Indonesian Companies.

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- (27) The scope and type of reports, time limits, procedures and forms for submitting reports and penalties for the failure to submit required reports are regulated in (a) PD 59/1972 and MOFD 261/1973; (b) BI Reg 16/22 and BOG BI Reg 21/7; (c) PD 39/1991, and (d) BI Reg 18/18 and BOG BI Decree 20/16.
- (28) We express no opinion as to whether Indonesian Rupiah, the stated currency of the Transaction Documents, can be remitted overseas nor as to whether MIPL can open a bank account in Indonesia into which payments in Indonesian Rupiah can be deposited.
- (29) The rights and obligations of the parties to the Transaction Documents, to the extent that Indonesian law is deemed applicable, are subject to the principle of good (*itikad baik*), which under Indonesian law governs the relationship between the parties to an agreement and which in certain circumstances may limit or preclude the reliance on, or enforcement of, contractual terms and provisions.
- (30) Enforcement of the Share Pledge and the transfer of any shares in connection therewith will be subject to the obtaining of any approvals therefor required under Indonesian law at the time of enforcement as well as any restriction on foreign investment in any company whose shares are pledged.

This Opinion is strictly limited to the matters stated herein as of the date hereof and may not be read as extending by implication to any matters not specifically referred to. It is governed by and shall be construed in accordance with the laws of the Republic of Indonesia.

This Opinion is prepared for Memiontec Holdings Ltd., PT Memiontec Indonesia, ZICO Capital Pte. Ltd., and UOB Kay Hian Private Limited for inclusion in the offer document in connection with the proposed listing of Memiontec Holdings Ltd. on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited, and it may not be relied on by or provided to any other person for any purpose without our prior written consent, nor is it to be quoted or referred to in any public document other than the offer document of the Memiontec Holdings Ltd. for the Proposed Listing, filed with any governmental or other agency or person, except to the Singapore Exchange Securities Trading Limited or as may be required by judicial process or governmental or regulatory order or requirements or transmitted to any other person except for the purpose of making this Opinion available for inspection at the registered office of Memiontec Holdings Ltd. as provided for in the offer document.

We assume no liability over any matters quoted, referred to or otherwise mentioned in the offer document or filed with the Singapore Exchange Securities Trading Limited, other than the matters stated herein as of the date hereof.

Best regards,


SOEWITO SUHARDIMAN EDDYMURTHY KARDONO

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SCHEDULE "I"

EXECUTED TRANSACTION DOCUMENTS

A. Loan Agreement:

1. Loan Agreement dated December 22, 2019, made between (i) Memiontec Industries Pte. Ltd, ("MIPL") as Lender, (ii) PT Memindo Pratama ("PT MP") as Debtor, (iii) Ms. Soelistyo Dewi, and (iv) Mr. Tay Kiat Seng;

B. Pledge of Shares Agreements:

1. Pledge of Shares Agreement dated December 22, 2019 between PT MP as Pledgor and MIPL as Pledgee with regards to PT MP's shares in PT Memiontec Indonesia ("PT MI"); and
2. Pledge of Shares Agreement dated December 22, 2019 between Ms. Soelistyo Dewi as Pledgor and MIPL as Pledgee with regards to her shares in PT MP;

C. Assignment Agreements:

1. Assignment of Dividends Agreement dated December 22, 2019 between PT MP as Assignor and MIPL as Assignee with regards to PT MP's dividends in PT MI;
2. Assignment of Dividends Agreement dated December 22, 2019 between Ms. Soelistyo Dewi as Assignor and MIPL as Assignee with regards to her dividends in PT MP;
3. Dividend Assignment Agreement dated December 22, 2019 between Ms. Soelistyo Dewi as Assignor and MIPL as Assignee; and
4. Assignment Agreement dated December 22, 2019 between Ms. Soelistyo Dewi as Assignor and MIPL as Assignee with respect to her rights over the excess of liquidation proceeds in the event of liquidation process of PT MP and the proceeds of capital reduction in the event where PT MP decreases its issued and paid up capital;

D. The Powers of Attorney Sell Shares:

1. Power of Attorney to Sell Shares dated December 22, 2019, granted by PT MP with regards to its shares in PT MI in favor of MIPL;
2. Power of Attorney to Sell Shares dated December 22, 2019, granted by Ms. Soelistyo Dewi with regards to her shares in PT MP in favor of MIPL;
3. Substitution Power of Attorney to Sell Shares dated December 22, 2019, granted by MIPL as the attorney of PT MP with regards to her shares in PT MI in favor of Memiontec Holdings Pte. Ltd. ("MHPL"); and
4. Substitution Power of Attorney to Sell Shares dated December 22, 2019, granted by MIPL as the attorney of Ms. Soelistyo Dewi with regards to her shares in PT MP in favor of MHPL;

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E. Option to Purchase Agreements:

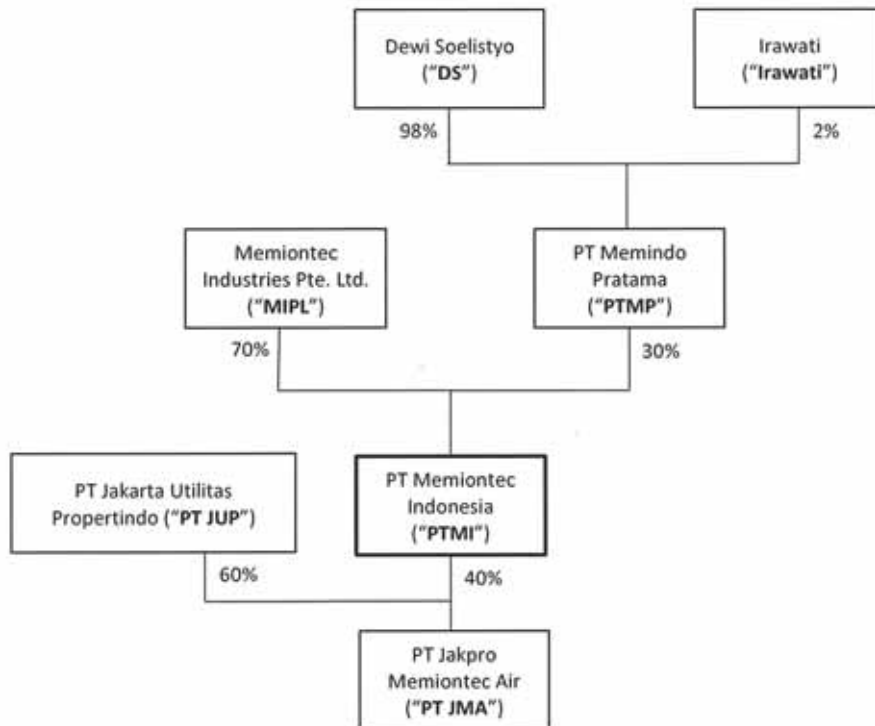
1. Option to Purchase Share Agreement dated December 22, 2019 between PT MP as Grantor and MIPL as Grantee with regards to PT MP's shares in PT MI; and
2. Option to Purchase Share Agreement dated December 22, 2019 between Ms. Soelistyo Dewi as Grantor and MIPL as Grantee with regards to her shares in PT MP.

F. Miscellaneous

1. Letter of Undertaking dated December 22, 2019 signed by Soelistyo Dewi.

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SCHEDULE "II"
TRANSACTION STRCUTURE



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SCHEDULE "III"

THE ARTICLES OF ASSOCIATION OF THE INDONESIAN COMPANIES

A. PT Memindo Pratama:

- a. Deed No. 67 dated November 15, 1995 drawn up before Dradjat Darmadji, S.H., Notary in Central Jakarta, which has been approved by the MOLHR Decree No. C-02119 HT.01.01.TH.2004 dated January 28, 2004 ("**Deed 67/1995**");
- b. Deed No. 31 dated January 8, 2004 drawn up before Ingrid Lannywaty, S.H., Notary in Jakarta ("**Deed 31/2004**");
- c. Deed No. 128 dated December 21, 2018 drawn up before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta, which has been approved by the MOLHR Decree No. AHU-0007979.AH.01.10.TAHUN 2018 dated December 27, 2018 ("**Deed 128/2018**");
- d. Deed No. 109 dated July 12, 2019 drawn up before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta which has been reported to and acknowledged by the MOLHR Letter No. AHU-AH.01.03-0298399 dated July 16, 2019 ("**Deed 109/2019**"); and
- e. Deed No. 3 dated August 1, 2019 drawn up before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta which has been reported to and acknowledged by the MOLHR Letter No. AHU-AH.01.03-0309911 dated August 7, 2019 ("**Deed 3/2019**").

B. PT Memiontec Indonesia:

- a. Deed No. 34 dated January 8, 2004 drawn up before Ingrid Lannywaty, S.H., Notary in Jakarta, which has been approved by MOLHR Decree No. C-02247 HT.01.01.TH.2004 dated January 29, 2004 ("**Deed 34/2004**");
- b. Deed No. 1 dated April 1, 2011 drawn up before Kasmita Syafni, S.H., Notary in South Jakarta, which has been approved by MOLHR Decree No. AHU-21276.AH.01.02.Tahun 2011 dated April 28, 2011 ("**Deed 1/2011**");
- c. Deed No. 21 dated May 30, 2013 drawn up before Reinaldy Ryanto, S.H., LL.M., M.Kn., Notary in Jakarta, which has been approved by MOLHR Decree No. AHU-30857.AH.01.02.Tahun 2013 dated June 10, 2013 and has been acknowledged by MOLHR Letter No. AHU-AH.01.10-24386 dated June 17, 2013 ("**Deed 21/2013**");
- d. Deed No. 1 dated April 4, 2017 drawn up before Dewi Tenty Septi Artiany, S.H., M.H., M.Kn., Notary in Central Jakarta, which has been approved by MOLHR Decree No. AHU-0007905.AH.01.02.TAHUN 2017 dated

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April 5, 2017 and has been acknowledged by MOLHR Letter No. AHU-AH.01.03-0124139 dated April 5, 2017 ("**Deed 1/2017**");

- e. Deed No. 69 dated May 24, 2018 drawn up before Sri Juwariyati, S.H., M.Kn., Notary in East Jakarta, which has been acknowledged by MOLHR Letter No. AHU-AH.01.03-0210649 dated May 30, 2018 ("**Deed 69/2018**");
- f. Deed No. 6 dated February 6, 2019 drawn up before Jose Dima Satria, S.H., M.Kn. Notary in South Jakarta, which has been approved by MOLHR Decree No. AHU-0007693.AH.01.02.TAHUN 2019 dated February 13, 2019 and has been acknowledged by MOLHR Letter No. AHU-AH.01.03-0088751 and MOLHR Letter No. AHU-AH.01.03-0088755 both dated February 13, 2019 ("**Deed 6/2019**");
- g. Deed No. 108 dated July 12, 2019 drawn up before Jose Dima Satria, S.H., M.Kn. Notary in South Jakarta, which has been acknowledged by MOLHR Letter No. AHU-AH.01.03-0298395 dated July 16, 2019 ("**Deed 108/2019**"); and
- h. Deed No. 4 dated August 1, 2019 drawn up before Jose Dima Satria, S.H., M.Kn. Notary in South Jakarta, which has been acknowledged by MOLHR Letter No. AHU-AH.01.03-0309922 dated August 7, 2019 ("**Deed 4/2019**").

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SCHEDULE "IV"

SPOUSAL CONSENT

1. Spousal Consent between Mr. Tay Kiat Seng (spouse of Ms. Soelistyo Dewi) dated December 22, 2019.

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SCHEDULE "V"

BUSINESS LICENSES OF THE INDONESIAN COMPANIES

A. PT Memindo Pratama:

- a. Business License dated August 9, 2019 for KBLI 42212 issued by the Online Single Submission ("OSS") ("PT MP IUJK"); and
- b. Construction Services Business Entity Certificate dated July 29, 2019, effective until February 17, 2022 ("PT MP SBU").

B. PT Memiontec Indonesia:

- a. Construction Services Business License dated November 5, 2019 for KBLI 42212 issued by the OSS ("PT MI IUJK"); and
- b. Construction Services Business Entity Certificate dated April 16, 2019 effective until April 15, 2022 ("PT MI SBU").



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SCHEDULE "VI"

**CERTIFICATES OF THE PRESIDENT DIRECTOR AND/OR DIRECTOR OF THE
INDONESIAN COMPANIES**

A. PT Memindo Pratama:

Certificate of Ms. Soelistyo Dewi, President Director of PT Memindo Pratama, dated February 21, 2020.

B. PT Memiontec Indonesia:

Certificate of Mr. Tay Kiat Seng, Director of PT Memiontec Indonesia, dated February 21, 2020.

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SCHEDULE "VII"

CORPORATE INFORMATION OF INDONESIAN COMPANIES

A. PT Memindo Pratama:

1. Authorized Capital, Issued Capital and Paid-Up Capital

Pursuant to Deed 128/2018, the current authorized, issued and paid up capital are as follow:

- Authorized capital is Rp.15,030,000,000 (fifteen billion thirty million Rupiah), divided into 150,300 (one hundred fifty thousand three hundred) shares with a nominal value of Rp.100,000 (one hundred Rupiah) per share.
- Issued and paid up capital is Rp.15,030,000,000 (fifteen billion thirty million Rupiah), divided into 150,300 (one hundred fifty thousand three hundred) shares with a nominal value of Rp.100,000 (one hundred Rupiah) per share.

2. Shareholding Composition

Pursuant to Deed 128/2018, the current shareholding composition are as follows:

- a. Ms. Soelistyo Dewi, as the holder of 147,294 (one hundred forty seven two hundred ninety four) shares, constituting 98% (ninety eight percent) of the issued and paid-up capital of PT Memindo Pratama, with a total nominal value of Rp.14,729,400,000 (fourteen billion seven hundred and twenty nine million four hundred Rupiah); and
- b. Ms. Irawati, as the holder of 3,006 (three hundred and six) shares, constituting 2% (two percent) of the issued and paid up capital of PT Memindo Pratama, with a total nominal value of Rp.300,600,000 (three million and six hundred Rupiah).

3. Board of Directors and Board of Commissioner Composition

Pursuant to Deed 3/2019, the current composition of the Board of Directors and Board of Commissioner are as follows:

Board of Directors

President Director : Ms. Soelistyo Dewi
Director : Ms. Irawati

Board of Commissioner

Commissioner : Mr. Wahyu Kasijanto

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4. Collective Share Certificates

No. 001 issued on December 27, 2018 under Ms. Soelistyo Dewi
No. 002 issued on December 27, 2018 under Ms. Irawati

5. Shareholders Register dated December 27, 2018 containing the information of Ms. Soelistyo Dewi and Ms. Irawati as the shareholders of PT MP

6. Special Registry dated July 5, 2019 containing the information of shareholding of Ms. Soelistyo Dewi as the Director of PT MP and Ms. Irawati as the Commissioner of PT MP.

B. PT Memiontec Indonesia:

1. Authorized Capital, Issued Capital and Paid-Up Capital

Pursuant to Deed 6/2019, the current authorized, issued and paid up capital are as follow:

- Authorized capital is Rp.60,100,000,000 (sixty billion one million Rupiah), divided into 60,100 (sixty thousand one hundred) shares with a nominal value of Rp.1,000,000 (one million Rupiah) per share.
- Issued and paid up capital is Rp.60,100,000,000 (sixty billion one million Rupiah), divided into 60,100 (sixty thousand one hundred) shares with a nominal value of Rp.1,000,000 (one million Rupiah) per share.

2. Shareholding Composition

Pursuant to Deed 6/2019, the current shareholding composition are as follows:

- a. Memiontec Industries Pte. Ltd., as the holder of 42,070 (forty two thousand seventy) shares, constituting 70% (seventy percent) of the issued and paid-up capital of PT Memiontec Indonesia, with a total nominal value of Rp.42,070,000,000 (forty two billion seventy million Rupiah); and
- b. PT Memindo Pratama, as the holder of 18,030 (eighteen thousand thirty) shares, constituting 30% (thirty percent) of the issued and paid up capital of PT Memiontec Indonesia, with a total nominal value of Rp.18,030,000,000 (eighteen billion thirty million Rupiah).

3. Board of Director and Board of Commissioner Composition

Pursuant to Deed 4/2019, the current composition of the Board of Directors and Board of Commissioner are as follows:

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Board of Director

Director : Mr. Tay Kiat Seng

Board of Commissioner

Commissioner : Mr. Yufendy

4. Collective Share Certificates

No. 001 issued on February 13, 2019 under Memiontec Industries Pte Ltd

No. 002 issued on February 13, 2019 under PT MP

5. Shareholders Register dated February 13, 2019 containing the information of Memiontec Industries Pte Ltd and PT MP as the shareholders of PT MI

6. Special Registry dated August 13, 2019 containing the information of shareholding of Mr. Tay Kiat Seng as the President Director of PT MI and Mr. Yufendy as the Commissioner of PT MI.

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R & P LEGAL OPINION

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Our reference: 218/R&P/J20190756/BRO-at/2020

Jakarta, 21 FEBRUARY 2020

To: **ZICO Capital Pte. Ltd.**
8 Robinson Road
#09-00 ASO Building
Singapore

Attention: Mr. Alex Tan/Ms. Karen Soh

Memiontec Holdings Pte. Ltd.
200 Woodlands Link #04-30/31
Woodlands East Industrial Estate
Singapore

Attention: Mr. Tay Kiat Seng

UOB Kay Hian Private Limited.
8 Anthony Road
#01-01
Singapore

Attention: Mr. Esmond Choo

PT Memiontec Indonesia
Rukan Avenue Blok F8 No. 136 – 137
Jakarta Garden City
East Cakung
Jakarta

Attention: Ms. Irawati/Mr. Arista Haditomo

Dear Sir/Madam,

IMPLICATION(S) TO MEMIONTEC HOLDINGS LTD. ("COMPANY") ARISING FROM AN ABSENCE OF PRIOR WRITTEN APPROVAL FROM PT JAKARTA UTILITAS PROPERTINDO UNDER JOINT VENTURE AGREEMENT NO.02/JUP/PKS/I/2017 NO.MIT/PKS/2796 DATED 27 JANUARY 2017 ENTERED INTO BY AND BETWEEN PT JAKARTA UTILITAS PROPERTINDO AND PT MEMIONTEC INDONESIA

We have been instructed by ZICO Capital Pte. Ltd to issue this legal opinion ("Legal Opinion") on the implication(s) to the Company, being the parent company of Memiontec Industries Pte. Ltd. ("MI"), arising from an absence of prior written approval from PT Jakarta Utilitas Propertindo ("PT JUP") under the terms and conditions of Joint Venture Agreement No.02/JUP/PKS/I/2017 No.MIT/PKS/2796 dated 27 January 2017 ("JVA") entered into by and between PT Jakarta Utilitas Propertindo ("PTJUP") and PT Memiontec Indonesia ("PTMI") a subsidiary of MI.

This Legal Opinion is limited to the laws of Indonesia applicable on the date hereof and is given on the basis that it will be governed by and construed in accordance with the laws of Indonesia. We have conducted no investigations of, and do not either express or imply any views on, or opinion about, the laws of any other jurisdiction.

Unless otherwise defined, the capitalised terms used in this Legal Opinion have the same meanings specified or referred to them in the JVA.

1. DOCUMENTS

For the purposes of rendering this opinion, we have examined the following documents:

- (a) the JVA;
- (b) Sale and Purchase of Shares Agreement dated 12 January 2019 entered into by and between Ms. Soelistyo Dewi and PT Memindo Pratama ("PTMP"), setting out the sale and purchase of 10,450 shares in PTMI previously held by Ms. Soelistyo Dewi to PTMP ("SPSA 1");
- (c) Sale and Purchase of Shares Agreement dated 12 January 2019 entered into by and between Ms. Irawati and PTMP, setting out the sale and purchase of 550 shares in PTMI previously held by Ms. Irawati to PTMP ("SPSA 2");

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- (d) Deed No.6 dated 6 February 2019 drawn before Jose Dima Satria, S.H., M.Kn., notary in Jakarta ("**Deed No.6**"), on the restatement of the written circular resolution in lieu of a meeting of shareholders, approving, amongst others:
 - (i) the increase of the authorized, issued, and paid up capitals of PTMI to IDR60,100,000,000;
 - (ii) the acquisition of PTMI by MI by way of the subscription of 42,070 new shares in PTMI by MI; and
 - (iii) the subscription of 7,030 new shares in PTMI by PTMP.
- (e) Deed of Acquisition No.7 dated 6 February 2019 drawn before Jose Dima Satria, S.H., M.Kn., notary in Jakarta, on the acquisition of PTMI by MI by way of subscription of 42,070 shares in PTMI by MI;

all of items (a) to (e) above are collectively referred to as the "**Relevant Documents**" whereas items (b) to (e) above are collectively referred to as the "**Transfer Documents**".

We have not independently verified any factual matters on which we have opined herein or which affect our opinion herein. In particular, we have not verified, are not expressing an opinion on and do not assume any responsibility for the accuracy, fairness or completeness of any representation or warranty included in any Relevant Documents or the subject matter of any such representation or warranty.

2. ASSUMPTIONS

We have assumed, with your permission:

- (a) Each of PTJUP and PTMI is an Indonesian company duly incorporated and validly existing under the laws of Indonesia.
- (b) That the copies of the Relevant Documents are true and correct copies of the documents that they purport to be and are up to date and incorporate all amendments made thereto.
- (c) The correctness of all facts stated in the Relevant Documents (other than to the extent opined on herein).
- (d) Our views only address the implication(s) to the Company arising from an absence of prior written approval from PT JUP under the JVA ("**Matter**"), and we have not considered other matters which may be related or are in connection with the Issues (as defined below), and any comments which we may make on related matters is purely for the purposes of highlighting the Matter.
- (e) We have not conducted any investigation into any of the facts or information furnished to us regarding this matter, and we assume the truth and correctness of the matters conveyed to us by Company and the lawyers of Nurjadin Sumono Mulyadi and Partners, a law office domiciled in Jakarta, Indonesia ("**NSMP**").
- (f) The views in this Legal Opinion are given on the date of this Legal Opinion and are based on the laws of the Republic of Indonesia, as applied by the Indonesian courts and published and brought into effect as at the date of this Legal Opinion. We have conducted no investigations of, and do not either express or imply any views on, the laws of any country other than Indonesia.

APPENDIX K R & P LEGAL OPINION

3. BACKGROUND

Based on the information provided to us, we understand as follows:

- (a) PTJUP and PTMI entered into the JVA for the purpose of establishing and carrying out business through a joint venture company named PT Jakpro Memiontec Air ("PTJMA").
- (b) Under Article 13.2 of the JVA, PTMI had made a covenant not to change its shareholding composition without a prior written approval from PTJUP.
- (c) Based on the Transfer Documents, PTMI had effectively changed its shareholding composition twice, as follows ("Change of Shareholding Compositions"):
 - (i) transfer of shares from each Ms. Soelistyo Dewi and Ms. Irawati to PTMP under SPSA 1 and SPSA 2; and
 - (ii) subscription of new shares by MI and PTMP under Deed No.6.
- (d) On both occasions of the Change of Shareholding Compositions, PTMI did not obtain written approvals from PTJUP as required under Article 13.2 of the JVA.
- (e) In spite of knowing of the occurrences of the Change of Shareholding Compositions, PTJUP to date has not yet served any notification of default that it is entitled to serve to PTMI under the JVA.

4. OPINION

Based on the examination of the Relevant Documents and on the basis of the assumptions in Part 2 above and subject to the qualifications in Part 5 below, we are of the opinion that the absence of prior written approval from PT JUP for any amendment to PTMI's shareholding composition as required under the JVA may be deemed as an event of default under the JVA and may lead to dispute over the JVA. In such event, the parties shall resolve the dispute by amicable settlement, and failing which can proceed to arbitration for final resolution as set out in the JVA.

5. QUALIFICATIONS

This Legal Opinion is further subject to the following qualifications and limitations:

- (a) We express no opinion as to any laws other than the laws of the Republic of Indonesia as currently in force and applied by the Indonesian courts. In particular, we have conducted no independent investigation of any other foreign laws as a basis for the Legal Opinion stated herein and do not either express or imply any opinion on such laws.
- (b) The laws, regulations and decrees of the Republic of Indonesia are in Indonesian language. There are no official English language translations. Accordingly, the terms used in this Legal Opinion are the English translations of the terms used and concepts expressed in the relevant regulations. Such terms and concepts:
 - 1. may not have an equivalent term or concept, as the case may be, in the Indonesian legal principles contained in the relevant regulations; or
 - 2. may, based on the meanings in plain English in the English translations in a legal practice under any law other than the Indonesian laws from those understood by Indonesian counsels, including ourselves, as the case may be.
- (c) This Legal Opinion only speaks to laws and regulations in effect on the date hereof.

**APPENDIX K
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As is usual in Indonesia, legislation may establish broad principles of regulation, leaving details to be stipulated in implementing regulations, and in such cases our opinions are based only on the regulations and self-executing provisions of such regulations in effect on the date hereof.

- (d) We take no responsibility for the accuracy of information provided to us by the Company and NSMP.

This Legal Opinion is prepared for the addressees as stated in the beginning of this Legal Opinion and only for the purpose of inclusion in the offer document in connection with the listing of the Company on the Singapore Exchange Securities Trading Limited ("Listing"), and it may not, without our prior written consent, be transmitted to any person or relied on by any person other than the addressees and the Singapore Exchange Securities Trading Limited. This Legal Opinion may be made available for inspection at the Company's registered office as provided for in the offer document, may only be filed with the Singapore Exchange Securities Trading Limited, and may only be quoted or referred to in a public document directly relevant to the Listing.

Yours faithfully,

Roosdiono & Partners

APPENDIX L

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the Placement Shares at the Placement Price for each Placement Share, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**
2. Your application for the Placement Shares may only be made by way of the Application Form or other such forms of application as the Sponsor and Issue Manager and/or the Placement Agent may deem appropriate.
3. YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.
4. **You (not being an approved nominee company) are allowed to submit only one (1) application in your own name for the Placement Shares. Any separate application by you for the Placement Shares will be deemed to be multiple applications and the Company, the Sponsor and Issue Manager and the Placement Agent have the discretion whether to accept or reject such multiple applications.**

If you, not being an approved nominee company, have submitted an application for the Placement Shares in your own name, you should not submit any other application for the Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor and Issue Manager and the Placement Agent.

Joint and/or multiple applications for the Placement Shares may be rejected at the discretion of our Company, the Sponsor and Issue Manager and the Placement Agent. If you submit or procure submissions of multiple share applications for the Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary, may be rejected at the discretion of our Company, the Sponsor and Issue Manager and the Placement Agent.

By completing and delivering the Application Form, you declare that you do not possess more than one (1) individual direct Securities Account with CDP.

5. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Form or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the name of a deceased at the time of application.
6. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 7 below.
7. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

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8. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 9 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you have more than one (1) individual direct Securities Account with CDP, your application shall be rejected.
9. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and/or allocation and other correspondences from CDP will be sent to your address last registered with CDP.**
10. **Our Company, in consultation with the Sponsor and Issue Manager and the Placement Agent, reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document or which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance or remittances which are not honoured upon their first presentation.**
11. **Each of our Company, the Sponsor and Issue Manager, and the Placement Agent further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Form or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

Without prejudice to the rights of our Company, the Sponsor and Issue Manager and the Placement Agent, as agents of our Company, have been authorised to accept, for and on behalf of our Company such other forms of application as the Sponsor and Issue Manager and the Placement Agent deem appropriate.

12. Our Company, in consultation with the Sponsor and Issue Manager and the Placement Agent, reserves the right to reject or accept, in whole or in part, or to scale down any application, without assigning any reason therefor, and no enquiry and/or correspondence on our decision of our Company, will be entertained. In deciding the basis of allotment which shall be at our discretion, in consultation with the Sponsor and Issue Manager and the Placement Agent, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
13. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid application and payment for the Placement Shares, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company, the Sponsor and Issue Manager and the Placement Agent. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted to you.

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14. In the event a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued and allotted to the applicants, we shall either:
- (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to withdraw your application, and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days of the date of the lodgement of the supplementary or replacement offer document, give you a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to withdraw your application; or
 - (iii) (A) treat your application as withdrawn and cancelled, in which case the application shall be deemed to have been withdrawn and cancelled; and (B) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of your application, without interest or any share of revenue or other benefit arising therefrom and at your own risk; or
- (b) where the Placement Shares have already been issued and allotted but trading has not commenced, we shall either:
- (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you notice in writing of how to obtain, or arrange to receive, a copy of the same, and provide you with an option to return to us the Placement Shares which you do not wish to retain title in, and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to return to us the Placement Shares which you do not wish to retain title in and without any right to claim against our Company, the Sponsor and Issue Manager and/or the Placement Agent; or
 - (iii) subject to compliance with the Companies Act and our Constitution, (A) treat the issue of the Placement Shares as void in which case the issue of the Placement Shares shall be deemed void and (B) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, return all monies paid in respect of your application, without interest or any share of revenue or other benefit arising therefrom and at your own risk,

and you shall not have any right or claim against our Company, the Sponsor and Issue Manager and the Placement Agent.

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An applicant who wishes to exercise his option under paragraph 14(a)(i) or (ii) above to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against our Company, the Sponsor and Issue Manager and the Placement Agent.

An applicant who wishes to exercise his option under paragraph 14(b)(i) or (ii) above to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against our Company, the Sponsor and Issue Manager and the Placement Agent.

Additional terms and instructions applicable upon the lodgement of the supplementary or replacement offer document, including instructions on how you can exercise the option to withdraw your application or return the Placement Shares allotted to you, may be found in such supplementary or replacement offer document.

15. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted to you pursuant to your application, to us, the Sponsor and Issue Manager and the Placement Agent and any other parties so authorised by the foregoing persons.
16. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Placement Shares through the Placement Agent or its designated sub-placement agent by way of an Application Form or such other forms of application as the Sponsor and Issue Manager and the Placement Agent deems appropriate.
17. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
 - (a) irrevocably offer, agree and undertake to subscribe for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price for each Placement Share and agree that you will accept such Placement Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution;
 - (b) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company upon your application;
 - (c) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company, the Sponsor and Issue Manager and the Placement Agent in determining whether to accept your application and/or whether to allot any Placement Shares to you;
 - (d) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent residency status, CDP Securities Account number, share application amount, the outcome of your application (including the number of Placement Shares allotted to you pursuant to your application) and other personal data ("**Personal Data**") to the Share Registrar, Securities Clearing and Computer Services (Pte) Ltd ("**SCCS**"), the SGX-ST, CDP, our Company, the Sponsor and

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Issue Manager and the Placement Agent and/or other authorised operators (collectively, the “**Relevant Persons**”), for the purpose of facilitating your application for the Placement Shares, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Persons of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Persons may do anything or disclose any Personal Data or matters without notice to you if the Relevant Persons consider them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”); and

- (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Sponsor and Issue Manager and/or the Placement Agent will infringe any such laws as a result of the acceptance of your application.
18. Our acceptance of applications will be conditional upon, among others, our Company, the Sponsor and Issue Manager and the Placement Agent, being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for the listing and quotation of all our existing Shares, the New Shares, the ZC Shares and the Award Shares on Catalist;
 - (b) the Management and Sponsorship Agreement and the Placement Agreement referred to in the “Sponsorship, Management and Placement Arrangements” section of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as the Company may determine; and
 - (c) the Authority, the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, has not issued a stop order under the SFA (“**Stop Order**”) which directs that no further shares to which this Offer Document relates be allotted or issued.
19. In the event that a Stop Order pursuant to Section 242 of the SFA is served by the Authority, the SGX-ST, acting as agent on behalf of the Authority or other competent authority and applications to subscribe for the Placement Shares have been made prior to the Stop Order, and:
- (a) in the case where the Placement Shares have not been issued, we will (as required by law), and subject to the SFA, deem all applications withdrawn and cancelled and our Company shall refund (at your own risk) all monies paid on account of your application for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or
 - (b) in the case where the Placement Shares have already been issued but trading has not commenced, the issue of the Placement Shares shall (as required by law) be deemed void, and our Company shall, within 14 days from the date of the Stop Order, refund all monies paid on account of your application for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk), and

you shall not have any claims against our Company, the Sponsor and Issue Manager and the Placement Agent.

This shall not apply where only an interim Stop Order has been served.

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20. In the event that an interim Stop Order in respect of the Placement Shares is served by the Authority, the SGX-ST, acting as agent on behalf of the Authority or other competent authority, no Placement Shares shall be issued during the time when the interim Stop Order is in force.
21. The Authority, the SGX-ST, acting as agent on behalf of the Authority or other competent authority is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and listed for quotation on a securities exchange and trading in the New Shares has commenced.
22. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the internet at the SGX-ST website (<http://www.sgx.com>) and through a paid advertisement in a major English language newspaper in Singapore.
23. We will not hold any application in reserve.
24. We will not allot Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
25. Additional terms and conditions for applications by way of Application Form are set out in the "Additional Terms and Conditions for Applications using Application Form" below.
26. All payments in respect of any application for the Placement Shares and any refund, shall be made in S\$.
27. No person in any jurisdiction outside Singapore receiving this Offer Document or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Placement Shares unless such offer or invitation could lawfully be made without compliance with any regulatory requirements in those jurisdictions.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORM

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in the "**TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE**" section in Appendix L of this Offer Document as well as the Constitution.

1. Your application must be made using the Application Form for Placement Shares or in such other manner as the Sponsor and Issue Manager and the Placement Agent may in their absolute discretion deem appropriate. **ONLY ONE APPLICATION** should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the Application Form and this Offer Document for the completion of the Application Form which must be carefully followed. **Our Company, the Sponsor and Issue Manager and the Placement Agent reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances or remittances which are not honoured upon their first presentation.**

2. Your Application Form must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Form, except those under the heading "**FOR OFFICIAL USE ONLY**", must be completed and the words "**NOT APPLICABLE**" or "**N.A.**" should be written in any space that is not applicable.

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4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names as they appear in your identity card (if applicants have such identification documents) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your constitution or equivalent constitutive documents must be lodged with our Company's Share Registrar. Our Company, the Sponsor and Issue Manager and the Placement Agent reserve the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You, whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporations.

If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

7. The completed and signed Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to MEMIONTEC HOLDINGS LTD. C/O BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 50 RAFFLES PLACE, #32-01 SINGAPORE LAND TOWER, SINGAPORE 048623** to arrive by **12.00 noon on 3 March 2020 or such other time as our Company may, in consultation with the Sponsor and Issue Manager and the Placement Agent, in its absolute discretion, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of the Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**MHL SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name, CDP Securities Account Number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. We reserve the right to reject any application which is accompanied by combined Banker's Draft or Cashier's Order for different CDP Securities Accounts. No acknowledgement or receipt will be issued by our Company or the Sponsor and Issue Manager and the Placement Agent for applications and application monies received.

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8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management and Sponsorship Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post at your own risk within five (5) Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of the Stop Order by the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.
9. Capitalised terms used in the Application Form and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Sponsor and Issue Manager and the Placement Agent and/or any party involved in the Placement, and if, in any event our Company and/or the Sponsor and Issue Manager and Placement Agent do not receive your Application Form, you shall have no claim whatsoever against our Company, the Sponsor and Issue Manager and the Placement Agent and/or any party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
 - (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 3 March 2020** or such other time or date as our Directors may, in consultation with the Sponsor and Issue Manager and the Placement Agent in their absolute discretion, decide:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (b) neither our Company, the Sponsor and Issue Manager and the Placement Agent nor any other party involved in the Placement will be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
 - (c) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (d) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;

APPENDIX L

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (f) in making your application, reliance is placed solely on the information contained in this Offer Document and none of our Company, the Sponsor and Issue Manager, the Placement Agent nor any other person involved in the Placement shall have any liability for any information not so contained;
- (g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
- (h) you irrevocably agree and undertake to subscribe for the number of the Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted to you in respect of your application. In the event that our Company, the Sponsor and Issue Manager or the Placement Agent decide to allot any smaller number of the Placement Shares or not to allot any Placement Shares to you, you agree to accept such decision as final; and
- (i) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of the Placement Shares that may be allotted to you.





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