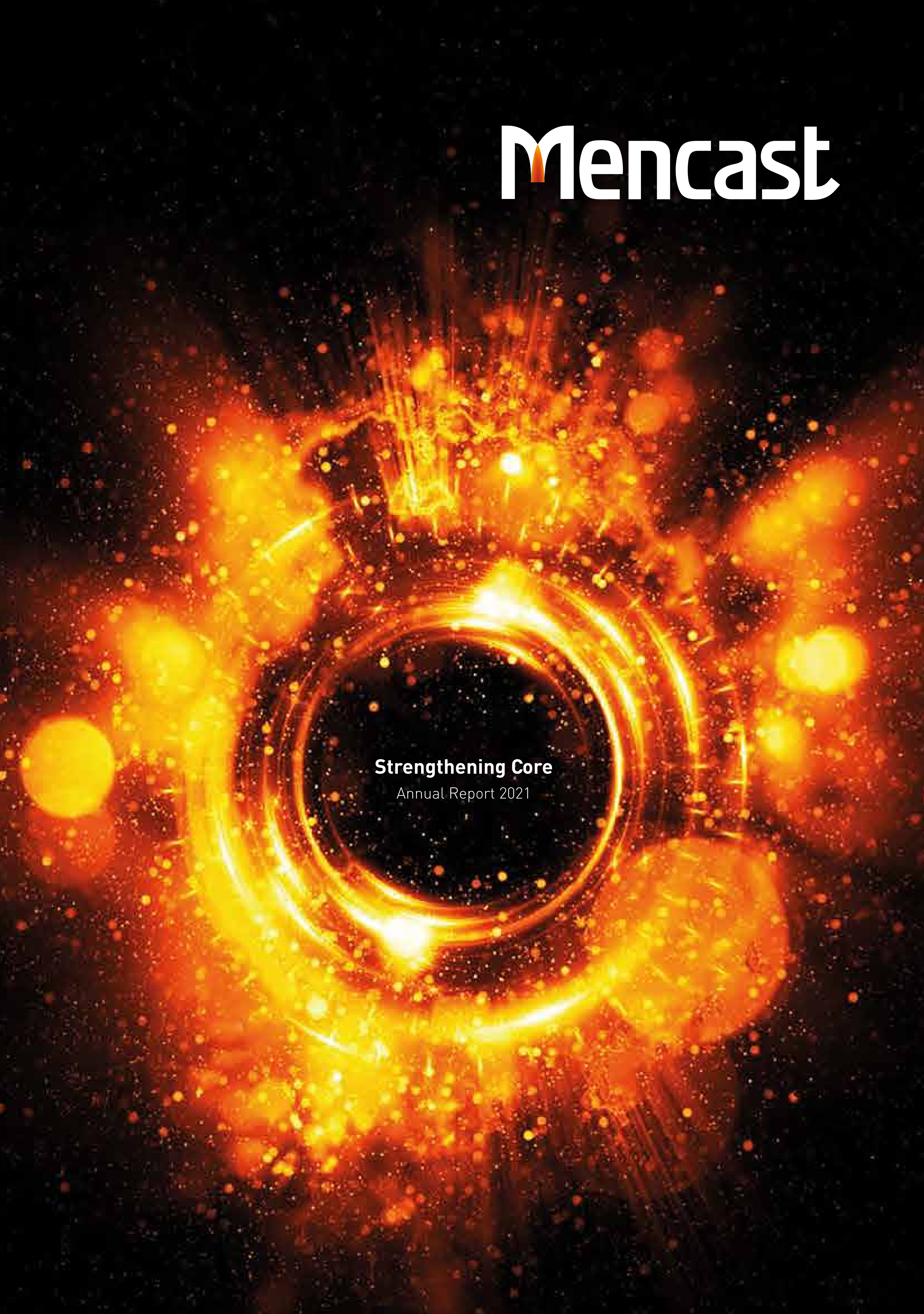

Mencast

Strengthening Core

Annual Report 2021

CONTENTS

CORPORATE PROFILE

Mencast Holdings Ltd. and its subsidiary corporations' ("**Mencast**" or the "**Group**") businesses support the movement of global goods and overall supply chain. These include stern gear manufacturing, Maintenance, Repair and Overhaul ("**MRO**") and the remediation and recycling of materials and wastes related to manufacturing and transport. We also have a growing innovation and manufacturing division focused on sustainable products and solutions.

Headquartered in Singapore, our Group was successfully listed in June 2008 as the first sponsor-approved listing on Singapore's SGX Catalist and later became the first such company to transfer to the SGX Mainboard.

From its establishment in 1981, the Group has grown into a leader in the manufacture and repair of propellers and sterngear equipment and has built on its core competencies to steadily expand business into new areas. These include waste management as well as innovation driven businesses.

Mencast constantly innovates to create customer value and drive sustainable business growth, which is led by the Mencast Innovation Centre Pte. Ltd. ("**MIC**"), an incubator that provides mentorship, facilities and networking opportunities for growth companies synergistic with our Group.

Mencast will continue to seek technology driven growth opportunities in MRO, environmental remediation, manufacturing and the recycling of waste product.

MISSION & STRATEGY

STRATEGY

REVENUE
- Seek new revenue streams
- Cross-selling
- Leverage existing capabilities into new markets

MARGINS
- Productivity and processes
- Rightsizing assets and operating overheads
- Lean costs

CAPITAL SPREAD
- High ROCE & ROE
- Low WACC
- Fund growth business

ENABLERS

"PARTNER PERFECT"
- Culture of adding value
- Leverage teamwork
- Ownership culture
- Leverage existing platform and relationships

TALENT
- Passion for performance
- Leverage teamwork
- Ownership culture

SCALE
- Cost efficiency
- Market presence
- Able to invest in R&D

FOCUS
- Excellence of execution
- Speed
- Invest in the best

VISION

Most admired MRO partner and employer in the world

CHAIRMAN'S MESSAGE

Dear Shareholders

Emerging from the Clouds

The past few years have been immensely challenging. It is considering this background that I am pleased to report that our Group this year recorded its second consecutive year of revenue and profit growth.

Beyond the improved financial performance, we have also innovated, strengthened our balance sheet, and built a future-ready organisation.

Sustainability is the future

Geopolitical tensions, COVID-19 and climate change is driving a paradigm shift in the global business landscape.

Public awareness of sustainability and how businesses operate are in the spotlight more than ever. The urgent need to address environmental and sustainability challenges has created an opportunity to build a strong market position and engage more closely with our partners and stakeholders.

In anticipation of these changes, Mencast has focused on making sustainability core to our businesses and a key engine of growth. This is at two levels – firstly, by leveraging innovation to create new business models, processes, and products. Secondly, by fulfilling the increasing market demand for higher efficiency and lower environmental impact.

Our waste remediation and recycling business has always been intrinsically sustainable, and we have further brought in new technologies that yield valuable oil products and fertiliser from waste products. In addition, we have invested significant resources into increasing the sustainability of all our other businesses.

Our propeller and stern gear manufacturing business is entering a multi-year partnership with a consortium of leading institutes to design next generation products with improved energy use, superior physical properties and lower environmental impact. This strategic partnership will help transform a traditional industry into a sustainable and future-proof modern business.

We are also working on new business models that will significantly reduce emissions in the manufacturing process.

The above are just some examples of our approach in building sustainable, future-proof businesses and there is more in the works.

The changes we are making strengthen, grow, and diversify our business operations. These transformational initiatives, along with a stronger balance sheet and prudent resource and cost management will enhance our market competitiveness and standing as a leading sustainability-based company.

Appreciation

The last few years have been tremendously challenging. We thank our directors and management team for their stewardship through the tough times. We also want to thank our staff for their tireless work and forward-looking spirit despite the numerous challenges faced.

Finally, we thank all our shareholders, bankers and business partners who have been so supportive of us during this time.

Sim Soon Ngee Glenndle
Executive Chairman and Chief Executive Officer

主席致词

敬爱的股东:

拨云见日

过去几年里我们面临的挑战此起彼伏，但即便在这种环境下，我很高兴地宣布，本集团今年的收入连续第二年获得增长，过去两年的成绩也取得盈利。

除了改善财务业绩外，我们还进行了创新，加强了资产负债表和建立了一个未雨绸缪的组织。

可持续性即是未来

紧张的地缘政治局势、COVID-19和气候变化也逐渐影响全球商业运营的模型。

公众对可持续性和企业运营方式的认识备受关注，这是前所未有的。对环境和可持续发展的迫切需求，为我们创造机会建立强大的市场地位也让我们与合作伙伴和利益相关者有紧密地互动。

为了应对这些变化，Mencast专注于将可持续性变成业务核心和增长的关键动力。这体现在两个层面上——首先，利用创新的商业模式、流程和产品的杠杆作用。其次，满足市场对更高效率和更低环境影响的日益增长的需求。

我们的废物整治和回收业务一直具有内在的可持续性，而且我们进一步引入了新技术，从废物中生产有价值的石油产品和肥料。此外，我们还投入了大量资源来提高公司其他业务的可持续性。

我们的螺旋桨和艉齿轮制造业务正在与领先的机构联盟，设计具有改进能源使用、卓越物理性能和更低环境影响的下一代产品。这种战略合作伙伴关系将有助于将传统行业转变为可持续发展的且不过时的现代商业。

我们还致力于开发新的商业模式，这能显着减少制造过程排放。

以上仅是我们建立可持续、面向未来业务的一些方法示例，还有更多项目正在进行中。

我们所进行的改变会加强和发展业务运营，将业务多样化。这些转型举措，加上更强劲的资产负债表和审慎的资源与成本管理，将增强我们的市场竞争力，并确立作为可持续发展公司的领先地位。

感谢

过去几年一直充满挑战。我们感谢董事和管理团队在艰难时期的组织管理，我们还要感谢员工们在面临众多挑战的情况下仍坚持不懈地工作和勇往直前的精神。

最后，我们感谢在此期间一直支持我们的所有股东、银行家和商业伙伴。

沈询益
执行主席兼行政总裁

“Mencast专注于将**可持续性**变成业务**核心和增长**的关键动力。”

FINANCIAL HIGHLIGHTS

$'000	2017	2018	2019	2020	2021
Revenue	51,715	59,417	42,950*	46,872	51,283
Gross (loss)/profit	(4,162)	4,259	3,731*	12,617	13,587
(Loss)/profit before income tax	(80,189)	(9,104)	(8,346)*	5,902	4,797
Net (loss)/profit	(80,664)	(6,613)	(5,776)	5,196	6,626
Total assets	259,617	257,125	242,564	224,610	217,583
Property, plant and equipment	205,642	119,990	118,667	102,328	95,859
Cash and cash equivalents	14,741	16,385	18,314	15,604	14,307
Total liabilities	219,502	224,175	223,123	199,744	186,052
Total equity	40,115	32,950	19,441	24,866	31,531

* Restated

FINANCIAL REVIEW

RESILIENCE AND RECOVERY

Mencast reported a second year of consecutive revenue growth, after a long and extremely challenging period for the offshore industry. Our refocusing and diversification into non-offshore areas has reaped returns, and we were also profitable for the second straight year.

Revenue

Group's revenue rose 9% to $51.3 million, buoyed by a strong performance from the Marine segment.

Revenue from the Marine segment rose 24% to $27.3 million in FY2021 mainly due to higher deliveries of new build propellers and increased diving and MRO (maintenance, repairs and overhaul) services.

Revenue from Offshore & Engineering fell 6% to $9.8 million in FY2021 due to scaling back of the rope access business and slightly lower orders for the heat exchangers and precision engineering businesses. Steel fabrication increased $1.6 million or 51% to $4.7 million due to higher customer demand.

Revenue from waste treatment decreased a marginal 3% to $14.2 million in FY2021, due to slightly lower work orders from a major customer.

Cost of sales, gross profit, and gross profit margin

Cost of sales increased by 10%, marginally above the increase in revenue of 9% due to cost inflation. Gross profit rose 8% to $13.6 million in FY2021, and gross profit margin was relatively stable at 27% for both financial years ended FY2021 and FY2020.

Costs and expenses

Administrative expenses decreased 5% to $10.9 million, largely due to lower legal and professional fees in FY2021 as compared to the prior year. Finance expenses declined 32% to $3.9 million due to lower interest rates charged and a debt reduction as part of our program to divest non-core assets.

Share of profit from associated companies rose to $0.5 million due to better performance from them during the year.

Profitability

As a result of the above, our Group recorded a net profit after tax of $6.6 million in FY2021 as compared to $5.2 million in FY2020.

Balance sheet

Current and non-current assets

Current assets as at 31 December 2021 decreased by $0.6 million to $112.5 million. Non-current assets decreased by $6.4 million from $111.5 million as at 31 December 2020 to $105.1 million as at 31 December 2021 mainly due to a decrease in property, plant and equipment and deposits amounting to $6.3 million.

Current and non-current liabilities

Current liabilities as at 31 December 2021 increased by $2.2 million to $90.3 million. This was primarily due to an increase in current borrowings of $1.8 million, which grew mainly due to the reclassification of certain borrowings from non-current to current. Trade payables also increased, mainly in the Marine and Offshore & Engineering segments due to business growth.

Non-current liabilities declined by $15.8 million, from $111.6 million as at 31 December 2020 to $95.8 million as at 31 December 2021. The decrease in non-current liabilities was due to the reclassification of certain borrowings to current liabilities as explained earlier and a decrease in deferred income tax liabilities.

Cash and Cashflow

The cash and cash equivalents of the Group as at 31 December 2021 was approximately $14.3 million, a decrease of $1.3 million.

Net cash inflow from operating activities was $18.8 million in FY2021, with operating cash flow before working capital changes of $18.3 million and net increase on working capital of $0.5 million.

Net cash used in investing activities for FY2021 was $3.3 million. This mainly comprised additions to property, plant and equipment of $3.9 million for capacity expansion in the Energy Services segment and was offset by dividends received from an associated company of $0.5 million.

Net cash used in financing activities of $16.8 million during FY2021 was a result of payments on term loans, lease liabilities and interests of approximately $16.9 million.

BOARD OF DIRECTORS

SIM SOON NGEE GLENNDLE

Executive Chairman & Chief Executive Officer

Glenndle Sim is the Executive Chairman & CEO of the Mencast Group, an Oil & Gas and Marine services company listed on SGX Mainboard. He is responsible for the strategic vision, overall management, operations and growth. As well as serving as Executive Chairman of the Board, Glenndle is a member of the Nominating Committee and Corporate Strategy & Communications Committee.

Glenndle was awarded "Best CEO" in year 2014 at the Singapore Corporate Awards in the category of companies with under $300 million in market capitalisation and EY Entrepreneur of the Year 2013 in the Marine and Offshore Engineering Services category.

Glenndle graduated from the National University of Singapore with a Bachelor in Business Administration and later obtained a Master of Business Administration from the University of Delaware in the USA. He is also a graduate of Harvard Business School's Owner/President Management Program. He was appointed to our Board on 30 January 2008 and was appointed as the Executive Chairman of the Board on 9 October 2009.

WONG BOON HUAT

Executive Director

Mr. Wong Boon Huat is the Executive Director of Operations for Mencast Group and a member of the Corporate Strategy & Communications Committee. He is responsible for the operations across Mencast's Offshore & Engineering, Marine and Energy Services segments. He also oversees the formulation and implementation of the Group operation's plans and policies.

Boon Huat founded Top Great Engineering & Marine Pte Ltd, and has been involved in various vocations within the Marine industry. Armed with more than 30 years of experience in the industry, Boon Huat has contributed significantly to the development and growth of Mencast Group. He was appointed to our Board on 4 August 2011.

SUNNY WONG FOOK CHOY

Lead Independent Director

Mr. Sunny Wong is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. A practising advocate and solicitor of the Singapore Supreme Court, Sunny was founder and managing director of the legal firm Wong Tan & Molly Lim LLC, where he is currently a consultant.

Sunny graduated from the National University of Singapore with a Bachelor of Laws (Honours) and is currently also a Non-Executive Director of Civmec Limited, Excelpoint Technology Ltd and InnoTek Limited. He joined the Board on 29 May 2008.

LEOW DAVID IVAN
Independent Director

Mr. David Leow is the Chairman of the Audit Committee, the Chairman of the Corporate Strategy & Communications Committee and a member of the Remuneration Committee. He is a Lead Independent Director of SGX listed Trans China Automotive Holdings Limited, and a director of the Chartered Accountants Australia and New Zealand (Singapore) Private Limited, CAP Management Limited and MEC Asian Fund. He is also a Managing Director of Thaler Global Pte Ltd, a consultancy and investment firm in Singapore. He is also currently the CFO of Ufinity Group Pte Ltd.

David has served in various senior roles including as Director of Business Development for Virgin Asia Management, Vice President of UOB Kay Hian's Equity Capital Markets Group, Vice President of the DBS Bank's Private Equity Group and Associate Director of Research of HSBC Securities in Singapore.

David is a charter holder with the Chartered Financial Analyst Institute, a Fellow of the Chartered Accountants of Australia and New Zealand, and a Chartered Accountant of Singapore. He holds a Bachelor of Commerce from the University of Western Australia and is a graduate of Harvard Business School's Owner/President Management Program. He joined the Board on 7 June 2013.

NG CHEE KEONG
Independent Director

Mr. Ng is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr. Ng joined PSA Corp in 1971 and has held various positions including Group President & CEO, President & CEO (Singapore region) and Global Head of Technical and Operations Development. He retired in January 2005.

Chee Keong received a Bachelor of Social Science (Economics, Upper Honours) from the then University of Singapore. He was awarded the Public Administration Medal (Gold) by the Singapore Government in 1997. He is also an Independent Director of Samudera Shipping Line Ltd. He joined our Board on 9 October 2009.

KEY MANAGEMENT

CHRIS SAN
Chief Financial Officer

Mr. Chris San is a senior professional with over 20 years of experience in accounting, financial and corporate matters. From 2006 to early 2017, he served as Chief Financial Officer at two SGX listed companies, being New Toyo International Holdings Ltd and Superior Multi-Packaging Limited. Prior to this, he held the position of Group Financial Controller at New Toyo International Holdings Ltd.

He holds a Bachelor of Business degree in Accountancy from the Edith Cowan University, Western Australia and is a Fellow of CPA Australia.

PHUA POH CHENG, JACK
Vice President, Mencast Marine Division
Director, Sterngear Services

Mr. Jack Phua is the Vice President of the Marine Division, overseeing the development of Marine activities that include sterngear and propulsion manufacturing and services. He also holds the position of Director of Sterngear Services after he was appointed in July 2009. Jack is the co-founder of Recon Propeller & Engineering Pte Ltd ("**Recon**"). He is responsible for business development and customer relations, as well as managing the day to day operations of Sterngear business. Recon has been providing propeller repair and modification services to the worldwide Offshore Marine and Oil & Gas industries since 1986. Jack has more than 30 years of technical and management experience in the shipbuilding, ship repair and ship maintenance industry and has been instrumental in the growth and development of Recon.

CHENG SHAO RONG
Senior Manager, Operations of Mencast Engineering Pte. Ltd.

Mr. Cheng Shao Rong holds the role of Senior Manager in charge of operations at Mencast Engineering Pte. Ltd. since his appointment in December 2011. His scope of responsibilities includes the planning, supervision of projects and staff to ensure smooth execution and timely delivery of upstream precision engineering tools and equipment for the customers. He has more than 30 years of experience in the field of precision engineering, including more than 15 years of recent experience with Team Precision Engineering. Shao Rong has an in-depth knowledge of CNC machines and workshop production techniques, having risen up through the rank and file from a machine operator.

AUNG WUNNA, EDWARD
Head, Environmental Division of
Mencast Offshore & Marine Pte. Ltd.

Mr. Edward Aung is the Head of the Environmental division in Mencast Offshore & Marine Pte. Ltd. He is the key decision maker for Environmental division projects and his responsibilities include leading, planning and execution of projects, conducting technical reviews and assisting in major issues. An engineer by training, Edward graduated with a Master of Science in Project Management from the National University of Singapore prior to joining in 2005.

WONG BOON HWEE

Head, Marine Division of Mencast Offshore & Marine Pte. Ltd.

Mr. Wong Boon Hwee is the Head of the Marine Division in Mencast Offshore & Marine Pte. Ltd. His responsibilities include the planning of project processes and procedures, optimising resource management of project activities, overseeing the day-to-day operations of projects and leading a cross-functional team in the timely manner while maintaining a high quality in execution of projects. Boon Hwee has more than 20 years of experience in the Marine industry and is essential to the functionality of Mencast Offshore & Marine Pte. Ltd. Boon Hwee is the brother of our Executive Director, Mr. Wong Boon Huat.

CHEN WEILUN, EDWIN

Assistant General Manager of Mencast Marine Pte Ltd

Mr. Edwin Chen is the Assistant General Manager of Mencast Marine Pte Ltd. He is responsible for the business development and operation of Marine activities that include sterngear and propulsion manufacturing services. Edwin holds a Bachelor's degree in Mechanical Engineering from Nanyang Technological University of Singapore. He joined the Group in Aug 2013 as a QA Engineer and rose to the rank of Asst QA Manager, QA Manager and in June 2020, was appointed AGM.

DR. CHIA BOON TAT

Head of Research & Development, Mencast Holdings Ltd.
Deputy Director, Mencast Innovation Centre Pte. Ltd.

Dr. Chia Boon Tat has over 20 years of experience in technology development and commercialisation. He has been the Head of Research and Development in Mencast since 2014. From 1997 to 2002, he was EVP of Technology and Strategy at SGX-listed Keppel Telecoms & Transportation Ltd. From 2003 to 2006, he was Managing Director of Nexwave Technologies Pte Ltd, a fully owned subsidiary of SGX-listed Telechoice Ltd. From 2007 to 2013, he was the Founder and CEO of Interactive Microorganisms Laboratories Pte. Ltd. Dr. Chia is also an adjunct lecturer teaching entrepreneurship courses at the Nanyang Technological University. Dr. Chia graduated with a Doctorate degree from the Institut National Polytechnique de Grenoble, France.

CORPORATE SOCIAL RESPONSIBILITY

At Mencast, aside from environmental protection and preservation, we are also committed in doing our part for our community.

COVID-19 restrictions prevented us from visiting, but Mencast was able to continue our support to Sunlove Home, a charitable home elder care centre for the intellectually infirmed.

In 2021, it was our honour to distribute dietary appropriate meals for the 500 residents and staff of this home.

Sustainable waste management keeps our environment clean and green

Mencast provides islandwide waste management services for our valuable clients in industries such as Refinery, Oil & Gas, Marine, Power Generation, Pharmaceutical and Semiconductor.

To facilitate the increasing demand of our clients, Mencast is in the process of upgrading and expanding our plant capacity and facility by adopting optimized technology.

Mencast's waste management team has always been committed to being a one-stop waste management solutions provider by complying with the HES requirements.

GROUP STRUCTURE

MENCAST HOLDINGS LTD

MARINE

- 100% **MENCAST MARINE PTE LTD** (Singapore)[a]
  - 100% **MENCAST MARINE (HK) LIMITED** (Hong Kong)[e]
  - 100% **STONE MARINE MENCAST PTE. LTD.** (Singapore)[a]
- 100% **RECON PROPELLER & ENGINEERING PTE LTD** (Singapore)[a]
- 100% **MENCAST SUBSEA PTE. LTD.** (Singapore)[a]
  - 100% **UNIDIVE MARINE SERVICES (MALAYSIA) SDN BHD** (Malaysia)[c]
  - 100% **UNIDIVE OFFSHORE PRIVATE LIMITED** (Singapore)[a]

OFFSHORE & ENGINEERING

- 100% **MENCAST OFFSHORE & MARINE PTE. LTD.** (Singapore)[a]
  - 100% **TOP GREAT HOLDINGS PTE. LTD.** (Singapore)[a]
    - 100% **TOP GREAT ENGINEERING SERVICES LLC** (Oman) (In the process of Member's Voluntary Winding Up)
- 100% **TOP GREAT ENGINEERING & MARINE PTE LTD** (Singapore)[a]
  - 100% **PT. MENCAST OFFSHORE & MARINE** (Indonesia)[b]
- 100% **S&W PTE LTD** (Singapore)[a]
- 100% **S&W PROCESS EQUIPMENT (CHANGSHU) CO. LTD.** (China)("SWP")[d][h]
- 100% **MENCAST ENGINEERING PTE LTD** (Singapore)[a]
  - 100% **CHINYEE ENGINEERING & MACHINERY PTE LTD** (Singapore)[a]

ENERGY SERVICES

- 70% **MENCAST ENERGY PTE. LTD.** (Singapore)[a]
  - 100% **MENCAST ENERGEERS PTE. LTD.** (Singapore)[a]
  - 20% **VAC-TECH ENGINEERING PTE LTD** (Singapore)[a]

- 100% **MENCAST PROCUREMENT (SINGAPORE) PTE. LTD.** (Singapore)[a]
- 100% **MENCAST INNOVATION CENTRE PTE. LTD.** (Singapore)[a]
- 100% **MENCAST INVESTMENT HOLDINGS PTE. LTD.** (Singapore)[a]
  - 50% **VIRESTORM PTE. LTD.** (Singapore)[a]
- 49.73% **MENJI PTE. LTD.** (Singapore)[a][g]
  - 100% **MENJI Technology Development (Shanghai) Co., Ltd.** "Menji (Shanghai)"[d][f][g]

NOTE:

(a) Audited by Nexia TS Public Accounting Corporation, Singapore
(b) Audited by Riyanto, SE, AK, Indonesia
(c) Audited by Nexia SSY PLT, Malaysia, a member firm of Nexia International
(d) Audited by Shanghai Nexia TS CPAS, a member firm of Nexia International
(e) Audited by Eden & Co., Certified Public Accountants (Practising), Hong Kong
(f) Legal completion of acquisition of Menji (Shanghai) was on 20 August 2021
(g) Accounted as an associated company after dilution of shareholdings on 30 September 2021
(h) Disposed 100% shareholdings on 11 February 2022

FINANCIAL CONTENTS

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "**Board**") of Mencast Holdings Ltd. (the "**Company**") is committed to achieving a high standard of corporate governance within the Company and its subsidiary corporations (the "**Group**") and to put in place effective self-regulatory corporate practices to protect the interests of the Company's shareholders ("**Shareholders**") and enhance long-term Shareholders' value. This statement outlines the main corporate governance practices that were in place during the year.

The Company adopts practices based on the Code of Corporate Governance 2018 (the "**Code**"). The Board is pleased to report on the compliance of the Company with the Code except where otherwise stated and such compliance is regularly reviewed to ensure transparency and accountability. Reasons have been provided for any deviation from complying with and adhering to the principles and guidelines of the Code.

BOARD MATTERS

<u>The Board's Conduct of Affairs</u>

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provisions of the Code

1.1 *Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.*

Group's Corporate Governance practices

The current Board of the Company has five directors which comprises of an Executive Chairman and Chief Executive Officer ("**CEO**"), an Executive Director and three Non-Executive Independent Directors ("**Independent Directors**"). The Board is collectively responsible for the long-term success of the Company and works with Management to achieve this objective and Management remains accountable to the Board.

The Board's role is to:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of Shareholders' interest and the Company's assets;
- review the performance of Management;
- set the Group's values and standards (including ethical standards), and ensure that obligations to Shareholders and other stakeholders are understood and met;
- identify the key stakeholders groups and recognise that their perceptions affect the Company's reputation; and
- consider sustainability issues such as environmental and social factors, as part of its strategic formulation and governance factors as part of the Board's strategic formulation.

All directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

Apart from its statutory duties and responsibilities, the Board supervises the management of the businesses and affairs of the Group. The Board reviews and approves the Group's strategic plans, key operational initiatives, major funding and investment proposals, reviews management performance, identifies the key stakeholder groups and recognises that their perceptions affect the Company's reputation, identifies principal risks of the Group's businesses and establishes a framework of prudent and effective controls which enables risks to be assessed and managed; set the Company's values and standards (including ethical standards), and ensures that obligations to Shareholders and other stakeholders are understood and met as well as considers sustainability issues such as environmental and social factors as part of its strategic formulation.

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the approval of the Company's half year and annual financial results, annual report and accounts, major investments and funding, material acquisitions and disposal of assets and interested person transactions of a material nature.

The Board has clear policies and procedures for dealing with conflicts of interest. Where a director faces a conflict of interest, the director will disclose this and recuse himself from meetings and decisions involving the issue. The Company has established procedures for all interested persons transactions and are reviewed and approved by the Audit Committee and that these transactions are conducted on an arm's length basis.

The Board also deliberates and makes decisions on capital structure, funding, dividend payments and other matters such as those that may involve a conflict of interest.

The Group's business is effectively managed by the Board and properly conducted by Management and the Board ensures that proper observance of corporate governance practices, appropriate tone-from-the-top, desired organisational culture and ensure proper accountability within the Group. The Board has put in place a Code of Conduct and Ethics for the Board. The Code of Conduct and Ethics will be made available on the Company's intranet and website after approval and adoption by the Board.

1.2 *Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.*

The Company is responsible for arranging and funding the training of directors. The directors are provided with updates on the relevant laws, financial reporting standards, Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), codes and regulations to enable them to make informed decisions. Directors are informed and encouraged to attend relevant courses conducted by the Singapore Institute of Directors (SID), Singapore Exchange Limited, business and financial institutions, and consultants.

Newly appointed directors, if any, will be provided with a formal letter of appointment and receive comprehensive induction briefings and orientations by the Executive Directors and Management to ensure that they are familiar with the Group's business, strategic directions and policies, the regulatory environment in which the Group operates and the Company's corporate governance practices.

1.3 *The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring Board approval are disclosed in the company's annual report.*

The Group has in place detailed guidelines that set forth all the matters reserved for the Board's decision and which provide Management with clear directions on the matters that require the prior approval of the Board, such as financial authorisation limits for operating and capital expenditure and other matters that fall outside the annually approved budgets, the drawing down or obtaining of credit lines and the acquisition and disposal of material assets and investments.

1.4 *Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.*

To facilitate effective management, certain functions have been delegated by the Board to the following committees ("**Board Committees**"):

- Audit Committee ("**AC**")
- Nominating Committee ("**NC**")
- Remuneration Committee ("**RC**")
- Corporate Strategy and Communications Committee ("**CSCC**")

CORPORATE GOVERNANCE STATEMENT

These Board Committees operate under clearly defined terms of references and operating procedures and are given specific responsibilities and are empowered to deal with matters within the limits of the authority set out in the terms of reference of their appointments. They assist the Board operationally without the Board losing authority over major issues.

The Chairman of the respective committees reports the outcome of all committee meetings to the Board.

1.5 *Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.*

The Board meets formally at least four times in a year. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by the circumstances.

The Company's Constitution also provides for telephone conference and video conferencing meetings. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolution. Directors may, at any time, request for further explanation, briefings or informal discussions on any aspect of the Group's operations or business issues from Management.

The attendance of the Directors at meetings of the Board and Board Committees, and general meetings for the financial year ended 2021 ("**FY2021**") as well as the frequency of these meetings, are disclosed as follows:

	Board	**AC**	**NC**	**RC**	**CSCC**	**Annual General Meeting ("AGM")**	**Extraordinary General Meeting ("EGM")**
No. of meetings held	**4**	**4**	**1**	**1**	**1**	**1**	**1**
	No. of meetings attended						
Sim Soon Ngee Glenndle	4	4*	1	1*	1	1	1
Wong Boon Huat	4	4*	1*	1*	1	1	1
Sunny Wong Fook Choy	4	4	1	1	1*	1	1
Leow David Ivan	4	4	1*	1	1	1	1
Ng Chee Keong	4	4	1	1	1*	1	1

* By Invitation

The meeting schedule for the Board and each of the Board Committees is firmed up before the end of each financial year for the next year so that all directors can arrange their schedules accordingly. If directors are unable to attend any meeting, valid reasons are required to be provided. If any director's attendance falls below 75%, his performance shall be critically reviewed by the NC.

CORPORATE GOVERNANCE STATEMENT

1.6 *Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.*

Directors are regularly updated by Management on developments within the Group. To assist the Board in fulfilling its responsibilities, the Board will be provided with management reports containing complete, adequate and timely information and papers containing relevant background or explanatory information required to support the decision-making process prior to Board meetings and whenever necessary. Detailed papers are circulated as necessary for items requiring the Board's approval.

1.7 *Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.*

The Management of the Company provides Board members with quarterly management accounts and other financial statements to enable the Board to fulfil its responsibilities. Management provides the Board members with information relevant to matters on the agenda for the meeting prior to each committee meetings. Board members have full and independent access to Senior Management and the Company Secretary at all times. In the furtherance assess of their duties, the Board or an individual Board member may seek independent professional advice, if necessary, at the Company's expense.

The Company Secretary or his representative attends all of the Board and Board Committees' meetings as required by the Board and is responsible for ensuring that Board procedures are being followed and the Company complies with the requirements of the Singapore Companies Act 1967 (the "**Act**"), and other rules and regulations, which are applicable to the Company.

The appointment and removal of the Company Secretary is a decision taken by the Board as a whole.

Board Composition and Guidance

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

Provisions of the Code

2.1 *An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.*

Group's Corporate Governance practices

The Company believes that there should be a strong and independent element in the Board to exercise objective judgment on corporate affairs.

The Board currently has five members, comprising two Executive Directors and three Independent Directors. As at the date of this report, the Board comprises the following members:

Sim Soon Ngee Glenndle	Executive Chairman and CEO
Wong Boon Huat	Executive Director
Sunny Wong Fook Choy	Lead Independent Director
Ng Chee Keong	Independent Director
Leow David Ivan	Independent Director

CORPORATE GOVERNANCE STATEMENT

2.2 *Independent directors make up a majority of the Board where the Chairman is not independent.*

The three Independent Directors make up a majority of the board given that the Chairman is not independent. Mr. Sunny Wong Fook Choy ("**Mr. Sunny Wong**"), Mr. Ng Chee Keong and Mr. Leow David Ivan are considered to be independent as they have no relationship with the Company, its related corporations, substantial shareholders or Management that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgment with a view to the best interest of the Company. Please refer to the section entitled "Board of Directors" of the Annual Report for further details on the directors.

2.3 *Non-executive directors make up a majority of the Board.*

The Independent Directors have at least 4 regular meetings with Management to keep abreast of the Group's business, financial performance and strategy plans. The Independent Directors have been actively participating in discussions and decision-making at the Board and the Board Committees' levels, and had open discussions with Management. Management regularly puts up proposals or reports for the Board's consideration and approval, for instance, proposals relating to specific transactions or general business direction or strategy of the Group. The Independent Directors will then evaluate these proposals or reports and where appropriate, provide guidance to Management.

2.4 *The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.*

The Board is of the opinion that the current size and composition of the Board and Board Committees are appropriate for decision-making, taking into account the scope and nature of the Group's operations.

The Board consists of high calibre members with a wealth of experience and knowledge in business. They contribute valuable direction and insight, drawing from their vast experience in matters relating to accounting, finance, legal, business, industry knowledge and general corporate matters. The NC is of the opinion that the current Board composition represents a well-balanced mix of expertise and experience to provide core competencies necessary to meet the Company's requirements. The Board constantly reviews the adequacy of the board size taking into consideration the size and operations of the Company.

The Board has put in place a Board Diversity Policy which will take into consideration criteria such as qualification, age, gender, skill, experience and knowledge in various fields and relevant industries.

The Board considers candidates based on their qualifications and required contribution to the Group's business and governance, while also working towards achieving diversity. The Board believes this approach reflects an appropriate balance between delivering business performance, growing shareholder returns, and progressing diversity.

The Board also recognises the importance and value of gender diversity in the composition of the Board. There is currently no female Board director and the Board will work towards achieving this in the future.

2.5 *Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.*

The Independent Directors meet regularly without the presence of Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors and to ensure that Board matters can be effectively discussed independently from Management as and when necessary. Such meetings are arranged by the Lead Independent Director as warranted by the circumstances. The Lead Independent Director provides feedback to the Executive Chairman after such meetings.

CORPORATE GOVERNANCE STATEMENT

Chairman and Chief Executive Officer

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

Provisions of the Code

3.1 *The Chairman and the Chief Executive Officer ("**CEO**") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.*

3.2 *The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.*

Group's Corporate Governance practices

Mr. Sim Soon Ngee Glenndle ("**Mr. Glenndle Sim**") is both the Executive Chairman of the Board and the CEO of the Company. As the Executive Chairman and the CEO, he gives guidance on the corporate direction of the Group, which includes the scheduling and chairing of Board meetings and controlling the quality, quantity and timeliness of information supplied to the Board.

The other roles of the Executive Chairman include the following:
- promote a culture of openness and debate at the Board meeting;
- ensure effective communication with Shareholders;
- encourage constructive relations within the Board and between the Board and Management;
- facilitate the effective contribution of independent directors; and
- promote high standards of corporate governance.

As the CEO, Mr. Glenndle Sim sets the business strategies and directions for the Group and manages the business operations of the Group.

The Board is of the opinion that based on the Group's current size and operations, it is not necessary to separate the roles of the Executive Chairman and the CEO. The Board is also of the view that it is in the best interests of the Company to adopt a single leadership culture.

The Board also views that vesting the roles of both the Executive Chairman and CEO on Mr. Glenndle Sim, who has been playing a pivotal and instrumental role in developing the Group's businesses and providing the Group with strong leadership and vision, would allow for more effective planning and execution of business strategies.

To enhance the independence of the Board, Mr. Sunny Wong, the Lead Independent Director of the Company, coordinates the activities of the Independent Directors and act as the principal liaison between the Independent Directors and the Executive Chairman on sensitive issues.

The AC, NC, RC and CSCC of the Company are also chaired by Independent Directors. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision-making by the Directors is independent and based on collective decision-making without Executive Chairman and CEO of the Company being able to exercise considerable concentration of power or influence.

The Board has put in a Terms of Reference of the Executive Chairman/CEO and Lead Independent Director which will spell out their respective key roles and responsibilities. The Board believes that the Company's practices are consistent with the intent of Principle 3 of the Code.

CORPORATE GOVERNANCE STATEMENT

3.3 *The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.*

Mr. Sunny Wong is the Lead Independent Director of the Company. He plays a facilitative role within the Board, and where necessary, he may facilitate communication between the Board and shareholders or other stakeholders of the Company. The Company has communicated clearly to the shareholders and other stakeholders on how Mr. Sunny Wong can be contacted and hence providing a channel to Independent Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions of the Code

4.1 *The Board establishes a Nominating Committee ("**NC**") to make recommendations to the Board on relevant matters relating to:*

Group's Corporate Governance practices

The Company believes Board renewal to be an on-going process and is required to ensure good corporate governance as well as to maintain relevance to the changing needs of the Group's business.

The principal functions of the NC include:
- making recommendations to the Board on the appointment and re-appointment of Directors;
- making plans for succession for directors, in particular for the Executive Chairman and CEO;
- assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director to the effectiveness of the Board;
- reviewing the training and professional development programs for the Board;
- evaluating the independence of the Directors; and
- regularly reviewing the Board structure, size and composition having regard to the scope and nature of the operations of the Group and the core competencies of the Directors as a group.

(a) *the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;*

The Board understands the importance of succession planning as being an important part of corporate governance. Board membership will be reviewed and refreshed in a progressive manner to avoid disruption to the institutional memory. The Board has put in place a succession planning policy for the Board and key management personnel. The NC also reviews succession and development plans for key management personnel, which will be subsequently approved by the Board.

(b) *the process and criteria for evaluation of the performance of the Board, its Board committees and directors;*

The structure, size and composition of the Board are reviewed periodically by the NC to ensure their relevance. The NC takes into consideration factors such as the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

The NC evaluates the Board's effectiveness as a whole, Board Committees and the contribution of each director to the effectiveness of the Board. The Board has adopted a system of evaluating the effectiveness of the Board's, Board Committees' and individual director's performance, through principally a self-assessment process on factors such as size, skills, expertise and communications of the Board and its ability to account, provide oversight and guide the Company. The completed evaluation forms were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the effectiveness of the Board, Board Committees and individual directors. Following the review, the Board is of the view that the Board and Board Committees operate effectively, and each director is contributing to the overall effectiveness of the Board.

(c) the review of training and professional development programmes for the Board and its directors; and

The NC reviews the skill, training and professional development needs and programs for the Board and its directors regularly to ensure that the directors possess the required skills and knowledge to function as an effective Board.

(d) the appointment and re-appointment of directors (including alternate directors, if any)

The process for the selection and appointment of all new directors is spearheaded by the NC. When an existing director chooses to retire or the need for the appointment of a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate skills, expertise and experience for the appointment as new director and if necessary conduct external searches for an appropriate candidate with relevant skills or industry experience. The NC interviews each prospective candidate with appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and commitment required and makes its recommendations to the Board for approval and adoption.

The role of NC also includes the reviewing of the re-nomination of directors who retire by rotation, taking into consideration the director's integrity, independence, contribution and performance. Pursuant to the Company's Constitution, one-third of directors, including the CEO who also serves on the board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. This results in all directors having to retire at least once in three years. All newly appointed directors by the Board shall only hold office until the next AGM, and be eligible for re-election at the AGM. A director who is due for retirement shall abstain from voting on any resolution in respect of his re-nomination as a director.

At the upcoming AGM, Mr. Leow David Ivan and Mr. Sunny Wong shall retire and being eligible, have agreed to stand for re-election.

The Board would generally avoid approving the appointment of alternate directors, unless in exceptional cases of medical emergency. No alternate director has ever been appointed to the Board since the Company was listed on SGX-ST.

4.2 The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

The NC comprises three directors, a majority of whom are non-executive and independent. The NC Chairman is the Lead Independent Director and is not directly associated with any substantial shareholder of the Company. The current members of the NC comprise the following:

- Mr. Sunny Wong (NC Chairman and Lead Independent Director)
- Mr. Glenndle Sim (Member, Executive Director)
- Mr. Ng Chee Keong (Member, Independent Director)

CORPORATE GOVERNANCE STATEMENT

4.3 *The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.*

Please refer to Principle 4.1(d) above.

4.4 *The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.*

The NC determines annually whether or not a director is independent in accordance with the guidelines on independence as set out in the Code, and considers, reviews and recommends to the Board any re-appointment of directors. Directors are required to disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any. Each Independent Director has completed a Director's Independence Declaration to confirm his independence based on the guidelines as set out in the Code for FY2021. The NC has reviewed and is satisfied with the independence of the Independent Directors.

The NC and Board have also rigorously reviewed the independence of Mr. Sunny Wong and Mr. Ng Chee Keong whose tenures exceed 9 years. Self and peer review assessments have been conducted by all the Board members on Mr. Sunny Wong and Mr. Ng Chee Keong. Based on the assessments and review, the NC is satisfied that Mr. Sunny Wong, Mr. Ng Chee Keong and Mr. Leow David Ivan continue to serve effectively as Independent Directors of the Company. In arriving at this view, the NC and Board considered the following factors:

(a) The need to ensure both continuity and renewal on the Board, as reflected in the current balance of directorship tenures;
(b) The complementary mix of skills contributed by the directors on the Company's board; and
(c) The ability to continue to act as Independent Directors and their records of independent directorship at the Company during their tenures.

With effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "**Two-Tier Voting**"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

Mr. Sunny Wong and Mr. Ng Chee Keong, who have served as Independent Directors of the Company for an aggregate term of more than nine years. The Company had sought approval at the AGM of the Company held on 30 April 2021 for their continued appointment as Independent Directors, respectively. The resolutions for the Two-Tier Voting were approved at the AGM of the Company held on 30 April 2021 and that Mr. Sunny Wong and Mr. Ng Chee Keong will continue as Independent Directors until the conclusion of the third AGM of the Company to be held in the year of 2024 or upon their retirement or resignation, whichever is earlier.

The NC and the Board have determined that Mr. Sunny Wong and Mr. Ng Chee Keong continue to remain objective and independent-minded in Board deliberations. Their vast experience enables them to provide the Board and the various Board Committees on which they have been serving, with pertinent experience and competence necessary to facilitate sound decision-making. The length of service does not in any way interfere with their ability to exercise of independent judgement nor hinder their ability to act in the best interest of the Company. After due consideration and careful assessment, and also having weighed the need for Board refreshment against tenure for relative benefit, the NC and the Board are of the view that Mr. Sunny Wong and Mr. Ng Chee Keong are able to continue to discharge their duties independently with integrity and competence. Mr. Sunny Wong and Mr. Ng Chee Keong have recused themselves from all NC and Board deliberations and decisions relating to each of their continued independence.

CORPORATE GOVERNANCE STATEMENT

Mr. Leow David Ivan was appointed as an Independent Director of the Company on 7 June 2013 and he will be reaching an aggregate period of 9 years serving on the Board as independent director of the Company on 6 June 2022. In order to comply with the requirements under SGX Listing Rule 210(5)(d)(iii) when Mr. Leow reaches his ninth-year threshold as independent director, the Company is seeking shareholders' approval on the continued appointment of Mr. Leow as an Independent Director of the Company via the Two-Tier Voting at this upcoming AGM.

The NC and the Board have also assessed the independence of Mr. Leow and have determined that Mr. Leow has demonstrated strong independence in character and judgment over the years in discharging his duties and responsibilities as an Independent Director of the Company. There were no circumstances which would likely affect or appear to affect his independent judgment and he has acted in the best interests of the Company. Mr. Leow's contributions in Board deliberations during the Board and Board Committee meetings, his in-depth knowledge of the Group's businesses and his diverse knowledge in the boards of other listed companies are considered valuable by the Board. The Board trusts that Mr. Leow is able to continue to discharge his duties independently with integrity and competency.

4.5 The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

A formal letter stating the duties and responsibilities of the director is given upon the appointment of the director to join the Board and an orientation program to better understand their director's duties and the Company's business is also conducted.

All directors are required to declare their board representations. When a director has multiple board representations, the NC will consider whether the director is able to adequately carry out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments.

The NC considers that the multiple Board representations held presently by the Directors do not impede their performance in carrying out their duties to the Company after taking into account their actual conduct on the Board and has ascertained that for the period under review, the Directors were able to carry out and had been adequately carrying out their duties as Directors of the Company.

The Board is satisfied that all of the Directors have given sufficient time and attention to the affairs of the Company and have discharged their duties adequately. There is no limit set on the number of other board representations which a Director may hold had been imposed by the NC as the Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest from serving on other boards.

CORPORATE GOVERNANCE STATEMENT

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board committees and individual directors.

Provisions of the Code

5.1 *The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.*

Group's Corporate Governance practices

The Board's performance is a function of the experience and expertise that each of the Directors bring with them. The NC would assess on an annual basis, the effectiveness of the Board as a whole. Each Director is required to complete a Board Performance Evaluation Form ("**Evaluation Form**") annually, to facilitate the NC in its assessment of the performance of the Board, the Board Committees and the Directors. Through the Evaluation Form, feedback is collated from the Board on various aspects of the performance of the Board, the Board Committees and the individual Directors, and the Company Secretary will compile the results of the evaluation form for the purpose of discussion during the NC meeting. During the meeting, the NC Chairman will then, based on the results, ascertain key areas for improvement and requisite follow-up actions. Following the review for FY2021, the Board is of the view that the Board and Board Committees operate effectively and each director is contributing to the overall effectiveness of the Board.

The dates of first appointment and last re-election of each Director, together with their current and preceding three years' directorship in other listed companies and other principal commitments, are set out below:

Further Information on Board of Directors

Sim Soon Ngee Glenndle
Executive Chairman & Chief Executive Officer
Date of first appointment as a director: 30 January 2008
Date of last re-election as a director: 30 April 2021

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
NC Member CSCC Member	Houston Technology Center Asia Pte. Ltd. MIS Investment Pte Ltd Mencast Energy Pte. Ltd.* Mencast Innovation Centre Pte. Ltd.* Mencast Investment Holdings Pte. Ltd.* Menji Pte. Ltd.# Menji Technology Development (Shanghai) Co., Ltd.# Singapore Heavy Engineering Pte. Ltd. Vac-Tech Engineering Pte Ltd# Virestorm Pte. Ltd.*	Mencast- KSE Pte. Ltd.

* Subsidiary corporations of Mencast Holdings Ltd.
# Associated company

CORPORATE GOVERNANCE STATEMENT

Wong Boon Huat
Executive Director
Date of first appointment as a director: 4 August 2011
Date of last re-election as a director: 30 April 2021

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
CSCC Member	Chinyee Engineering & Machinery Pte Ltd* Mencast Procurement (Singapore) Pte. Ltd.* Mencast Energeers Pte. Ltd.* Mencast Offshore & Marine group of Companies* Stone Marine Mencast Pte. Ltd.* Mencast Energy Pte. Ltd.* Mencast Engineering Pte. Ltd.* Mencast Innovation Centre Pte. Ltd.* Mencast Marine Pte Ltd* Mencast Marine (HK) Limited* Mencast Subsea group of companies* Recon Propeller & Engineering Pte Ltd* S&W group of Companies* Top Great group of Companies* Vac-Tech Engineering Pte Ltd# Mencast Investment Holdings Pte. Ltd.* Menji Pte. Ltd.# Virestorm Pte. Ltd.*	Mencast- KSE Pte. Ltd.

* Subsidiary corporations of Mencast Holdings Ltd.
# Associated company

Sunny Wong Fook Choy
Lead Independent Director
Date of first appointment as a director: 29 May 2008
Date of last re-election as a director: 25 April 2019

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
NC Chairman AC Member RC Member	Civmec Limited Excelpoint Technology Ltd. InnoTek Limited	Wong Tan & Molly Lim LLC WTML Management Services Pte Ltd KTL Global Limited

CORPORATE GOVERNANCE STATEMENT

Leow David Ivan
Independent Director
Date of first appointment as a director: 7 June 2013
Date of last re-election as a director: 26 June 2020

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
CSCC Chairman AC Chairman RC Member	Bitapple Singapore Pte Ltd Chartered Accountants Australia and New Zealand (Singapore) Private Limited CAP Management Limited MEC Asian Fund Thaler Global Pte Ltd Ufinity Group Pte Ltd Trans China Automotive Holdings Limited	Arcturus Capital Limited

Ng Chee Keong
Independent Director
Date of first appointment as a director: 9 October 2009
Date of last re-election as a director: 26 June 2020

Board Committee(s) served on	Current Directorship(s) / Principal Commitment(s)	Directorship(s) or Principal Commitment(s) held over the preceding 3 years
RC Chairman NC Member AC Member	Samudera Shipping Line Ltd	Jurong Port Ltd- Chairman Jurong Port Jakarta Holding Pte Ltd Jurong Port Marunda Holding Pte Ltd Rizhao Jurong Port Terminals Co Ltd. JTC Corporation

5.2 *The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.*

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance for FY2021. Where appropriate, the NC will consider such engagement. When it comes to evaluating the individual directors' performance, the NC has made available a process that would enable the members of the NC to assess the contribution of each individual to the effectiveness of the Board, taking into account numerous factors, including the directors' attendance, participation and contribution at the Board and various Board Committees meetings.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions of the Code

6.1 *The Board establishes a Remuneration Committee ("**RC**") to review and make recommendations to the Board on:*

(a) *a framework of remuneration for the Board and key management personnel; and*

(b) *the specific remuneration packages for each director as well as for the key management personnel.*

6.2 *The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.*

Group's Corporate Governance practices

The Company believes in adopting a formal and transparent procedure for determining the remuneration of the directors and Management so as to ensure that the level of remuneration is appropriate to attract, retain and motivate the directors and Management to run the Group successfully.

The RC comprises three Non-Executive Directors, all of whom are independent. The current members of the RC comprise the following:

- Mr. Ng Chee Keong (RC Chairman),
- Mr. Sunny Wong (Member, Independent Director)
- Mr. Leow David Ivan (Member, Independent Director)

6.3 *The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.*

6.4 *The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.*

The functions of the RC include:
- Recommending to the Board a framework of remuneration for the Board and the key executives of the Group, covering all aspects of remuneration such as Directors' fees, salaries, allowances, bonuses and benefits-in-kind;
- Proposing to the Board, appropriate and meaningful measures for assessing the executive Directors' performance;
- Determining the specific remuneration package for the CEO; and
- Considering and recommending to the Board the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration and details of the specific remuneration packages of the directors and key executives of the Group to those required by law or by the Code.

In performing its function, the RC endeavours to establish an appropriate remuneration policy to attract, retain and motivate senior executives and executive Directors, while at the same time ensuring that the reward in each case takes into account individual performance as well as the Group's performance.

No director is involved in any discussion relating to his own compensation and the terms and conditions of service and the review of his performance. There were no termination, retirement and post-employment benefits granted to directors, the CEO and the top five Key Management Personnel.

CORPORATE GOVERNANCE STATEMENT

The RC has access to professional advice from experts outside the Company on remuneration matters for Directors as and when necessary. The RC will ensure that existing relationships between the Company and its appointed consultants, if any, will not affect the independence and objectivity of the consultants. The Company will disclose the names and firms of the consultants, if any, and include a statement on whether the consultants have any such relationships with the Company. No remuneration consultant in respect of the remuneration matters of the Group was engaged during FY2021.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions of the Code

7.1 *A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.*

Group's Corporate Governance practices

The Company advocates a performance-based remuneration system for executive Directors and key executives that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus and participation in a performance share award scheme based on the Group's performance and linking it to the individual's performance.

In determining such remuneration packages, the RC ensures that they are adequate by considering, in consultation with the CEO, amongst other factors, the respective individuals' responsibilities, skills, expertise and contribution to the Group's performance, and whether they are competitive and sufficient to ensure that the Group is able to attract and retain the best available executive talents.

There is no contractual provision in the service contracts of Executive Directors and Key Management Personnel to allow the Company to reclaim incentive components from its Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Company.

The RC also administers the Company's share-based remuneration incentive plans, such as Mencast Performance Share Award Scheme 2021 ("**PSAS 2021**").

The rationale of PSAS 2021 is to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate the Group's Executive Directors, Key Management Personnel and selected employees when and after pre-determined performance target(s) have been achieved. Performance targets set under the PSAS 2021 are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The PSAS 2021 is to provide the Company with a more comprehensive set of remuneration tools and further strengthen its competitiveness in attracting and retaining superior talent.

The PSAS 2021 is structured to link rewards to corporate and individual performance and is aligned with the interests of Shareholders and promotes the long-term success of the Company.

During FY2021, the Company has granted 6,625,200 shares under the PSAS 2021.

The Company adopts a remuneration policy for all staff comprising fixed and variable components. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus, performance shares or share options that is linked to the Group and each individual's performance and value creation for the Company's stakeholders. The grant of performance shares and share options promotes ownership, accountability and long-term success of the Company.

The RC carries out annual reviews of the remuneration packages of the directors and the key management personnel, with regards to their contributions as well as the financial performance conditions, which included targets for sales and operating profit before tax of the Group, have been achieved during the year.

7.2 *The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.*

The RC takes into account the industry norms and standards, the contribution in terms of effort, time spent and responsibilities of each director when determining the remuneration packages of the Non-Executive Directors.

7.3. *Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.*

The remuneration framework for fixing directors' fee and the key management personnel remuneration adopted by the Company takes into consideration the need to pay competitively to attract, retain and motivate the Non-Executive Directors and the Management staff. In addition, the Independent Directors are not overly-compensated to the extent that their independence may be compromised. The directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at AGMs.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel. In exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company, the Board believes that remedies against the Executive Director(s) and senior management in case of such breach of fiduciary duties will be available.

Disclosure of Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions of the Code

8.1 *The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:*

(a) each individual director and the CEO; and

(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than $250,000 and in aggregate the total remuneration paid to these key management personnel.

Group's Corporate Governance practices

Please refer to Principle 7.1 to 7.3.

The Board has, on review, decided to disclose the remuneration of the Executive Chairman, CEO and the top five Key Management Personnel in remuneration bands of $250,000 and by a percentage breakdown in terms of categories and components, instead of disclosing the exact remuneration, given the competitive pressures in a specialised industry, potential for poaching of staff and other disadvantages that this might bring.

CORPORATE GOVERNANCE STATEMENT

The remuneration of Independent Directors is determined to be appropriate to the level of contribution. Independent Directors receive Directors' fees in accordance with factors such as responsibilities, effort and time spent for serving on the Board and Board Committees. The Directors' fees are recommended by the Board for approval by shareholders at the AGM of the Company.

No Directors participate in decisions on their own remuneration.

The Company has entered into Service Agreements with Mr. Glenndle Sim, the Executive Chairman and CEO for a fixed period of three years commencing from 25 June 2008 and Mr. Wong Boon Huat, the Executive Director for a fixed period of three years commencing from 4 August 2011, and thereafter each renewable for a fixed period of three years. The Service Agreements of Mr. Glenndle Sim and Mr. Wong Boon Huat were last renewed in November 2020.

The following table shows a breakdown of the annual remuneration of the Directors of the Group for FY2021.

Name of Executive Director	Salary and Other Benefits	Performance Bonus[1]	Directors' Fees[2]		Total
			Cash-Based	Share Based	
	%	%	%	%	%
$500,001 to $750,000					
Sim Soon Ngee Glenndle	73	27	-	-	100
$250,001 to $500,000					
Wong Boon Huat	69	31	-	-	100

Name of Independent Director	Salary and Other Benefits	Performance Bonus[1]	Directors' Fees[2]		Total
			Cash-Based	Share Based	
	%	%	%	%	%
$250,000 and below					
Sunny Wong Fook Choy	-	-	80	20	100
Leow David Ivan	-	-	80	20	100
Ng Chee Keong	-	-	80	20	100

Notes:
(1) Performance bonus is determined in accordance with the respective service agreement.
(2) Directors' fees are subject to Shareholders' approval at the AGM to be held on 29 April 2022.

For competitive reasons, the Company is not disclosing each individual Director's remuneration. Instead, the Company is disclosing their remuneration in bands of $250,000.

CORPORATE GOVERNANCE STATEMENT

The remuneration of the 7 Key Management Personnel of the Group (excluding the Executive Directors in the above table) is set out below:

Name of Key Management Personnel	Salary and Other Benefits	Performance Bonus[1]	Total
	%	%	
$250,001 to $500,000			
San Meng Chee	75	25	100
$250,001 and below			
Phua Poh Cheng, Jack	83	17	100
Cheng Shao Rong	83	17	100
Wong Boon Hwee	92	8	100
Aung Wunna, Edward	95	5	100
Chen WeiLun, Edwin	75	25	100
Chia Boon Tat	87	13	100

Notes:
(1) Performance bonus is determined in accordance with the respective service agreement.

The total remuneration paid to the 7 Key Management Personnel (who are not Directors or the CEO) of the Company in FY2021 is $1,179,000.

For FY2021, there is no termination, retirement and post-employment benefits granted to Directors, the CEO and the Key Management Personnel.

The Board is also of the view that the disclosure of the indicative range and percentage of the Directors' and Key Management Personnel remuneration provides a reasonable amount of information on the Company's remuneration framework to enable the shareholders to understand the link between the Company's performance and the remuneration of the Directors and the Key Management Personnel. The policy and criteria for setting remuneration are also enumerated under Principle 7.1 to 7.3 of the Code.

The Company believes that the Company's practices are consistent with the intent of Principle 8.1 of the Code and shareholders' interest will not be prejudiced as a result of such nondisclosure of the amounts and breakdown of remuneration of each director and key management personnel of the Company.

CORPORATE GOVERNANCE STATEMENT

8.2 *The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds $100,000 during the year, in bands no wider than $100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.*

The breakdown of the total remuneration of employees who are immediate family members of the Executive Directors for FY2021 is set out below:

Name of Employee	Salary and Other Benefits	Performance Bonus[1]	Total
	%	%	
$150,001 to $200,000			
Wong Boon Hwee	92	8	100

Notes:
(1) Performance bonus is determined in accordance with the respective service agreement.

Mr. Wong Boon Hwee is the brother of the Executive Director, Wong Boon Huat.

Other than as specified above, there are no immediate family members of a Director, CEO or substantial shareholder whose remuneration exceeds $100,000 for FY2021.

8.3 *The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.*

The Executive Director is not entitled to receive director's fees and the Independent Directors received only directors' fees and shares granted during the year.

For the Independent Directors' Fees in FY2021, they are receiving $139,584 in cash and the remaining $34,896 in share awards granted pursuant to the PSAS 2021.

Cash Component in the Directors' Fees
Each independent director receives a basic retainer fee. Independent directors who perform additional services in Board committees receive additional fees.

Share Component in the Directors' Fees
The PSAS 2021 consists of the outright grant of fully paid shares, without any vesting conditions attached.

The number of shares to be awarded to a participating independent director will be determined by reference to the Volume Weighted Average Price ("**VWAP**") of a share in the Company on the SGX-ST over the 5 trading days immediately after the Company's forthcoming AGM. The number of shares to be awarded will be rounded down to the nearest thousand, with cash to be paid in lieu of the remaining shares arising.

The Company has share-based remuneration incentive plans, such as the Mencast Performance Share Award Scheme 2021 ("**PSAS 2021**").

CORPORATE GOVERNANCE STATEMENT

The rationale of PSAS 2021 is to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate the Group's Executive Directors, key management and selected employees when and after pre-determined performance target(s) have been achieved. Performance targets set under the PSAS 2021 are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The PSAS 2021 is to provide the Company with a more comprehensive set of remuneration tools and further strengthen its competitiveness in attracting and retaining superior talent.

The PSAS 2021 is structured to link rewards to corporate and individual performance and is aligned with the interests of Shareholders and promotes the long-term success of the Company.

During FY2021, the Company has granted 6,625,200 shares under the PSAS 2021.

Please see Directors' Statement on Performance Shares and also Note 26 to the financial statements for further details on PSAS 2021.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provisions of the Code

9.1 *The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.*

Group's Corporate Governance practices

The Board and AC are assisted by the Enterprise Risk Management Committee ("**ERMC**") to evaluate the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. The ERMC was formed in year 2012 as part of the Group's efforts to strengthen its risk management processes and framework, in overseeing the formulation, update and maintenance of an adequate and effective risk management and internal control systems.

The ERMC oversees the risk management framework and policies of the Group. It is responsible for, among other things, reviewing the Group's strategy, policies, enterprise risk management framework, processes and procedures for identifying, measuring, reporting and mitigating key risks in the Group's businesses and operations.

The ERMC comprises the following members:

Name	Department	Designation	ERM Role
Glenndle Sim	Corporate	Executive Chairman/CEO	ERM Sponsor
San Meng Chee	Corporate	CFO	ERM Champion
Janis Anne Mojica	Corporate	Financial Controller	ERM Co-ordinator
Wong Boon Huat	Corporate	Executive Director	Member
Susan Tan	Corporate	Head of Admin & HR	Member
Phua Poh Cheng, Jack	Marine	Director - Mencast Marine Division	Member
Aung Wunna, Edward	Offshore & Engineering	Head of Environmental Division	Member
Chen WeiLun, Edwin	Marine	Assistant General Manager	Member

CORPORATE GOVERNANCE STATEMENT

The Company had engaged Mazars LLP as an independent consultant to assist in setting up the Enterprise Risk Management ('**ERM**') and to document the framework that enables Management to address the financial, operational, information technology and compliance risks of the key operating units. The process involved the identification of major risks through workshops conducted for the Group's various business units whereby the business units' key risks of financial, operational, information technology and compliance nature, as well as the countermeasures in place or required to mitigate these risks were summarised for review by the AC. The documentation provided an overview of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type in the business units and the various assurance mechanisms in place.

During FY2021, the Group's Independent Auditor and Internal Auditor had conducted annual review of the effectiveness of the Group's internal controls. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the AC.

The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

9.2 The Board requires and discloses in the company's annual report that it has received assurance from:

*(a) the CEO and the Chief Financial Officer ("**CFO**") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and*

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

The Board had received assurance from the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and regarding the effectiveness of the Company's risk management and internal control systems.

In addition, the CEO and CFO have given assurance to the Board that the risk management and internal control systems are adequate and effective in addressing the financial, operational, compliance and information technology risks.

The risk management and internal control procedures for financial, operational, compliance and information technology and their effectiveness and adequacy are reviewed by the ERMC and the Board and updated regularly to reflect changes in market conditions and the activities of the Group.

Based on the internal controls established and maintained by the Group, works performed by the Independent and Internal auditors, and reviews performed by the Management and AC, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate and effective as at 31 December 2021 to address financial, operational, information technology and compliance risks, which the Group considers relevant and material to its operations.

The Board and the Audit Committee are also responsible for (a) monitoring the Company's risk of becoming subject to, or violating, any Sanction Law; and (b) ensuring timely and accurate disclosures to SGX-ST and other relevant authorities. The Company will inform shareholders on any sanction-related risks on the Company, the impact on such risk on the financials and operations of the Group, if any, and also the cessation of sanctions-related risk via announcement to SGXNet.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Provisions of the Code

10.1 The duties of the AC include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

Group's Corporate Governance practices

The AC carried out its functions in accordance with Section 201B(5) of the Act. In performing those functions, the committee carried out the following:

- Reviews the scope and results of internal audit procedures with the Internal Auditor and the effectiveness of the Company's internal audit function;

- Reviews the adequacy of the Group's internal controls, including financial, operational compliance and information technology as well as sanctions-related risk controls and risk management policies and systems;

- Reviews with the Independent Auditor the audit plan and its report on the weaknesses of internal accounting controls arising from the statutory audit;

- Reviews the assistance given by management to the Independent Auditor, and discusses problems and concerns, if any, arising from the statutory audit, with the management;

- Reviews the balance sheet of the Company and the consolidated financial statements of the Group for the financial year before their submission to the Board of Directors, as well as the Independent Auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;

- Reviews the Group's financial results before submission to the Board for approval, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

CORPORATE GOVERNANCE STATEMENT

- Reviews and discusses with the Independent Auditor any suspected fraud and irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management response;

- Reviews non-audit services performed by the Independent Auditor to ensure that the nature and extent of such services will not prejudice the independence and objectivity of the Independent Auditor before recommending to the Board;

- Reviews the independence and objectivity of the Independent Auditor and the Company's internal audit function;

- Evaluates the quality of work carried out by Independent Auditor and the Company's internal audit function;

- Considers the appointment and re-appointment of the Independent Auditor and approve the remuneration and terms of engagement of the Independent Auditor;

- Reviews transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

- Reviews the Group's overall risk assessment processes and review the assurance provided by the CEO and CFO that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Group's operations and finances; and

- Reviews disclosures in the annual report relating to the adequacy and effectiveness of risk management and internal control systems in relation to financial reporting and financial-related risks and controls, including assurances received from the CEO and CFO or other Key Management Personnel.

The AC also undertakes:

- Such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

- Such other functions and duties as may be required by statute or the Listing Rules, and by such amendments made thereto from time to time.

To effectively discharge its responsibility, the AC has full access to, and the co-operation of, the management and has full discretion to invite any Director and other relevant party to attend its meetings. Full resources are made available to the AC to enable it to discharge its function properly.

The AC has full access to the Independent Auditor and Internal Auditor and meets them at least once a year without the presence of management.

Changes to accounting standards and issues which have a direct impact on financial statements will be highlighted to the AC from time to time by the Independent Auditor. The Independent Auditor will work with Management to ensure that the Group complies with the new accounting standards, if applicable.

During the year under review, the aggregate amount of fees paid to the Independent Auditor for the audit and non-audit services amounted to $180,500 and $3,200 respectively. Having satisfied the independence of the Independent Auditor, the AC, with the concurrence of the Board, has recommended the re-appointment of Nexia TS Public Accounting Corporation ("**Nexia**") at the upcoming AGM.

Save for two foreign-incorporated subsidiary corporations which are not principal subsidiary corporations, all the Company's subsidiary corporations are audited by Nexia and its member firms. The Board and AC are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. The Group is in compliance with Rule 712 and Rule 716 of the Listing Manual of SGX-ST in relation to its Independent Auditor.

CORPORATE GOVERNANCE STATEMENT

The Group has put in place a Whistle Blowing Policy (the "**Policy**"), which provides a channel for employees of the Group to report in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The Policy is to assist the AC in managing allegations of fraud or other misconduct; disciplinary and civil actions that are initiated following the completion of the investigations are appropriate and fair; and actions taken to correct the weakness in the existing system of internal processes which allowed the perpetration of the fraud and/or misconduct and to prevent recurrence. The Company ensures the identity of the whistleblower is kept confidential and will provide protection to the whistleblower against detrimental or unfair treatment.

10.2 *The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.*

The AC comprises three members, all of whom are Independent Directors. The AC Chairman and members have the recent and relevant accounting and financial management expertise or experience to discharge their responsibilities.

The current members of the AC comprise the following:

- Leow David Ivan (AC Chairman, Independent Director)
- Sunny Wong (Member, Lead Independent Director)
- Ng Chee Keong (Member, Independent Director)

10.3 *The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.*

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

10.4 *The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.*

The internal audit function has been outsourced to a professional firm, Mazars LLP ("**the Internal Auditor**") in order to satisfy and comply with the requirements of best practices set out in the Code. The Internal Auditor reports directly to the AC Chairman on audit related matters and reports to the CFO of the Company on administrative-related matters. The AC approves the hiring, removal, evaluation and remuneration of the accounting/audit firm or corporation to which the internal audit function is outsourced. The Internal Auditor carries out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors Singapore. The Internal Auditor plans its audit schedules in consultation with, but independent of, the Management. The audit schedules are approved by the AC. The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC and Board review the independence, adequacy and effectiveness of the internal audit function annually and they are satisfied that the Internal Auditor is independent and effective. The Internal Auditor also has adequate resources and appropriate standing within the Group and the Company.

10.5 *The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.*

The AC meets with the internal and external auditors without the presence of Management at least once a year in order to have unfettered access to information that they may require.

CORPORATE GOVERNANCE STATEMENT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions of the Code

11.1 *The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.*

Group's Corporate Governance practices

The Group encourages active shareholder participation at the general meetings of the Company. Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the newspapers and posted onto the SGXNet. Shareholders are encouraged to attend the general meetings to ensure high level of accountability, to put forth any questions they may have on the motions to be debated and decided upon and to stay informed of the Group's strategic goals and business update.

11.2 *The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.*

Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions. Each item of special business in the notices of the Shareholders' general meetings is accompanied as appropriate, by an explanation for the proposed resolution. Except for resolutions that are interdependent and linked to form one significant proposal, separate resolutions are presented for voting for each substantially separate issue. All resolutions at general meetings of the Company will be put to vote by poll so as to better reflect shareholders' shareholding interest and ensure greater transparency. The results of the poll voting on each resolution tabled will be announced after the general meetings via SGXNet and the Company's website.

11.3 *All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.*

It is the Company's policy that all Directors, including the Chairman of the AC, NC, RC and CSCC are present at the general meetings to receive shareholders' feedback and address their queries. The External Auditors are also invited to attend the AGM and will assist the directors in addressing relevant queries by the shareholders relating to the conduct of the audit and the contents of the External Auditors' report.

In view of the COVID-19 situation in Singapore, the 2021 AGM and EGM were held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holder) Order 2020 ("Alternative Meeting Arrangements"). The 2022 AGM will also be convened and held via electronic means.

Alternative Meeting Arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast and live audio-only stream), submission of questions to the Chairman of the meeting in advance of the AGM, addressing of substantial and relevant questions prior to or at the AGM and voting by appointing the Chairman of the meeting as proxy at the AGM, will put in place for the AGM. Details of the steps for pre-registration, submission of questions and voting at the AGM 2022 by shareholders are set out in a separate announcement released on SGXNET on 14 April 2022.

CORPORATE GOVERNANCE STATEMENT

11.4 *The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.*

Please refer to Principle 11.3 above.

11.5 *The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.*

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to Shareholders upon request.

Under the Alternative Meeting Arrangements, the minutes of the AGM will be uploaded to the Company's corporate website and SGXNet within one month from the date of the AGM. The Company may revert to comply with all the applicable provisions of Principle 11 of the Code after Alternative Meeting Arrangements have ceased to be in force.

11.6 *The company has a dividend policy and communicates it to shareholders.*

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the Company's shares will depend on its earnings, financial position, capital needs, plans for expansion and other factors which the Company's Directors may deem appropriate. The dividends that the Company's 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 the Company's Directors:

(i) the level of the Company's cash and retained earnings;
(ii) the Company's actual and projected financial performance;
(iii) the Company's projected levels of capital expenditure and other investment plans; and
(iv) restrictions on payment of dividends imposed on the Company by its financing arrangements (if any).

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions of the Code

12.1 *The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.*

Group's Corporate Governance practices

The Company adopts the practice of regularly communicating major developments in its business and operations through SGXNet and where appropriate also directly to Shareholders, analysts, the media and its employees. The announcements of the Group's results and material developments are released through SGXNet to the SGX's and the Company's website in a timely manner to ensure fair disclosure of information. The Company does not practise selective disclosure of material information, where there is inadvertent disclosure made to a select group, the Company shall make the same disclosure publicly as promptly as possible. The Board provides the shareholders a balanced and clear assessment of the Group's performance, financial position and prospects via the Company's website at www.mencast.com.sg.

CORPORATE GOVERNANCE STATEMENT

All Shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Act, the Board's policy is that all Shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

Any notice of a general meeting to Shareholders is issued at least fourteen (14) clear days before the scheduled date of such meeting. Shareholders are informed of the rules, voting procedures that govern the general meeting of the Company.

At general meetings, Shareholders are given the opportunity to pose any questions to the Directors or management relating to the Group's business or performance. The general meeting is the principal forum for any dialogue the Shareholders may have with the Directors and management of the Company.

The Board complies with the relevant rules of the Listing Manual with prompt announcements of the Company's financial results, presentation and other price sensitive information are disseminated to Shareholders through announcement via SGXNet, press releases and the Company's website. The Company's Annual Report is accessible on the Company's website.

The Company is committed to disclosing all relevant information as much as possible in a timely, fair and transparent manner as well as to hearing and addressing its stakeholders' concerns.

12.2 *The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.*

12.3 *The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.*

The Corporate Strategy and Communications Committee ("**CSCC**") of the Company comprises the following members:

- Leow David Ivan (Chairman, Independent Director)
- Glenndle Sim (Member, Executive Chairman and CEO)
- Wong Boon Huat (Member, Executive Director)

The primary role of the CSCC is to:

a) Develop and oversee the Group's corporate strategy by reviewing the strategic plans and initiatives that management shall be responsible for, including the setting of annual and multi-year goals and proposed major corporate and business initiatives of the Group, including financial and capital market activities; and

b) Communicate as appropriate, the Group's corporate strategy and initiatives to external stakeholders, including current and potential investors, business partners, financial institutions and intermediaries, media and the public.

The CSCC reviews and provides recommendations to management and the Board with respect to the Group's corporate strategy and external communications. The CSCC also assists management and the Board with the review of individual proposals made by management as required by the Board as appropriate.

The Company's corporate governance practices are designed to promote the fair and equitable treatment to all Shareholders. To facilitate Shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company so as to enable Shareholders to make informed decisions about the Company.

The Board also endeavours to maintain regular, timely and effective communication with Shareholders and investors. Half year and Full year results and information on material matters required by the Listing Rules are promptly disseminated to Shareholders through announcements made via the SGXNet followed by a news release. Such releases are also made available for future viewing on the Company's website at www.mencast.com.sg.

The Board welcomes the view of Shareholders on matters affecting the Group. Shareholders are informed of meetings through notices published in the newspapers and reports or circulars sent to all Shareholders.

The Company may, from time to time, takes steps to engage investors or Shareholders and solicit and understand the views of the Shareholder through various corporate presentations where the Company briefs Shareholders and other relevant stakeholders on its financial performance and business. Time is set aside for a Question & Answer session at every briefing.

The Group encourages feedback, views and participation of its shareholders at all general meetings and such feedback and views can be sent to the following investor relations contact:

Mr. Chris San, CFO
Mr. David Leow, Chairman of CSCC
Tel: 65 6268 4331
E-mail: ir@mencast.com.sg

The Company has put in place an Investor Relations Policy to enhance effective communications and engagements with its investors and shareholders.

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

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

Provisions of the Code

13.1 *The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.*

Group's Corporate Governance practices

Stakeholder relations are important for the sustainable growth of the Company's business and therefore the Company seeks to maintain an open and transparent dialogue with its material stakeholders. The Company engages its stakeholders regularly through the following channels to understand and address their needs and expectations.

13.2 *The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.*

The Company may, from time to time, take steps to engage investors or Shareholders and solicit and understand the views of the Shareholder through various corporate presentations where the Company briefs Shareholders and other relevant stakeholders on its financial performance and business. Time is set aside for a Question & Answer session at every briefing. The Company has put in place a Stakeholder Engagement Policy to enhance effective communications and engagements with its material stakeholders.

13.3 *The company maintains a current corporate website to communicate and engage with stakeholders.*

The Company maintains a corporate website www.mencast.com.sg to communicate to the public about its latest developments.

CORPORATE GOVERNANCE STATEMENT

OTHER CORPORATE GOVERNANCE MATTERS

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are carried out on an arm's length basis.

Transactions entered into with interested persons during FY2021 were as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPT during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920)		Aggregate value of all IPT conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
McLink Asia Pte Ltd MPS Solutions Pte Ltd Sigi Beauty Pte Ltd Ole Investment Pte Ltd Ole Motorsports Pte Ltd	Associates	Nil*	Nil*	Nil**	Nil**

* Amount is less than $100,000.

** There is no subsisting shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the SGX-ST.

Material Contracts

Except as disclosed on SGXNet or herein for the financial year concerned, there were no material contracts of the Company or its subsidiary corporations involving the interests of the CEO, Directors or controlling Shareholder either still subsisting as at the financial year under review or if not subsisting, were entered into at the end of the FY2021.

Securities Transactions

The Company has adopted internal regulations with respect to dealings in securities by Directors and officers of the Group which complies with Rule 1207(19) of the SGX-ST Listing Manual. The Directors, management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Shares during the periods commencing one month before the announcement of the Group's half year and full year financial results, and ending on the date of announcement of such result, or when they are in procession of unpublished price-sensitive information of the Group. In addition, the officers of the Company are advised not to deal with the Shares for short-term considerations and they are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

Sustainability Management

The Group considers sustainability issues as part of its strategic formulation. We are committed to sustainability and corporate governance in setting our business strategies and operations. We adopt an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of our overall strategy to ensure that the best interests of the Group are served.

Our Sustainability Report will be prepared in accordance with the GRI standards: Core Option, to understand and communicate our critical sustainability issues on environmental, economic and social performance ability issues to stakeholders. More details and information will be available in the full report that will be published by end of May 2022.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the balance sheet of the Company as at 31 December 2021.

In the opinion of the Directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 57 to 132 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are as follows:

Sim Soon Ngee Glenndle
Wong Boon Huat
Sunny Wong Fook Choy
Leow David Ivan
Ng Chee Keong

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Performance Shares" on pages 48 and 49 of this statement.

Directors' interests in shares or debentures

According to the register of Directors' shareholdings, none of the Directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of Director or nominee		Holdings in which a Director is deemed to have an interest	
The Company	**At 31.12.2021**	At 1.1.2021	**At 31.12.2021**	At 1.1.2021
(No. of ordinary shares)				
Sim Soon Ngee Glenndle	**86,852,900**	85,741,800	**63,402,800**	63,402,800
Wong Boon Huat	**31,531,106**	30,642,306	**-**	-
Sunny Wong Fook Choy	**1,960,000**	1,499,000	**-**	-
Leow David Ivan	**7,564,000**	7,127,000	**-**	-
Ng Chee Keong	**1,548,300**	1,154,000	**-**	-

By virtue of Section 7 of the Singapore Companies Act 1967, Sim Soon Ngee Glenndle is deemed to have interests in the shares of all the subsidiary corporations at the beginning and at the end of the financial year.

The Directors' interests in the ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Performance shares

The Company had previously approved and adopted the Mencast Performance Share Award Scheme (the "**PSAS 2010**") on 10 November 2010 which has expired on 9 November 2020. In light of the expired PSAS 2010, the Board of Directors proposed to implement a new performance share award scheme which shall be named the Mencast Performance Share Award Scheme 2021 (the "**PSAS 2021**").

PSAS 2021 was approved by members of the Company at an Extraordinary General Meeting ("**EGM**") held on 30 April 2021. PSAS 2021 provides for the award of fully paid-up ordinary shares ("**Share Awards**") in the share capital of the Company, free of charge to group employees (which includes Group Executive Directors and Group Non-Executive Directors).

Controlling Shareholders or Associates of a Controlling Shareholder who meet the eligibility criteria are also eligible to participate in the PSAS 2021 provided that the participation of and the terms of each grant and the actual number of awards granted to a participant who is a Controlling Shareholder or an associate of a Controlling Shareholder shall be approved by the Independent Shareholders in separate resolutions for each such person.

The PSAS 2021 is a share incentive scheme which allows the Company to provide an incentive for the participants to achieve certain specific performance condition(s) by awarding fully paid shares after these targets have been met. The focus of PSAS 2021 is principally to target employees and executives in key positions who are in the best position to drive the growth of the Group through innovation, creativity and superior performance. The Board of Directors believe that the purposes of adopting the PSAS 2021 are to:

(a) Provide an opportunity for participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;

(b) Motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;

(c) Give recognition to contributions made to or to be made by participants by introducing a variable component into their remuneration package; and

(d) Make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

The PSAS 2021 is administered by the Remuneration Committee ("**RC**") which comprise the Directors, Ng Chee Keong, Sunny Wong Fook Choy and Leow David Ivan.

The Company may deliver shares pursuant to awards granted under the PSAS 2021 by way of:

(i) issuance of new shares; and/or

(ii) transfer of treasury shares.

The aggregate number of ordinary shares over which the Company may grant under the PSAS 2021 shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

During the financial year ended 31 December 2021, the Company, pursuant to the PSAS 2021, granted for an aggregate of 5,332,900 and 1,292,300 Share Awards respectively to eligible employees of the Group and to its Independent Directors, which automatically vested on the date of grant (Note 26).

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Performance shares (continued)

The following are the details of the Share Awards under the PSAS 2021 granted to Directors and Controlling Shareholders since its commencement:

Name	Date of grant of Share Awards	Share Awards during the financial year 31 December 2021	Aggregate Share Awards granted and vested since commencement of the PSAS 2021 to 31 December 2021
Sim Soon Ngee Glenndle*	10 June 2021	1,111,100	1,111,100
Wong Boon Huat	10 June 2021	888,800	888,800
Sunny Wong Fook Choy	10 June 2021	461,000	461,000
Leow David Ivan	10 June 2021	437,000	437,000
Ng Chee Keong	10 June 2021	394,300	394,300

* Aside from being the Executive Chairman and Chief Executive Officer of the Company, Mr. Sim Soon Ngee Glenndle is also a Controlling Shareholder of the Company.

As at 31 December 2021:

(a) There are no outstanding Share Awards under the PSAS 2021;

(b) 6,625,200 shares have been delivered upon vesting of the Share Awards granted under the PSAS 2021 since its commencement, representing approximately 1.48% of the issued shares (excluding treasury shares); and

(c) There have been 16 participants in the PSAS 2021 since its commencement.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Leow David Ivan (Chairman)
Sunny Wong Fook Choy
Ng Chee Keong

All members of the Audit Committee were independent and non-executive Directors.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act 1967. In performing those functions, the Audit Committee:

- Reviewed the scope and results of internal audit procedures with the Internal Auditor and the effectiveness of the Company's internal audit function;
- Reviewed the adequacy of the Group's internal controls, including financial, operational compliance and information technology as well as sanctions-related risk controls and risk management policies and systems;
- Reviewed with the Independent Auditor the audit plan and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- Reviewed the assistance given by Management to the Independent Auditor, and discussed matters and concerns, if any, arising from the statutory audit, with the Management;

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Audit Committee (continued)

In performing those functions, the Audit Committee: (continued)

- Reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year before their submission to the Board of Directors, as well as the Independent Auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;

- Reviewed the Group's financial results before submission to the Board of Directors for approval, focusing, in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

- Reviewed and discussed with the Independent Auditor any suspected fraud and irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management response;

- Reviewed non-audit services performed by the Independent Auditor to ensure that the nature and extent of such services will not prejudice the independence and objectivity of the Independent Auditor before recommending to the Board of Directors;

- Reviewed the independence and objectivity of the Independent Auditor and the Company's internal audit function;

- Evaluated the quality of work carried out by Independent Auditor and the Company's internal audit function;

- Considered the appointment and re-appointment of the Independent Auditor and approved the remuneration and terms of engagement of the Independent Auditor;

- Reviewed transactions falling within the scope of Chapter 9 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual;

- Reviewed the Group's overall risk assessment processes and reviewed the assurance provided by the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Group's operations and finances; and

- Reviewed disclosures in the annual report relating to the adequacy and effectiveness of risk management and internal control systems in relation to financial reporting and financial-related risks and controls, including assurances received from the CEO and CFO or other Key Management Personnel.

The Audit Committee has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting ("**AGM**") of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Independent Auditor

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

On behalf of the Directors

....

Sim Soon Ngee Glenndle
Director

....

Wong Boon Huat
Director

5 April 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Mencast Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mencast Holdings Ltd. (the "**Company**") and its subsidiary corporations (the "**Group**") which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 132.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter

1. Revenue recognition

As disclosed in Notes 2.2 and 4 to the financial statements, the Group's revenue is primarily generated from:

i. Sale of goods, services income from maintenance, repair and overhaul and waste management which are recognised when the Group satisfied its performance obligation by transferring the control of the promised goods and services to the customers, that is when the goods are delivered to the destination specified by the customers and when services are rendered and accepted by customers; and

ii. Construction contracts for the manufacturing and production of specialised equipment for contract customers are recognised when the control over specialised equipment has been transferred to the customer. The specialised equipment has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. Revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised equipment.

During the financial year ended 31 December 2021, the Group recognised revenue of $51,283,000 (2020: $46,872,000) from the above revenue segments.

We focused on this area as a key audit matter as there is a presumed fraud risk with regards to revenue recognition and revenue is one of the key performance indicators of the Group. The potential existence of Management to override controls and large volume of transactions also increase the inherent risk of material misstatement in the amount of revenue reported.

In obtaining sufficient audit evidence, the following procedures have been performed:

- Obtained samples of contracts with customers and reviewed the terms and conditions, along with discussion with Management, to assess the Group's revenue recognition policy is in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*, in particular the identification of performance obligations, and the timing of revenue recognition (i.e. at a point in time or over time);

- Discussed with Management on the processes involved in the sales cycle for each revenue stream and performed walkthrough tests to consolidate our understanding;

- Evaluated the effectiveness of key controls over sales cycle and performed test of controls to ascertain the reliabilities of such key controls;

- Assessed the risks of material misstatement arising from ordinarily presumed fraud risk on revenue recognition in accordance with SSA *240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*;

- Performed test of details and sales cut-off tests to ascertain the validity and completeness of revenue and whether it has been recognised in the appropriate financial year; and

- Reviewed the adequacy of disclosures by Management in Notes 2.2 and 4 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Mencast Holdings Ltd.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Impairment assessment on goodwill	
As disclosed in Notes 3(a) and 22 to the financial statements, the intangible assets of the Group, primarily consisting of goodwill arising from consolidation amounted to $4,781,000 (2020: $4,781,000) as at 31 December 2021. The goodwill is assessed for impairment annually and whenever there is indication that the goodwill may be impaired. Management applies the value-in-use method to determine the recoverable amount of its existing goodwill arising from Recon Propeller & Engineering Pte Ltd ("**Recon**"), being the cash-generating unit ("**CGU**") identified and allocated according to operating entities. Significant judgements are used by the Management to assess the recoverable amount of the CGU which is highly dependent on Management's forecasts and estimates, this includes, but not limited to, discount rate, growth rate, cost of disposal, projected cash flows and assumptions that are affected by future market and economic conditions. Management has considered all factors and concluded that there is no impairment required in respect of the goodwill as at 31 December 2021. We focused on this area due to the level of the subjectivity associated with the judgement and assumptions involved in the forecast and estimates, which forms the basis of the assessment of recoverability.	In obtaining sufficient audit evidence, the following procedures have been performed: • With the assistance of our valuation specialist, critically evaluated whether the methodology used by Management to determine the recoverable amount of goodwill complied with SFRS(I) 1-36 *Impairment of Assets*; • Analysed the projected cash flows used in the valuation model to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the CGU; • Evaluated the reasonableness and appropriateness of the key assumptions, e.g. growth rate, discount rate, used by Management, by comparing them against historical forecast and performance, as well as publicly available market rate; • Performed sensitivity analysis which includes various scenarios against the key assumptions used; and • Reviewed the adequacy of goodwill disclosures by Management in Notes 3(a) and 22 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Members of Mencast Holdings Ltd.

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the Members of Mencast Holdings Ltd.

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Loh Hui Nee.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
5 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Continuing operations			
Revenue	4	**51,283**	46,872
Cost of sales		**(37,696)**	(34,255)
Gross profit		**13,587**	12,617
Other gains and losses			
- Interest income – bank deposits		**32**	78
- Loss allowance on trade receivables	30(b)	**(20)**	(140)
- Write-off of trade and other receivables		**(27)**	(77)
- Others	5	**5,463**	10,301
Expenses			
- Administrative		**(10,874)**	(11,430)
- Finance	8	**(3,893)**	(5,704)
Share of profit of associated companies	18	**529**	257
Profit before income tax		**4,797**	5,902
Income tax credit/(expense)	9	**1,829**	(26)
Profit from continuing operations		**6,626**	5,876
Discontinued operations			
Loss from discontinued operations	14	**-**	(2,411)
Gain on disposal of a subsidiary corporation classified as held-for-sale	14	**-**	1,731
Total net profit		**6,626**	5,196
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences for foreign operations			
- Gain/(loss)	27	**8**	(81)
Items that will not be reclassified subsequently to profit or loss:			
Fair value losses on financial assets, at FVOCI	15	**(4)**	-
Total comprehensive income		**6,630**	5,115

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	**2021 $'000**	2020 $'000
Net profit/(loss) attributable to:			
Equity holders of the Company		**6,509**	6,367
Non-controlling interests		**117**	(1,171)
		6,626	5,196
Profit attributable to equity holders of the Company relates to:			
Profit from continuing operations		**6,509**	5,865
Profit from discontinued operations		**-**	502
		6,509	6,367
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**6,513**	6,286
Non-controlling interests		**117**	(1,171)
		6,630	5,115
Earnings per share attributable to equity holders of the Company (cents per share)			
Basic and diluted			
- From continuing operations	10	**1.46**	1.36
- From discontinued operations	10	**-**	0.11

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

BALANCE SHEETS

As at 31 December 2021

		Group		Company	
	Note	**2021**	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**14,307**	15,604	**5,351**	7,040
Trade and other receivables	12	**20,869**	20,371	**46,393**	63,662
Inventories	13	**5,504**	5,674	**-**	-
Contract assets	4	**1,194**	923	**831**	536
		41,874	42,572	**52,575**	71,238
Assets of disposal group classified as held-for-sale	14	**70,593**	70,544	**-**	-
		112,467	113,116	**52,575**	71,238
Non-current assets					
Financial assets, at FVOCI	15	**91**	95	**-**	-
Investments in subsidiary corporations	16	**-**	-	**55,120**	56,396
Investment in a joint venture	17	**-**	-	**-**	-
Investments in associated companies	18	**4,264**	4,290	**137**	-
Property, plant and equipment	19	**95,859**	102,328	**148**	213
Deposits for purchase of property, plant and equipment		**121**	-	**-**	-
Intangible assets	22	**4,781**	4,781	**-**	-
		105,116	111,494	**55,405**	56,609
Total assets		**217,583**	224,610	**107,980**	127,847
LIABILITIES					
Current liabilities					
Trade and other payables	23	**7,963**	6,930	**26,815**	26,181
Contract liabilities	4	**1,315**	1,517	**-**	-
Borrowings	24	**11,101**	9,321	**2,667**	2,223
Current income tax liabilities		**796**	796	**-**	-
		21,175	18,564	**29,482**	28,404
Liabilities directly associated with disposal group classified as held-for-sale	14	**69,120**	69,564	**-**	-
		90,295	88,128	**29,482**	28,404

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

BALANCE SHEETS

As at 31 December 2021

	Note	Group		Company	
		2021	2020	**2021**	2020
		$'000	$'000	**$'000**	$'000
Non-current liabilities					
Borrowings	24	**94,005**	108,028	**48,458**	51,125
Deferred income tax liabilities	25	**1,752**	3,588	**-**	-
		95,757	111,616	**48,458**	51,125
Total liabilities		**186,052**	199,744	**77,940**	79,529
NET ASSETS		**31,531**	24,866	**30,040**	48,318
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	**92,952**	92,654	**92,952**	92,654
Fair value reserve		**14**	18	**-**	-
Translation reserve	27	**(507)**	(515)	**(6)**	-
Accumulated losses		**(62,574)**	(69,096)	**(62,906)**	(44,336)
		29,885	23,061	**30,040**	48,318
Non-controlling interests	16	**1,646**	1,805	**-**	-
Total equity		**31,531**	24,866	**30,040**	48,318

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

		Attributable to equity holders of the Company						
	Note	**Share capital $'000**	**Fair value reserve* $'000**	**Translation reserve* $'000**	**Accumu-lated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Group								
2021								
Balance as at 1 January 2021		**92,654**	**18**	**(515)**	**(69,096)**	**23,061**	**1,805**	**24,866**
Share issue pursuant to:								
- Share-based payment	26	58	-	-	-	58	-	58
- Share Awards under the PSAS 2021	26	240	-	-	-	240	-	240
Effect of dilution on shareholdings in a subsidiary corporation	18(i)	-	-	-	13	13	(13)	-
Disposal of non-controlling interest in a subsidiary corporation		-	-	-	-	-	(83)	(83)
Dividends paid to non-controlling interests	16	-	-	-	-	-	(180)	(180)
Total comprehensive (loss)/income for the financial year		-	(4)	8	6,509	6,513	117	6,630
End of financial year		**92,952**	**14**	**(507)**	**(62,574)**	**29,885**	**1,646**	**31,531**
2020								
Balance as at 1 January 2020		92,348	18	(434)	(75,463)	16,469	2,972	19,441
Share issue pursuant to:								
- Share-based payment	26	66	-	-	-	66	-	66
- Share Awards under the PSAS 2010	26	240	-	-	-	240	-	240
Incorporation of new subsidiary corporations		-	-	-	-	-	229	229
Share capital reduction of a subsidiary corporation	16[2]	-	-	-	-	-	(1,350)	(1,350)
Disposal of non-controlling interest in a subsidiary corporation	11	-	-	-	-	-	1,125	1,125
Total comprehensive (loss)/income for the financial year		-	-	(81)	6,367	6,286	(1,171)	5,115
End of financial year		92,654	18	(515)	(69,096)	23,061	1,805	24,866

* Fair value and translation reserves are not available for distribution.

As at 31 December 2021, the translation reserve of ($507,000) includes the amount of $152,000 which is directly associated with disposal group classified as held-for-sale.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Net profit		**6,626**	5,196
Adjustments for:			
- Income tax (credit)/expense	9	**(1,829)**	26
- Depreciation of property, plant and equipment	19	**9,982**	10,392
- Shares Awards under the PSAS	7	**240**	240
- Dividend income from financial assets, FVOCI	5	**(8)**	(4)
- Gain on disposal of non-current assets held-for-sale		**-**	(1,731)
- Gain on re-measurement of retained investment	5	**(119)**	-
- Impairment loss on property, plant and equipment	5	**84**	2,160
- Impairment loss on disposal group classified as held-for-sale	5	**-**	3,500
- (Gain)/loss on disposal of property, plant and equipment	5	**(43)**	76
- Reversal of creditor's balances		**-**	(8,629)
- Share of profit of associated companies	18	**(529)**	(257)
- Interest income		**(32)**	(78)
- Interest expense		**3,893**	5,715
- Currency translation differences		**(8)**	37
		18,257	16,643
Change in working capital			
- Trade and other receivables		**(864)**	(7,200)
- Inventories		**170**	(926)
- Contract assets		**(271)**	628
- Trade and other payables		**1,701**	7,184
- Contract liabilities		**(202)**	(1,755)
Cash generated from operations		**18,791**	14,574
Interest received		**32**	78
Income tax paid		**(7)**	(1)
Net cash provided by operating activities		**18,816**	14,651
Cash flows from investing activities			
Dividend income from financial assets, FVOCI		**8**	4
Dividend received from investment in an associated company	18(ii)	**500**	-
Deemed disposal of a subsidiary corporation	11	**(48)**	-
Proceeds from disposal of non-current assets classified as held-for-sale		**-**	454
Proceeds from disposal of property, plant and equipment		**83**	3,356
Purchase of property, plant and equipment		**(3,869)**	(8,003)
Short-term bank deposits pledged		**(1)**	(1)
Net cash used by investing activities		**(3,327)**	(4,190)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from financing activities			
Interest paid		**(3,966)**	(5,781)
Repayment of bank borrowings		**(11,467)**	(8,645)
Repayment of lease liabilities		**(1,457)**	(1,550)
Proceeds from bank borrowings		**130**	2,794
Proceeds from issuance of subsidiary corporation's shares to non-controlling interest		**-**	5
Net cash used in financing activities		**(16,760)**	(13,177)
Net decrease in cash and cash equivalents		**(1,271)**	(2,716)
Cash and cash equivalents			
Beginning of financial year		**14,797**	17,513
End of financial year	11	**13,526**	14,797

Reconciliation of liabilities arising from financing activities

	As at 1 January 2021 $'000	Proceeds from borrowings $'000	Principal and interest payments $'000	Non-cash changes: Addition during the year $'000	Non-cash changes: Interest expense $'000	Non-cash changes: Accrued interest $'000	As at 31 December 2021 $'000
Bank borrowings*	162,942	130	(14,830)	-	3,290	73	151,605
Lease liabilities*	23,668	-	(2,043)	67	586	-	22,278
Bank overdraft	303	-	(14)	-	17	-	306

	As at 1 January 2020 $'000	Proceeds from borrowings $'000	Principal and interest payments $'000	Non-cash changes: Addition during the year $'000	Non-cash changes: Interest expense $'000	Non-cash changes: Accrued interest $'000	Non-cash changes: Debt restructure $'000	As at 31 December 2020 $'000
Bank borrowings*	168,147	2,794	(13,765)	-	5,054	66	646	162,942
Lease liabilities*	25,831	-	(2,193)	33	643	-	(646)	23,668
Bank overdraft	298	-	(13)	-	18	-	-	303

* Bank borrowings and lease liabilities include the liabilities directly associated with disposal group classified as held-for-sale.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mencast Holdings Ltd. on 5 April 2022.

1. General information

Mencast Holdings Ltd. (the "**Company**") is listed on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**") and incorporated and domiciled in Singapore. The address of its registered office is 42E Penjuru Road, Mencast Central, Singapore 609161.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiary corporations are disclosed in Note 16 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires Management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

Going Concern

On 26 August 2020, the Group had entered into an Amendment and Restatement of Debt Restructuring Agreement ("**Amended DRA**") with the lenders on amending and restating the Debt Restructuring Agreement ("**DRA**") signed on 1 February 2019, to restructure the Group's existing debts owed to the lenders.

Borrowings under the Amended DRA were reprofiled with repayment terms that varies from 48 months to 120 months (calculated on the basis of a 240-month period with a final bullet repayment of the balance due and after taking into any adjustments from divestments of certain identified assets in the 120th month). The monthly principal repayment commenced in March 2021.

On 10 November 2021, the Group entered into a letter agreement dated 13 October 2021 to amend certain terms of the Amended DRA as below:

(a) All financial covenants under the relevant existing facility agreements (i.e. clauses pertaining to financial conditions, the breach of which would result in an event of default under such facility agreements) will be waived until 31 March 2024, and no event of default under and/or breach of such existing facility agreements shall arise therefrom;

(b) The Group shall deleverage its debt by at least $55,000,000 on or before 31 March 2024, through the divestment of certain agreed non-core assets and an identified non-core business unit of the Group; and

(c) During the restructuring period and until 31 March 2024, the Group shall not pay dividends or any other forms of distributions to its shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going Concern (continued)

The Board of Directors are of the view that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2021 is appropriate after taking into consideration the following measures and assumptions:

(a) The continual support from its lenders in respect of the Amended DRA;

(b) The divestment of non-core assets;

(c) The Group incurred a net profit of $6,626,000 (2020: $5,196,000) for the financial year ended 31 December 2021 and the Group is in net current assets and net assets position of $22,172,000 and $31,531,000 (2020: $24,988,000 and $24,866,000) respectively as at 31 December 2021; and

(d) The Group had been generating positive operating cash flows from operations of $18,816,000, $14,651,000 and $18,142,000 for the financial years ended 31 December 2021, 2020 and 2019 respectively. It expects the same for the next twelve months to meet its other obligations as and when they fall due, barring any unforeseen circumstances.

Based on the Group's cash flow forecast as drawn up by the Management, the Board of Directors has concluded that the Group has sufficient financial resources and there is no material uncertainty regarding the Group's ability to continue as a going concern for at least the next twelve months from the date of authorisation of these financial statements, having assessed the sources of funding made available to the Group. The Management is making continuous effort and actively looking for potential buyers to divest non-core assets in order to deleverage its debts by at least $55,000,000 on or before 31 March 2024.

Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by various governments. The Group's significant operations are predominantly in Singapore which has been affected by the spread of COVID-19 since 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 December 2021.

(a) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

(b) In 2021, the Group has received rental, property tax and cash rebates for its owned properties and also provided similar rebates to its tenants in its properties.

(c) In 2021, the Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date in making estimates and judgements on the recoverability of assets as at 31 December 2021. The significant estimates and judgement applied on impairment of goodwill, impairment of property, plant and equipment, and impairment of loans and receivables are disclosed in Notes 3(a), 3(b) and 3(e) to the financial statements respectively.

As the COVID-19 pandemic continues to evolve, the Group continues to be impacted by the measures taken by governments to combat the spread of the pandemic. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in subsequent financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("**INT SFRS(I)**") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when control of the products has transferred to the customer, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific locations, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance terms have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Rendering of services

Services income from maintenance, repair and overhaul and waste management

Revenue from service income from maintenance, repair and overhaul and waste management are recognised at a point in time in the period which the services are rendered and accepted by customers. Advances from customers are deferred and classified as "Contract liabilities" until the revenue is recognised. Labour and overhead costs incurred relating to reconditioning services are deferred and classified as "Contract assets" until the revenue is recognised. Unbilled revenue on completed services is recognised as "Contract assets".

(c) Construction contracts

The construction division manufactures and produces specialised equipment for customers through fixed-price contracts. Revenue is recognised when the control over the specialised equipment has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the equipment over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The specialised equipment has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised equipment. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(c) Construction contracts (continued)

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the completed specialised equipment is delivered to the customers and the customers have accepted it in accordance with the sales contract.

The period between the transfer of the promised goods and payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms follow the industry practice to protect the performing entity from the customers' 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.

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.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceeds the payments, a "Contract assets" is recognised. If the payments exceed the value of the goods transferred, a "Contract liabilities" is recognised.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. Inventories), these have been accounted for in accordance with those other SFRS(I). If these are not within the scope of another SFRS(I), the Group will capitalise these as contract costs assets only if (a) these cost relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

(d) Interest income

Interest income is recognised using the effective interest rate method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(f) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(g) Sale of scrap

Revenue from sale of scrap is recognised when the Group has delivered the scrap to the customer, the customer has accepted the scrap and the collectability of the related receivables is reasonably assured.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as "Other gains – net".

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net result of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiary corporations* (continued)

(ii) *Acquisitions* (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

Please refer to Note 2.6 "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.8 "Investments in subsidiary corporations, associated companies and a joint venture" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) *Associated companies and joint venture*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint venture is an entity over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint venture are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) *Associated companies and joint venture* (continued)

(i) *Acquisition*

Investments in associated companies and joint venture is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint venture represents the excess of the cost of acquisition of the associated companies or joint venture over the Group's share of the fair value of the identifiable net assets of the associated companies and joint venture and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint venture's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint venture are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in associated companies or joint venture equals to or exceeds its interest in the associated companies or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the associated companies or joint venture. If the associated companies or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies or joint venture are eliminated to the extent of the Group's interest in the associated companies or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of assets transferred. The accounting policies of associated companies or joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) *Disposals*

Investments in associated companies or joint venture are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated companies or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.8 "Investments in subsidiary corporations, associated companies and a joint venture" for the accounting policy on investments in associated companies and a joint venture in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Buildings on leasehold land*

Buildings on leasehold land are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Cost also includes borrowing costs (refer to Note 2.7 on borrowing costs).

(b) *Depreciation*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	Over the lease periods of 9 to 60 years
Buildings on leasehold land	Over the lease periods of 9 to 60 years
Machinery and equipment	10 - 15 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	5 to 10 years
Vessels	15 years
Computers	1 to 3 years
Renovation	5 years

No depreciation is provided on construction in progress, subject to impairment.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains- net".

2.6 Intangible assets

Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of associated companies and joint venture represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint venture is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations, associated companies and joint venture include the carrying amount of goodwill relating to the entity sold.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of the properties and assets under construction.

The actual borrowing costs incurred during the period up to the asset being ready for its intended use less any investment income on temporary investment of these borrowings are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.8 Investments in subsidiary corporations, associated companies and a joint venture

Investments in subsidiary corporations, associated companies and a joint venture are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Property, plant and equipment*
Right-of-use assets
Investments in subsidiary corporations, associated companies and a joint venture

Property, plant and equipment, right-of-use assets and investments in subsidiary corporations, associated companies and a joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the balance sheet date whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.10 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income (FVOCI)

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.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "Fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(b) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30(b) to the financial statements details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank balances and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profit along with the amount previously recognised in other comprehensive income relating to that asset.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.12 Financial guarantees

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

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

(a) amount initially recognised less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss allowance computed using the impairment methodology under Note 2.10 to the financial statements.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method.

2. Significant accounting policies (continued)

2.15 Leases

(a) *When the Group is the lessee*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within the respective categories in "Property, plant and equipment".

(ii) *Lease liabilities*

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contains both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.15 Leases (continued)

(a) When the Group is the lessee (continued)

(ii) Lease liabilities (continued)

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(b) When the Group is the lessor

The Group leases office and workshop space under operating leases to non-related parties.

(i) Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

(ii) Lessor – Subleases

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "Other gains - net". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable variable selling expenses.

2. Significant accounting policies (continued)

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, associated companies and a joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Profit sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's Shareholders after certain adjustments. The Group recognises an accrual when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(c) *Performance shares*

Benefits to employees including the Directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for the shares or right over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or granted, excluding the impact of any non-market vesting conditions. These are fair value based on the market price of the entity's share on grant date. This fair value is recognised in profit or loss over the vesting period of the share-based payment scheme with the corresponding increase in equity. The value of change is adjusted in profit or loss over the remaining vesting period to reflect expected and actual levels of shares vested, with the corresponding adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

(d) *Short-term compensated absences*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.20 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The financial statements are presented in Singapore Dollar ("**SGD**" or "**$**"), which is the functional currency of the Company and have been rounded to the nearest thousand ("**$'000**").

2. Significant accounting policies (continued)

2.20 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "Finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the balance sheet date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the balance sheet date.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts and short-term bank deposits pledged. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.23 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity instruments are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("**Treasury shares**"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profit of the Company if the shares are purchased out of earnings of the Company.

2.24 Dividends to Company's Shareholders

Dividends to the Company's Shareholders are recognised when the dividends are approved for payment.

2.25 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) Represents a separate major line of business or geographical area of operations; or

(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) Is a subsidiary corporation acquired exclusively with a view to resale.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Impairment of goodwill*

There is no impairment charge on its goodwill during the financial years ended 31 December 2021 and 2020.

In performing the impairment assessment of the carrying amount of goodwill, as disclosed in Note 22 to the financial statements, the recoverable amounts of the CGUs in which goodwill has been attributable to, are determined using value-in-use ("**VIU**") calculation.

Significant judgements are used to estimate the growth margin, weighted average growth rates and the pre-tax discount rates applied in computing the recoverable amounts of the different CGUs. In making these estimates, Management has relied on past performance, its expectations of market developments and the industry trends. Specific estimates are disclosed in Note 22 to the financial statements.

For goodwill attributable to Recon CGU, the change in the estimated recoverable amount from any reasonably possible change in the key estimates does not materially cause the recoverable amount to be lower than its carrying amount, please refer to the key assumptions in Note 22 to the financial statements.

(b) *Impairment of property, plant and equipment*

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, CGU have been determined based on fair value less costs to sell and VIU. The carrying amounts of property, plant and equipment at the balance sheet date are disclosed in Note 19 to the financial statements.

The Management had assessed and concluded that there is no indication of impairment as at 31 December 2021 except for those disclosed in Note 19 to the financial statements.

The Group has recognised an impairment charge of $84,000 for property, plant and equipment for the financial year ended 31 December 2021 (2020: $2,160,000) (Note 5).

(c) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 60 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2021 was $95,859,000 (2020: $102,328,000) (Note 19). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

(d) *Construction contracts*

The Group has ongoing contracts to construct specialised equipment. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the specialised equipment. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. Critical accounting estimates, assumptions and judgements (continued)

(d) *Construction contracts* (continued)

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant judgement is used to estimate these total contract costs to complete. In making these estimates, Management has relied on the expertise of the surveying engineers to determine the progress of the construction and also on past experience of completed projects.

As at 31 December 2021, $589,000 (2020: $455,000) (Note 4(b)) of the Group's contract assets is subject to the estimation of progress towards completion using the input method. If the total contract cost of on-going contracts to be incurred had been higher/lower by 5% from Management's estimates, the Group's revenue/contract assets would have been lower and higher by $979,000 and $1,407,000 respectively (2020: $829,000 and $1,264,000). If the total contract costs to complete the on-going contracts had been higher by 10% from Management's estimates, no provision for onerous contracts would have been recognised for the financial years ended 31 December 2021 and 2020.

(e) *Expected credit loss ("ECL") for trade and other receivables and contract assets*

As at 31 December 2021, the Group's trade receivables and contract assets amounted to $14,705,000 (2020: $14,582,000) (Note 12) and $1,194,000 (2020: $923,000) (Note 4(b)) respectively, arising from the Group's different revenue segments – offshore & engineering, marine and energy services.

Based on the Group's historical credit loss experience, trade receivables and contract assets exhibited significantly different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, Management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. A loss allowance of $35,000 (2020: $194,000) (Note 30(b)) for trade receivables was recognised as at 31 December 2021.

The Group and the Company use the general approach for assessment of ECLs for other receivables. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition. As at 31 December 2021, the Company has made a loss allowance amounting to $16,763,000 (2020: $Nil) as there is no reasonable ground to recover the receivables from these subsidiary corporations.

The Group's and the Company's credit risk exposure for trade and other receivables and contract assets by different revenue segments are set out in Note 30(b) to the financial statements.

(f) *Disposal group classified as held-for-sale*

As at 31 December 2021, the carrying amount of assets and liabilities held-for-sale were $70,593,000 and $69,120,000 respectively (2020: $70,544,000 and $69,564,000). The details were disclosed in Notes 14(c) and 14(d) to the financial statements. The balances are mainly related to effort to dispose certain properties to pare down its debt in accordance with the Amended DRA.

Judgement is required from the management in the measurement of the property at the lower of carrying amount and fair value less cost to sell. No impairment charge was recognised for the financial year ended 31 December 2021. However, the Group has recognised an impairment charge of $3,500,000 (Note 5) for a property accounted under asset of disposal group classified as held-for-sale for the financial year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following nature of revenue and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time $'000	Over time $'000	Total $'000
2021			
Construction contracts			
- Singapore	**-**	**3,089**	**3,089**
- Asia	**-**	**1,829**	**1,829**
- Rest of the world	**-**	**3**	**3**
	-	**4,921**	**4,921**
Sale of goods			
- Singapore	**14,156**	**-**	**14,156**
- Asia	**1,083**	**-**	**1,083**
- Rest of the world	**874**	**-**	**874**
	16,113	**-**	**16,113**
Services income from maintenance, repair and overhaul and waste management			
- Singapore	**26,175**	**-**	**26,175**
- Asia	**2,969**	**-**	**2,969**
- Rest of the world	**1,105**	**-**	**1,105**
	30,249	**-**	**30,249**
Total	**46,362**	**4,921**	**51,283**
2020			
Construction contracts			
- Singapore	-	2,504	2,504
- Asia	-	1,680	1,680
- Rest of the world	-	1	1
	-	4,185	4,185
Sale of goods			
- Singapore	12,557	-	12,557
- Asia	1,415	-	1,415
- Rest of the world	40	-	40
	14,012	-	14,012
Services income from maintenance, repair and overhaul and waste management			
- Singapore	25,782	-	25,782
- Asia	2,453	-	2,453
- Rest of the world	440	-	440
	28,675	-	28,675
Total	42,687	4,185	46,872

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Revenue from contracts with customers (continued)

(b) *Contract assets and liabilities*

	Group						Company	
	2021			2020			**2021**	2020
	At a point in time	**Over time**	**Total**	At a point in time	Over time	Total	**At a point in time**	At a point in time
	$'000	**$'000**	**$'000**	$'000	$'000	$'000	**$'000**	$'000
Contract assets								
- Construction contracts	**-**	**589**	**589**	-	455	455	**-**	-
- Services	**605**	**-**	**605**	468	-	468	**831**	536
Total contract assets	**605**	**589**	**1,194**	468	455	923	**831**	536
Contract liabilities								
- Construction contracts	**-**	**9**	**9**	-	43	43	**-**	-
- Sale of goods	**1,103**	**-**	**1,103**	1,269	-	1,269	**-**	-
- Services	**203**	**-**	**203**	205	-	205	**-**	-
Total contract liabilities	**1,306**	**9**	**1,315**	1,474	43	1,517	**-**	-

Contract assets relate to fixed-price contracts.

Contract liabilities pertain to the Group's obligation to transfer goods or services to customers for which the Group has advances received from customers.

During the financial year 31 December 2021, the Group's contract assets consist of a deferred cost of $85,000 (2020: $61,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Revenue from contracts with customers (continued)

(b) *Contract assets and liabilities* (continued)

(i) *Revenue recognised in relation to contract liabilities*

	2021	2020
	$'000	$'000
Revenue recognised in current year that was included in the contract liability balance at the beginning of the financial year		
- Construction contracts	**43**	313
- Sale of goods	**1,269**	2,413
- Services	**205**	733
	1,517	3,459

There are no revenue recognised in current financial year from performance obligations satisfied in previous financial years.

(c) *Assets recognised from costs to fulfil contracts*

Other than the contract assets disclosed above, the Group has no other current assets in relation to costs to fulfil contracts with customers. Deferred costs are costs incurred to fulfil a service obligation with customers. These costs are recognised to the profit or loss as cost of sales on a basis consistent with the pattern of recognition of the associated revenue.

Based on Management's assessment, the expected cost to complete the remaining construction contracts as at 31 December 2021 is expected to be completely recovered through contract revenue, hence no expected loss is recognised in the financial years ended 31 December 2021 and 2020 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Other gains – net

Following are the other income and gains/(losses) recognised during the financial year:

	Group	
	2021	2020
	$'000	$'000
Dividend income from financial assets, FVOCI	**8**	4
Foreign currency exchange gain/(loss) – net	**85**	(223)
Gain on re-measurement of retained investment (Note 18(i))	**119**	-
Government grants		
- Jobs Support Scheme[1]	**512**	1,912
- Foreign Workers Levy rebates and waiver[2]	**329**	1,202
- Others	**575**	861
Impairment loss on property, plant and equipment (Note 19)	**(84)**	(2,160)
Impairment loss on disposal group classified as held-for-sale (Note 14(c))	**-**	(3,500)
Gain/(loss) on disposal of property, plant and equipment	**43**	(76)
Rental income on operating lease (Note 20(e))	**2,999**	3,462
Reversal of creditor's balances - net[3]	**-**	8,229
Sale of scrap	**708**	366
Write-back of long-outstanding payables and accruals	**137**	67
Write-down of inventories (Note 13)	**(109)**	-
Other income	**141**	157
	5,463	10,301

[1] Grant income of $512,000 (2020: $1,912,000) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. The scheme had been extended up to 2021 by the Government. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

[2] As part of the Solidarity Budget, the Singapore Government provided companies who hire foreign workers on work permits and S-passes with Foreign Worker Levy ("FWL") waivers and FWL rebates to ease the labour costs of such firms during the Circuit Breaker period. During the financial year ended 31 December 2021, the Group recognised foreign worker levy rebates and waiver of $329,000 (2020: $1,202,000) under government grants.

[3] Reversal of creditor's balances – net, referred to a dispute between a subsidiary corporation of the Company and a main contractor in connection to the construction of a 4-storey factory and an 11-storey office building located at 42A Penjuru Road. The dispute was settled on 2 March 2020 and a creditor balance of $8,629,000 in relation to retention sum and the drawdown of insurance bond in prior financial year was reversed during the financial year ended 31 December 2020.

On 24 August 2020, a full and final settlement of $400,000 was paid to a sub-contractor in connection with a legal suit brought by a subcontractor against a subsidiary corporation of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

6. Expenses by nature

	Group	
	2021	2020
	$'000	$'000
Purchases of raw materials	**6,328**	7,199
Changes in inventories	**170**	(926)
Depreciation of property, plant and equipment (Note 19)	**9,982**	9,945
Directors' fees	**174**	174
Donation	**32**	119
Employee compensation (Note 7)	**15,139**	14,351
Employee welfare	**247**	326
Freight and handling charges	**1,758**	1,173
Insurance	**480**	432
Property tax	**997**	994
Professional fees	**1,062**	1,831
Repairs and maintenance	**1,834**	1,835
Rental expense on operating leases (Note 20(d))	**697**	456
Subcontractors' cost	**5,469**	3,650
Surveyor and testing fees	**708**	456
Telephone	**86**	102
Transportation	**220**	222
Travelling	**101**	83
Utilities	**1,649**	1,529
Other	**1,437**	1,734
Total cost of sales and administrative expenses	**48,570**	45,685

7. Employee compensation

	Group	
	2021	2020
	$'000	$'000
Wages and salaries	**12,806**	12,083
Employers' contribution to defined contribution plans including Central Provident Fund	**1,631**	1,622
Other short-term benefits	**462**	406
Performance shares expense (Note 26)	**240**	240
	15,139	14,351

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8. Finance expenses

	Group 2021 $'000	Group 2020 $'000
Interest expense		
- Bank borrowings	**3,290**	5,043
- Bank overdraft	**17**	18
- Lease liabilities - leasehold land (Note 20(c))	**569**	601
- Lease liabilities - hire purchase (Note 20(c))	**17**	42
	3,893	5,704

9. Income tax (credit)/expense

	Group 2021 $'000	Group 2020 $'000
Income tax (credit)/expense		
From continuing operations		
Under/(over) provision in prior financial years		
- Current income tax - Singapore	**1**	1
- Current income tax - Foreign	**6**	25
- Deferred income tax (Note 25)	**(1,836)**	-
	(1,829)	26
From discontinued operations	**-**	-
Tax (credit)/expense is attributable to:		
- Continuing operations	**(1,829)**	26
- Discontinued operations (Note 14(a))	**-**	-
	(1,829)	26

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. Income tax (credit)/expense (continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2021	2020
	$'000	$'000
Profit before income tax from:		
- Continuing operations	**4,797**	5,902
- Discontinued operations (Note 14(a))	**-**	(680)
	4,797	5,222
Share of profit of associated companies, net of tax (Note 18)	**(529)**	(257)
Profit before income tax and share of profit of associated companies	**4,268**	4,965
Tax calculated at tax rate of 17% (2020: 17%)	**726**	844
Effects of:		
- Different tax rates in other countries	**2**	1
- Expenses not deductible for tax purposes	**1,079**	1,964
- Income not subject to tax	**(298)**	(2,138)
- Utilisation of previously unrecognised capital allowances and tax losses	**(1,509)**	(1,038)
- Deferred income tax asset not recognised	**-**	367
- Under provision of current tax in prior financial years	**7**	26
- Over provision of deferred tax in prior financial years	**(1,836)**	-
Tax (credit)/charge	**(1,829)**	26

10. Earnings per share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(b) *Diluted earnings per share*

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

The Company does not have any dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10. Earnings per share (continued)

Basic and diluted earnings per share for continuing operations and discontinued operations attributable to equity holders of the Company is calculated as below:

	Group					
	Continuing operations 2021	Continuing operations 2020	**Discontinued operations 2021**	Discontinued operations 2020	**Total 2021**	Total 2020
Net profit attributable to equity holders of the Company ($'000)	**6,509**	5,865	**-**	502	**6,509**	6,367
Weighted average number of shares outstanding for basic and diluted earnings per share ('000)	**444,766**	432,297	**444,766**	432,297	**444,766**	432,297
Basic and diluted earnings per share attributable to equity holders of the Company (SGD cents)	**1.46**	1.36	**-**	0.11	**1.46**	1.47

11. Cash and cash equivalents

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Cash at bank and on hand	**13,802**	15,100	**5,351**	7,040
Short-term bank deposits	**505**	504	**-**	-
	14,307	15,604	**5,351**	7,040

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2021 $'000	2020 $'000
Cash and cash equivalents (as above)	**14,307**	15,604
Less: Short-term bank deposits and cash at bank pledged	**(505)**	(504)
Less: Bank overdrafts (Note 24)	**(306)**	(303)
	13,496	14,797
Cash and bank balances reclassified to disposal group (Note 14(c))	**30**	-
Cash and cash equivalents per consolidated statement of cash flows	**13,526**	14,797

The short-term bank deposits are pledged to secure certain bank borrowings (Note 24(a)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. Cash and cash equivalents (continued)

Deemed disposal/disposal of subsidiary corporations

(a) Deemed disposal of Menji Pte. Ltd.

On 30 September 2021, the Company's shareholding interest in a subsidiary corporation, Menji Pte. Ltd. ("Menji Singapore") decreased following the allotment and issuance of 55,000 shares of Menji Singapore to a third party as disclosed in Note 18 to the financial statements.

(b) Disposal of Mencast-KSE Pte. Ltd.

On 12 November 2020, the Group disposed of its 51% equity interest in Mencast-KSE Pte. Ltd. ("MKSE") as disclosed in Note 14 to the financial statements.

The effects of the disposals on the cash flows of the Group were:

	Group	
	Menji Singapore **At 30 September 2021 $'000**	*MKSE* At 12 November 2020 $'000
Carrying amounts of assets and liabilities as at the date of deemed disposal/ disposal:		
Cash and cash equivalents	**48**	118
Trade and other receivables	**195**	609
Contract assets	**-**	1,394
Investment in subsidiary corporation	**338**	-
Property, plant and equipment	**184**	8,279
Total assets	**765**	10,400
Trade and other payables	**(500)**	(12,508)
Contract liabilities	**-**	(187)
Total liabilities	**(500)**	(12,695)
Net assets/(liabilities)	**265**	(2,295)
Less: Non-controlling interests	**(133)**	1,125
Less: Costs of 49.7% retained investment	**(132)**	-
Net liabilities deemed disposed of/disposed of	**-**	(1,170)
Cash (outflows)/inflows arising from deemed disposal/disposal:		
Net liabilities deemed disposed of/disposed of (as above)	**-**	(1,170)
Gain on disposal of non-current assets held-for-sale (Note 14(a))	**-**	1,731
Unpaid expenses incurred on disposal of non-current assets held-for-sale, net	**-**	11
Cash proceeds on disposal of non-current assets held-for-sale	**-**	572
Cash proceeds on disposal of non-current assets held-for-sale consist of:		
- Purchase consideration, net	**-**	572
Less: Cash and cash equivalents in subsidiary corporation deemed disposed of/ disposed of (as above)	**(48)**	(118)
(Net cash outflow on deemed disposal of a subsidiary corporation)/net cash inflow on disposal of a subsidiary corporation classified as held-for-sale	**(48)**	454

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Trade receivables				
- Non-related parties	**16,121**	15,431	**-**	-
- Associated companies	**377**	929	**-**	-
Less: Allowance for impairment of trade receivables (Note 30(b))	**(1,793)**	(1,778)	**-**	-
Trade receivables – net	**14,705**	14,582	**-**	-
Other receivables				
- Non-related parties	**4,213**	4,869	**4,175**	4,647
- Subsidiary corporations	**-**	-	**58,400**	58,847
- Associated companies	**840**	-	**536**	-
- Related party	**-**	180	**-**	-
	5,053	5,049	**63,111**	63,494
Less: Allowance for impairment of other receivables (Note 30(b))	**-**	-	**(16,763)**	-
Other receivables – net	**5,053**	5,049	**46,348**	63,494
Advances to suppliers	**294**	252	**3**	3
Advances to staff	**31**	1	**-**	-
Deposits	**49**	51	**1**	1
Dividend receivables from an associated company (Note 18(ii))	**300**	-	**-**	-
Prepayments	**437**	436	**41**	164
	20,869	20,371	**46,393**	63,662

The other receivables from subsidiary corporations, associated companies and a related party are unsecured, repayable on demand and interest-free, except for certain advances to the subsidiary corporations amounting to $15,564,000 (2020: $18,373,000) which bear interest at 4% (2020: 4%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. Inventories

	Group	
	2021	2020
	$'000	$'000
At cost		
Raw materials	**2,230**	2,193
Work-in-progress	**1,006**	1,567
Finished goods	**2,268**	1,914
	5,504	5,674

The cost of inventories recognised as an expense and included in "Cost of sales" for the financial year ended 31 December 2021 amounted to $6,389,000 (2020: $6,273,000).

During the financial year ended 31 December 2021, the Group has written-down inventories of $109,000 (2020: $Nil) (Note 5), due to inventories obsolescence under the Offshore and Engineering segment. No inventory reversal was recognised in the financial years ended 31 December 2021 and 2020.

14. Discontinued operations and disposal group classified as held-for-sale

(i) Discontinued operations

Disposal of 51% Equity Interest in MKSE

As announced on 2 October 2020, Mencast Investment Holdings Pte. Ltd., a wholly owned subsidiary corporation of the Company, had entered into a sale and purchase agreement for the disposal of 51% equity interest in MKSE, represented by 153,000 shares in MKSE.

Following the Group's decision to sell MKSE and in compliance with SFRS(I) 5 *Non-current Assets Held-for-Sale and Discontinued Operations*, the assets and liabilities of MKSE were classified as Assets of disposal group classified as held-for-sale and Liabilities directly associated with disposal group classified as held-for-sale respectively on the consolidated balance sheet. Financial results of MKSE have been reclassified to "Discontinued Operations" for the financial period ended 30 September 2020 and the prior financial periods' financial results had been restated to reflect this change in presentation in the Consolidated Statement of Comprehensive Income.

The completion of the disposal of MKSE took place on 12 November 2020 and resulted in a gain of $1,731,000 as disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Discontinued operations and disposal group classified as held-for-sale (continued)

(ii) Disposal group classified as held-for-sale

As at 31 December 2021, the disposal group classified as held-for-sale comprised of the following:

(1) Under the Amended DRA, the Group is required to dispose of certain non-core assets to pare down its debt by at least $55,000,000 on or before 31 March 2024 (Note 2.1 – Going Concern). The carrying amount of the identified non-core assets and corresponding liabilities were $70,544,000 and $69,083,000 respectively.

(2) Proposed disposal of the entire stake in S&W Process Equipment (Changshu) Co. Ltd. ("SWP") as announced on SGX-ST on 27 December 2021. SWP is a wholly owned subsidiary corporation of the Company and has been inactive over the past financial years. The carrying amount of its assets and liabilities were $49,000 and $37,000 respectively. As disclosed in Note 33 to the financial statements, the completion of the proposed disposal of SWP had taken place on 11 February 2022.

Below are the results and impact of discontinued operations and the re-measurement of MKSE as disposal group classified as held-for-sale for the financial year ended 31 December 2020.

(a) The results of the discontinued operations and the re-measurement of MKSE as disposal group classified as held-for-sale for the financial year ended 31 December 2020 are as follows:

	Group 2020 $'000
Revenue	2,564
Expenses	(4,975)
Other losses - net	-
Loss before income tax from discontinued operations	(2,411)
Income tax expense (Note 9)	-
Loss after tax from discontinued operations	(2,411)
Pre/post-tax gain on disposal of a subsidiary corporation classified as held-for-sale (Note 11)	1,731
Net loss for the period from discontinued operations	(680)

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	Group 2020 $'000
Operating cash inflows	5,333
Investing cash outflows	(4,095)
Financing cash outflows	(1,371)
Total cash outflows	(133)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Discontinued operations and disposal group classified as held-for-sale (continued)

(c) Details of the assets in disposal group classified as held-for-sale were as follow:

	Cash and cash equivalents $'000	Trade and other receivables $'000	Contract assets $'000	Property, plant and equipment $'000	Total $'000
Group					
2021					
Beginning of financial year	**-**	**-**	**-**	**70,544**	**70,544**
Reclassification during the financial year	**30**	**4**	**-**	**15**	**49**
End of financial year	**30**	**4**	**-**	**70,559**	**70,593**
2020					
Beginning of financial year	-	-	-	74,044	74,044
Reclassification during the financial year	118	609	1,394	8,279	10,400
Disposal (Note 11)	(118)	(609)	(1,394)	(8,279)	(10,400)
Impairment loss (Note 5)	-	-	-	(3,500)	(3,500)
End of financial year	-	-	-	70,544	70,544

No impairment charge was recognised for the financial year ended 31 December 2021. However, the Group has recognised an impairment charge of $3,500,000 (Note 3(f) and 5) for a property accounted under asset of disposal group classified as held-for-sale for the financial year ended 31 December 2020.

(d) Details of the liabilities directly associated with disposal group classified as held-for-sale were as follow:

	Group 2021 $'000	Group 2020 $'000
Trade and other payables	**37**	-
Borrowings		
- Bank borrowings	**62,717**	62,717
- Lease liabilities – leasehold land	**6,366**	6,847
	69,120	69,564

As at 31 December 2021, the bank borrowings include secured liabilities of $62,717,000 (2020: $62,717,000) on the Group's building on leasehold land.

For the financial year ended 31 December 2021, Management has reviewed and concluded that the requirements of SFRS(I) 5 was met.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. Financial assets, at FVOCI

	Group	
	2021	2020
	$'000	$'000
Beginning of financial year	**95**	95
Fair value loss	**(4)**	-
End of financial year	**91**	95

Financial assets, at FVOCI are equity securities listed in Malaysia.

16. Investments in subsidiary corporations

	Company	
	2021	2020
	$'000	$'000
Equity investments at cost		
Beginning of financial year	**79,157**	82,031
Deemed disposal of a subsidiary corporation[1]	**(276)**	-
Incorporation of a subsidiary corporation	**-**	276
Share capital reduction of a subsidiary corporation[2]	**-**	(3,150)
End of financial year	**78,881**	79,157
Accumulated impairment		
Beginning of financial year	**(22,761)**	(22,351)
Impairment charge[3]	**(1,000)**	(410)
End of financial year	**(23,761)**	(22,761)
Net book value		
End of financial year	**55,120**	56,396

[1] As disclosed in Notes 11(a) and 18 to the financial statements, the dilution of shareholdings in Menji Singapore on 30 September 2021 resulted in the cessation of Menji Singapore to be a subsidiary corporation of the Company.

[2] On 26 October 2020, the Company's subsidiary corporation, Mencast Energy Pte. Ltd. reduced its share capital from $9,400,000 divided into 9,400,000 shares of $1 each, to $4,900,000 of $1 each. The Company has a 70% equity interest in Mencast Energy Pte. Ltd. As a result, the Company's historical cost of investment decreased from $6,580,000 to $3,430,000 as at 31 December 2020. Simultaneously, non-controlling interest of Mencast Energy Pte. Ltd. has decreased by $1,350,000 from $2,820,000 to $1,470,000.

[3] Management assesses for impairment whenever there is any objective evidence or indication that investments in subsidiary corporations may be impaired. An allowance for impairment loss was made in respect of the Company's investments in certain subsidiary corporations to reduce the carrying amount of the investments to the recoverable amounts, after taking into account the financial conditions of the subsidiary corporations. During the financial year ended 31 December 2021, impairment losses of $1,000,000 (31 December 2020: $410,000) were recognised for the Company's investments in subsidiary corporations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. Investments in subsidiary corporations (continued)

Details of subsidiary corporations are as follows:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2021 %	2020 %	**2021 %**	2020 %	**2021 %**	2020 %
Mencast Marine Pte Ltd[a]	Manufacture, supply and refurbishment and reconditioning of sterngear	Singapore	**100**	100	**100**	100	**-**	-
Mencast Engineering Pte. Ltd.[a]	Supply of oil and gas equipment and precision engineering services	Singapore	**100**	100	**100**	100	**-**	-
Mencast Offshore & Marine Pte. Ltd.[a]	Collection of waste and building and repair of ships, tankers and other ocean-going vessels	Singapore	**100**	100	**100**	100	**-**	-
Mencast Energy Pte. Ltd.[a]	Investment holding	Singapore	**70**	70	**70**	70	**30**	30
Stone Marine Mencast Pte. Ltd.[a]	Repair of ships, tankers and other ocean-going vessels and wholesale of marine equipment and accessories	Singapore	**-**	-	**100**	100	**-**	-
Recon Propeller & Engineering Pte Ltd ("Recon")[a]	Sterngear services	Singapore	**100**	100	**100**	100	**-**	-
Mencast Procurement (Singapore) Pte. Ltd.[a]	Inactive	Singapore	**100**	100	**100**	100	**-**	-
Top Great Engineering & Marine Pte Ltd[a]	Provision of mechanical engineering works, and repair of ships, tankers and other ocean- going vessels	Singapore	**100**	100	**100**	100	**-**	-
Mencast Subsea Pte. Ltd.[a]	Provision of underwater commercial diving and top side (rope access) services	Singapore	**100**	100	**100**	100	**-**	-
S&W Pte. Ltd.[a]	Inactive	Singapore	**100**	100	**100**	100	**-**	-
Mencast Innovation Centre Pte. Ltd.[a]	Engineering design and consultancy services	Singapore	**100**	100	**100**	100	**-**	-
Mencast Marine (HK) Limited[d]	Inactive	Hong Kong	**-**	-	**100**	100	**-**	-
Mencast Energeers Pte. Ltd.[a]	Inactive	Singapore	**-**	-	**70**	70	**30**	30

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. Investments in subsidiary corporations (continued)

Details of subsidiary corporations are as follows: (continued)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2021 %	2020 %	**2021 %**	2020 %	**2021 %**	2020 %
Chinyee Engineering & Machinery Pte Ltd[a]	Supply of oil and gas equipment and precision engineering services	Singapore	**-**	-	**100**	100	**-**	-
PT. Mencast Offshore & Marine[b]	Fabrication of steel structure, ship building and repairs	Indonesia	**-**	-	**100**	100	**-**	-
Top Great Holdings Pte. Ltd.[a]	Investment holding	Singapore	**-**	-	**100**	100	**-**	-
Top Great Engineering Services LLC[c]	In the process of voluntary liquidation	Sultanate of Oman	**-**	-	**100**	100	**-**	-
Unidive Marine Services (Malaysia) Sdn Bhd[f]	Underwater commercial diving services provider	Malaysia	**-**	-	**100**	100	**-**	-
Unidive Offshore Private Limited[a]	Inactive	Singapore	**-**	-	**100**	100	**-**	-
S&W Process Equipment (Changshu) Co. Ltd.[e][g]	Disposal group	China	**100**	100	**100**	100	**-**	-
Mencast Investment Holdings Pte. Ltd.[a]	Investment holding	Singapore	**100**	100	**100**	100	**-**	-
Mencast – KSE Pte. Ltd. ("MKSE")[h]	Disposed	Singapore	**-**	-	**-**	-	**100**	100
Menji Pte. Ltd.[a][i]	Deemed disposal	Singapore	**49.7**	55.2	**49.7**	55.2	**50.3**	44.8
Virestorm Pte. Ltd.[a]	Manufacture of electrical machinery	Singapore	**-**	-	**50**	50	**50**	50

(a) Audited by Nexia TS Public Accounting Corporation, Singapore.
(b) Audited by Riyanto, SE, AK, Indonesia.
(c) In the process of voluntary liquidation.
(d) Audited by Eden & Co., Certified Public Accountants (Practising), Hong Kong.
(e) Audited by Shanghai Nexia TS CPAS, a member firm of Nexia International.
(f) Audited by Nexia SSY PLT, Malaysia, a member firm of Nexia International.
(g) Completed the proposed disposal on 11 February 2022 (Notes 14 and 33).
(h) Disposed 51% shareholdings on 12 November 2020 (Notes 11 and 14).
(i) Deemed disposal with 49.7% retained investment in 2021 (Notes 11,14 and 18).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. Investments in subsidiary corporations (continued)

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and the Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Company.

Significant restrictions

Cash in bank of $30,000 (2020: $135,000) is held in the People's Republic of China ("PRC") and are subject to local exchange control regulations. These local exchange regulations provide for restrictions on remitting capital from the country, other than through normal dividends.

Carrying value of non-controlling interests

	Group	
	2021	2020
	$'000	$'000
Mencast Energy Pte. Ltd.	**1,684**	1,644
Other subsidiary corporations with immaterial non-controlling interest	**(38)**	161
Total	**1,646**	1,805

Summarised financial information of subsidiary corporations with material non-controlling interests

There were no transactions with non-controlling interests for the financial years ended 31 December 2021 and 2020 respectively.

Set out below are the summarised financial information for subsidiary corporations with non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

	Mencast Energy	
	2021	2020
	$'000	$'000
Summarised Balance Sheet		
Current		
Assets	**1,453**	1,259
Liabilities	**(5)**	(107)
Net current assets	**1,448**	1,152
Non-current		
Assets	**4,165**	4,329
Net non-current assets	**4,165**	4,329
Net assets	**5,613**	5,481
Summarised Income Statement		
Revenue	**-**	-
Profit before income tax	**732**	161
Income tax expense	**-**	-
Total comprehensive income, representing net profit	**732**	161
Total comprehensive income allocated to non-controlling interests	**220**	48
Dividends paid to non-controlling interests	**180**	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. Investments in subsidiary corporations (continued)

Set out below are the summarised financial information for subsidiary corporations with non-controlling interests that are material to the Group. These are presented before inter-company eliminations. (continued)

	Mencast Energy	
	2021	2020
	$'000	$'000
Summarised Cash flows		
Net cash provided by operating activities	**34**	1,135
Net cash provided by/(used in) investing activities	**500**	(39)
Net cash used in financing activities	**(600)**	(4,500)
Net decrease in cash and cash equivalents	**(66)**	(3,404)
Cash and cash equivalents		
Beginning of financial year	**398**	3,802
End of financial year	**332**	398

17. Investment in a joint venture

	Group	
	2021	2020
	$'000	$'000
Equity investment		
Beginning and end of financial year	**-**	-

Details of joint venture are as follows:

Name of company	Principal activities	Country of business/ incorporation	Effective equity holding	
			2021	2020
			%	%
Towell Top Great Engineering Services LLC	Dormant	Sultanate of Oman	**50**	50

The Group has joint control over the joint venture as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities. The Group's joint arrangement is structured as a limited company such that the Group and the parties to the arrangement have the rights to the net assets of the limited company under the arrangements. Therefore, these arrangements are classified as joint venture. There are no contingent liabilities relating to the Group's interest in a joint venture company.

No summarised financial information for the joint venture is presented as the joint venture is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. Investments in associated companies

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Equity investment				
Beginning of financial year	**4,290**	4,033	**-**	-
Currency translation difference	**(6)**	-	**(6)**	-
Addition[i]	**251**	-	**251**	-
Dividend income	**(800)**	-	**-**	-
Share of profit of associated companies	**529**	257	**(108)**	-
End of financial year	**4,264**	4,290	**137**	-

Details of associated companies are as follows:

Name of company	Principal activities	Country of business/ incorporation	Effective equity holding	
			2021 **%**	2020 %
Held by the Company				
Menji Pte Ltd ("**Menji Singapore**")[a]	Additive manufactured products for interior design used on marine and offshore and commercial accommodation	Singapore	**49.7**	55.2
Held by Menji Singapore				
Menji Technology Development (Shanghai) Co., Ltd ("**Menji Shanghai**")[b]	Provision of engineering and construction services, and the wholesale of building and construction materials	China	**49.7**	-
Held by Mencast Energy				
Vac-Tech Engineering Pte Ltd ("**Vac-Tech**")[a]	Sludge treatment, catalyst handling, environmental services and industrial cleaning services	Singapore	**14.0**	14.0

(a) Audited by Nexia TS Public Accounting Corporation, Singapore.
(b) Audited by Shanghai Nexia TS CPAS, a member firm of Nexia International.

As at 31 December 2021, the Group has 2 associated companies namely:

(i) Menji Singapore and its subsidiary corporation

As announced on 28 July 2021, Menji Singapore, a 55.2% owned subsidiary corporation of the Company (the "Purchaser") and Mr. Gong Kun (the "**Seller**") have mutually agreed in writing to vary and amend the terms of the sale and purchase agreement in relation to the proposed acquisition of 100% of the registered share capital in Menji Shanghai **旻集科技发展（上海）有限公司** dated 11 May 2021, by way of a supplemental agreement entered into between the parties on 28 July 2021 (the "**Supplemental Agreement**"). The consideration of the proposed acquisition is RMB 1.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. Investments in associated companies (continued)

(i) Menji Singapore and its subsidiary corporation (continued)

Pursuant to the Supplemental Agreement, the Seller and the Purchaser have mutually agreed that the unpaid registered capital of Menji Shanghai shall increased from RMB1,000,000 to RMB10,000,000 in order to enable Menji Shanghai to bid for and enter into contracts with parties that impose minimum requirements on the registered capital of the bidding company.

On 20 August 2021, the acquisition of Menji Shanghai was completed and accounted as a wholly owned subsidiary corporation of Menji Singapore (the "**Menji Group**").

On 30 September 2021, Menji Singapore entered into share subscription agreement for the allotment and issuance of 55,000 ordinary shares to Mr. Gong Kun for a consideration of $50,000 (the "**Transaction**").

Consequently, the Company's shareholdings in Menji Group reduced from 55.2% to approximately 49.7%. Menji Group ceased to be the subsidiary corporation and became the associated company accounted for using the equity method of accounting.

As a result of the Transaction, the Group recorded a decrease in accumulated losses of $13,000 and a decrease in non-controlling interest amounting to $13,000 during the financial year. The Group has not recognised the financial impact of the acquisition of Menji Shanghai until the date of deemed disposal of Menji Group as the Management assessed that the financial impact to the Group is immaterial. A gain on re-measurement of retained investment as an associated company, amounting to $119,000 (Note 5) was recognised by the Group.

(ii) Vac-Tech

On 28 June 2019, Mencast Energy, a 70% subsidiary corporation of the Company, entered into a sale and purchase agreement with Grand Victor Corp Pte. Ltd. for the disposal of 50% equity interest in Vac-Tech. Prior to the disposal, Mencast Energy holds 70% of Vac-Tech's existing issued and paid-up share capital. This disposal was completed on 24 September 2019 and 20% of Vac-Tech's equity interest was retained. The Group's interest in Vac-Tech was reduced from 49% to 14%. The fair value of retained investment as at disposal date was $3,725,000 and a gain on remeasurement of retained investment of $1,456,000 was recorded in financial year ended 31 December 2019 as a result of the disposal.

During the financial year ended 31 December 2021, Vac-Tech declared dividends of $2,500,000 and $1,500,000. The Group's entitlement to these dividends amounted to $800,000, of which $500,000 was received during the current financial year and $300,000 was received in early January 2022.

There are no contingent liabilities relating to the Group's interest in associated companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18. Investments in associated companies (continued)

Set out below are the summarised financial information of Vac-Tech, a material associated company, based on its unaudited financial statements (not the Group's share of those amounts) prepared in accordance with SFRS(I) and a reconciliation with the carrying amount of the investment in the Group's consolidated financial statements:

	Vac-Tech	
	2021	2020
	$'000	$'000
Summarised Income Statement		
Revenue	**21,290**	16,805
Profit before income tax	**3,860**	1,549
Income tax expense	**(679)**	(264)
Total comprehensive income, representing net profit	**3,181**	1,285
Dividends received from associated company	**500**	-
Summarised Balance Sheet		
Current		
Assets	**17,396**	12,786
Liabilities	**(8,850)**	(4,386)
Net current assets	**8,546**	8,400
Non-current		
Assets	**9,246**	11,183
Liabilities	**(4,441)**	(5,413)
Net non-current assets	**4,805**	5,770
Net assets	**13,351**	14,170
Reconciliation		
Group's share of net assets	**2,671**	2,834
Fair value adjustment on re-measurement of retained investment at the point of disposal	**1,456**	1,456
Carrying amount	**4,127**	4,290
Add: carrying value of immaterial associated company	**137**	-
Carrying value of Group's interest in associated companies	**4,264**	4,290

The following table summarises, in aggregate, the financial information of the Group's individually immaterial associated companies accounted for using the equity method:

	2021
	$'000
- Assets	1,048
- Liabilities	1,012
- Revenue	30
- Net loss	424

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For the financial year ended 31 December 2021

19. Property, plant and equipment

Group	Leasehold land $'000	Buildings on leasehold land $'000	Machinery and equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Vessels $'000	Computers $'000	Renovation $'000	Construction in progress $'000	Total $'000
2021											
Cost											
Beginning of financial year	18,273	62,914	67,404	1,208	880	2,521	30,817	2,497	2,304	2,761	191,579
Currency translation differences	-	27	49	3	1	1	-	4	-	-	85
Additions	33	-	1,093	127	36	206	125	28	78	2,089	3,815
Reclassified to disposal group (Note 14 (c))	-	-	(1,030)	(61)	(33)	-	-	(72)	-	-	(1,196)
Deemed disposal of a subsidiary corporation to an associated company (Note 11)	-	-	-	(126)	-	-	-	-	(78)	-	(204)
Reclassification	-	-	(430)	-	-	-	-	-	-	430	-
Disposals	-	-	(78)	-	-	(241)	(41)	-	-	-	(360)
End of financial year	18,306	62,941	67,008	1,151	884	2,487	30,901	2,457	2,304	5,280	193,719
Accumulated depreciation and impairment losses											
Beginning of financial year	2,169	21,860	37,115	1,152	805	1,721	20,275	2,338	1,816	-	89,251
Currency translation differences	-	7	48	3	1	1	-	4	-	-	64
Depreciation charge (Note 6)	1,089	2,659	4,285	31	60	233	1,363	108	154	-	9,982
Reclassified to disposal group (Note 14(c))	-	-	(1,030)	(55)	(30)	-	-	(66)	-	-	(1,181)
Deemed disposal of a subsidiary corporation to an associated company (Note 11)	-	-	-	(12)	-	-	-	-	(8)	-	(20)
Impairment loss (Note 5)	-	-	84	-	-	-	-	-	-	-	84
Disposals	-	-	(56)	-	-	(223)	(41)	-	-	-	(320)
End of financial year	3,258	24,526	40,446	1,119	836	1,732	21,597	2,384	1,962	-	97,860
Net book value											
End of financial year	**15,048**	**38,415**	**26,562**	**32**	**48**	**755**	**9,304**	**73**	**342**	**5,280**	**95,859**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. **Property, plant and equipment** (continued)

Group	Leasehold land $'000	Buildings on leasehold land $'000	Machinery and equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Vessels $'000	Computers $'000	Renovation $'000	Construction in progress $'000	Total $'000
2020											
Cost											
Beginning of financial year	18,240	63,034	66,273	1,299	740	2,480	38,810	2,458	2,207	3,842	199,383
Currency translation differences	-	(120)	19	1	2	(5)	-	(2)	-	-	(105)
Additions	33	-	1,315	-	48	177	4,118	41	97	2,213	8,042
Reclassification	-	-	-	(92)	92	-	-	-	-	-	-
Reclassified to disposal group (Note 14(c))	-	-	-	-	-	-	(9,184)	-	-	-	(9,184)
Disposals	-	-	(203)	-	(2)	(131)	(2,927)	-	-	(3,294)	(6,557)
End of financial year	18,273	62,914	67,404	1,208	880	2,521	30,817	2,497	2,304	2,761	191,579
Accumulated depreciation and impairment losses											
Beginning of financial year	1,072	19,223	33,005	1,170	719	1,583	18,657	2,239	1,643	1,405	80,716
Currency translation differences	-	(20)	34	2	2	(3)	-	(2)	-	-	13
Depreciation charge											
- Continuing operations (Note 6)	1,097	2,657	4,167	20	46	252	1,432	101	173	-	9,945
- Discontinued operations (Note 14(c))	-	-	-	-	-	-	447	-	-	-	447
Reclassification	-	-	-	(40)	40	-	-	-	-	-	-
Reclassified to disposal group	-	-	-	-	-	-	(905)	-	-	-	(905)
Impairment loss											
- Continuing operations (Note 5)	-	-	-	-	-	-	2,160	-	-	-	2,160
Disposals	-	-	(91)	-	(2)	(111)	(1,516)	-	-	(1,405)	(3,125)
End of financial year	2,169	21,860	37,115	1,152	805	1,721	20,275	2,338	1,816	-	89,251
Net book value											
End of financial year	**16,104**	**41,054**	**30,289**	**56**	**75**	**800**	**10,542**	**159**	**488**	**2,761**	**102,328**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. Property, plant and equipment (continued)

	Office equipment $'000	Computers $'000	Motor vehicle $'000	Renovation $'000	Total $'000
Company					
2021					
Cost					
Beginning and end of financial year	**4**	**124**	**259**	**24**	**411**
Accumulated depreciation					
Beginning of financial year	**3**	**98**	**73**	**24**	**198**
Depreciation charge	*****	**13**	**52**	**-**	**65**
End of financial year	**3**	**111**	**125**	**24**	**263**
Net book value					
End of financial year	**1**	**13**	**134**	**-**	**148**
2020					
Cost					
Beginning of financial year	4	110	259	24	397
Addition	-	14	-	-	14
End of financial year	4	124	259	24	411
Accumulated depreciation					
Beginning of financial year	2	87	22	24	135
Depreciation charge	1	11	51	-	63
End of financial year	3	98	73	24	198
Net book value					
End of financial year	1	26	186	-	213

** Less than $1,000*

Additions during the financial year included motor vehicles acquired under lease liabilities – hire purchase amounting to $34,000 (2020: $Nil).

The carrying amounts of office equipment and motor vehicles held under lease liabilities – hire purchase are $150,000 (2020: $309,000) at the balance sheet date.

Certain bank borrowings are secured by property, plant and equipment of the Group with carrying amounts of $47,735,000 (2020: $53,902,000) (Note 24(a)).

During the financial year ended 31 December 2021, impairment charges of $84,000 (2020: $2,160,000) (Note 5) was recognised for property, plant and equipment as the estimated recoverable amounts are less than carrying value and/or fair value less costs to sell.

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. Property, plant and equipment (continued)

Included in the Group's property, plant and equipment are leasehold properties which are carried at cost less accumulated depreciation and impairment. The Group engaged independent valuers to carry out valuation of the Group's properties. Set out below are the fair values of the properties as at the balance sheet date:

				As at 31 December 2021		
Location	**Description**	**Land Area sqm**	**Latest valuation date**	**Net book value $'000**	**Fair values $'000**	**Excess of fair values over net book value $'000**
12 Kwong Min Road	Office building, dormitory and workshop	4,623	Dec 2021	1,885	2,500	615
42A Penjuru Road*	Office building, canteen and workshop	15,088	Dec 2021	62,717	67,500	4,783
42B Penjuru Road	Office building and workshop	16,200	Dec 2021	15,509	26,500	10,991
42E Penjuru Road	Waterfront, office building and workshop	19,292	Dec 2021	15,902	20,000	4,098
107 Gul Circle	Office building and workshop	12,618	Dec 2021	728	1,300	572
Jl. Brigjen Katamso Km 6.5	Office building and workshop	50,793	Dec 2021	4,766	5,297	531
Total				**101,507**	**123,097**	**21,590**

** This property is included in the Assets of disposal group classified as held-for-sale as at 31 December 2021 (Note 14(c)).*

The net book value of leasehold properties, as disclosed above, do not include the respective carrying values for leasehold land.

The basis of valuation to determine the fair value of the Singapore properties was based on the sales comparison method. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The sales comparison method involves the analysis of comparable sales price of similar properties in close proximity and adjusted for price differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square metre.

For the Indonesia property located in Jl. Brigjen Katamso, the basis of valuation to determine its fair value was based on the direct comparison method for land and depreciated replacement cost method for building. The key assumption and estimation input for direct comparison method are location, size area and date of transaction of comparable land while input for depreciated replacement cost method are unit price of material and wages at which market participants will pay.

The fair values above are within Level 2 of the fair value hierarchy (Note 30(e)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold land

The Group leases land for business operations from non-related parties under non-cancellable lease agreements. The leases have varying terms, escalation clauses and renewable rights.

Various leasehold lands are recognised within property, plant and equipment and disposal group classified as held-for-sale (Notes 19 and 14). The Group also makes monthly lease payments for leasehold land.

There are no externally imposed covenants on these lease arrangements.

Office equipment and motor vehicles

The Group leases office equipment and motor vehicles for operation purpose. The lease arrangements prohibit the Group from subleasing the equipment to non-related parties.

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	Group	
	2021	2020
	$'000	$'000
Leasehold land	**15,048**	16,104
Motor vehicles	**150**	292
Office equipment	**-**	17
	15,198	16,413

ROU asset of disposal group classified as held-for-sale

	Group	
	2021	2020
	$'000	$'000
Leasehold land	**7,828**	7,828

(b) Depreciation charge during the financial year

	Group	
	2021	2020
	$'000	$'000
Leasehold land	**1,089**	1,097
Machinery and equipment	**-**	123
Motor vehicles	**72**	90
Office equipment	**17**	18
	1,178	1,328

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Leases – The Group as a lessee (continued)

(c) Interest expense during the financial year

	Group	
	2021	2020
	$'000	$'000
Interest expense on lease liabilities – leasehold land (Note 8)	**569**	601
Interest expense on lease liabilities – hire purchase (Note 8)	**17**	42
	586	643

(d) Lease expenses not capitalised in lease liabilities

Lease expense – short term lease (Note 6)	**697**	456

(e) Total income from subleasing ROU assets in 2021 was $2,999,000 (2020: $3,462,000) (Note 5).

(f) Total cash outflow for all leases in 2021 was $2,740,000 (2020: $2,649,000).

(g) Addition of ROU assets during the financial year 2021 was $67,000 (2020: $33,000).

21. Leases – The Group as a lessor

Nature of the Group's leasing activities - Group as an intermediate lessor

Subleases – classified as operating leases

The Group has leased out certain units of its leasehold properties to non-related parties for monthly lease receipts. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

The Group acts as an intermediate lessor under arrangement in which it subleases out units to non-related parties for monthly lease receipts. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as an operating lease.

Rental income from leasehold properties is disclosed in Note 5 to the financial statements.

Maturity analysis of lease payments – Group as an intermediate lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases and sub-leases after the balance sheet date as follows:

	Group	
	2021	2020
	$'000	$'000
Less than one year	**2,892**	3,939
Later than one year but not later than five years	**1,302**	1,485
Total undiscounted lease payments	**4,194**	5,424

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. Intangible assets

	Group	
	2021	2020
	$'000	$'000
Composition:		
Goodwill arising on acquisition of business (Note 22(a))	**-**	-
Goodwill arising on consolidation (Note 22(b))	**4,781**	4,781
	4,781	4,781

(a) Goodwill arising on acquisition of business

	Group	
	2021	2020
	$'000	$'000
Cost		
Beginning and end of financial year	**3,488**	3,488
Accumulated impairment		
Beginning and end of financial year	**(3,488)**	(3,488)
Net book value	**-**	-

The goodwill is related to the acquisition of a business for one of the Company's subsidiary corporations, Mencast Engineering Pte. Ltd. The Management provided a full impairment in prior financial year ended 31 December 2017 due to slow recovery in the oil and gas and marine industry. The value-in-use calculation on the recoverable amount was lower than the carrying amount of the aforesaid goodwill.

(b) Goodwill arising on consolidation

	Group	
	2021	2020
	$'000	$'000
Cost		
Beginning and end of financial year	**36,812**	36,812
Accumulated impairment		
Beginning and end of financial year	**(32,031)**	(32,031)
Net book value	**4,781**	4,781

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. Intangible assets (continued)

(b) Goodwill arising on consolidation (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("**CGUs**") identified according to operating entities as follows:

	Group	
	2021	2020
	$'000	$'000
Recon	**4,781**	4,781

The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by Management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations:

	2021		2020	
	Growth rate[1]	**Discount rate[2]**	Growth rate[1]	Discount rate[2]
Recon	**2%**	**9%**	2%	9%

1. Weighted average growth rate used to extrapolate cash flows beyond the budget period.
2. Pre-tax discount rate applied to the pre-tax cash flow projections.

These assumptions were used for the analysis of each CGU within the business segment. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments.

23. Trade and other payables

	Group		**Company**	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Trade payables				
- Non-related parties	**3,077**	2,080	**-**	-
- Associated companies	**9**	200	**-**	-
Accruals for operating expenses	**3,625**	3,035	**1,457**	1,018
Other payables				
- Non-related parties	**1,224**	1,615	**71**	47
- Associated companies	**28**	-	**28**	-
- Subsidiary corporations	**-**	-	**25,259**	25,116
	7,963	6,930	**26,815**	26,181

Transactions with associated companies were made on normal commercial terms and conditions.

The other payables to subsidiary corporations and associated companies are unsecured, interest-free and are repayable on demand.

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24. Borrowings

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowings	**9,832**	8,038	**2,667**	2,223
Bank overdraft (Note 11)	**306**	303	**-**	-
Lease liabilities – hire purchase	**45**	101	**-**	-
Lease liabilities – leasehold land	**918**	879	**-**	-
	11,101	9,321	**2,667**	2,223
Non-current				
Bank borrowings	**79,056**	92,187	**48,458**	51,125
Lease liabilities – hire purchase	**108**	121	**-**	-
Lease liabilities – leasehold land	**14,841**	15,720	**-**	-
	94,005	108,028	**48,458**	51,125
Total borrowings	**105,106**	117,349	**51,125**	53,348

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
6 months or less	**80,295**	89,913	**46,988**	49,031
6 - 12 months	**-**	-	**-**	-
1 - 5 years	**9,615**	11,602	**4,137**	4,317
Over 5 years	**15,196**	15,834	**-**	-
	105,106	117,349	**51,125**	53,348

(a) Security granted

Bank borrowings and bank overdraft include secured liabilities of $80,802,000 (2020: $90,112,000) over short-term bank deposits (Note 11) and certain buildings on leasehold land, vessels, machinery and equipment (Note 19).

Lease liabilities – hire purchase of the Group are effectively secured over the leased office equipment and motor vehicles (Note 19), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the lease liabilities – hire purchase.

(b) Fair value of non-current borrowings

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Bank borrowings	**89,466**	100,631	**45,670**	49,685

24. Borrowings (continued)

(b) Fair value of non-current borrowings (continued)

The fair values above are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the Directors expect to be available to the Group as follows:

	Group		Company	
	2021	2020	**2021**	2020
	%	%	**%**	%
Bank borrowings	**3.07**	2.54	**4.66**	2.53

The fair values above are within level 2 of the fair values hierarchy (Note 30(e)).

(c) Breaches of financial covenant

The Group's bank borrowings are subjected to financial covenant clauses whereby the Group is required to meet certain key financial ratios. The Group did not fulfil the gearing ratio and minimum tangible net worth as required in some of the Group's loan agreements.

As part of the Amended DRA, all financial covenants under the relevant facility agreements (i.e clauses pertaining to financial conditions, the breach of which would result in an event of default under such facility agreements) are waived until 31 March 2024, as disclosed in Note 2.1 – Going Concern to the financial statements. Therefore, the above financial covenants breaches have been rectified accordingly for the financial year ended 31 December 2021.

25. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts determined after appropriate offsetting are shown on the balance sheet as follows:

	Group	
	2021	2020
	$'000	$'000
Deferred income tax liabilities to be settled after one year	**1,752**	3,588

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For the financial year ended 31 December 2021

25. Deferred income taxes (continued)

The movement in deferred income tax liabilities prior to offsetting is as follows:

	Accelerated tax depreciation $'000
Group	
2021	
Beginning of financial year	**3,588**
Tax credited to profit or loss (Note 9)	**(1,836)**
Deferred income tax liabilities to be settled after one year	**1,752**
2020	
Beginning and end of financial year	3,588

The Group has unrecognised tax losses of $28,111,000 (2020: $35,424,000), donation of $35,000 (2020: $35,000) and capital allowance of $18,977,000 (2020: $20,541,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

26. Share capital and treasury shares

	No. of ordinary shares			Amount		
	Issued share capital '000	Treasury shares '000	Total '000	Share capital $'000	Treasury shares $'000	Total $'000
Group and Company						
2021						
Beginning of financial year	**441,591**	**(455)**	**441,136**	**92,857**	**(203)**	**92,654**
Share issue pursuant to:						
- Share-based payment	**1,292**	**-**	**1,292**	**58**	**-**	**58**
- Share Awards under the PSAS 2021 (Note 7)	**5,333**	**-**	**5,333**	**240**	**-**	**240**
End of financial year	**448,216**	**(455)**	**447,761**	**93,155**	**(203)**	**92,952**
2020						
Beginning of financial year	429,304	(455)	428,849	92,551	(203)	92,348
Share issue pursuant to:						
- Share-based payment	1,853	-	1,853	66	-	66
- Share Awards under the PSAS 2010 (Note 7)	10,434	-	10,434	240	-	240
End of financial year	441,591	(455)	441,136	92,857	(203)	92,654

26. Share capital and treasury shares (continued)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

All the newly shares issued during the financial year rank *pari passu* in all respects with the previously issued shares.

2021

On 10 June 2021, the Company has allotted and issued an aggregate of 5,333,000 ordinary shares of the Company to eligible employees of the Group under PSAS 2021.

Also, on the same date, pursuant to the PSAS 2021, the Company granted (and automatically vests on the date of grant) 1,292,000 shares to the Independent Directors of the Company in accordance with Independent Directors' fee arrangement for the financial year ended 31 December 2020 (as approved by Shareholders of the Company at the annual general meeting held on 30 April 2021), whereby the Independent Directors shall receive $116,000 in cash and the remaining $58,000 in shares.

2020

On 11 September 2020, the Company has allotted and issued an aggregate of 10,434,000 ordinary shares of the Company to eligible employees of the Group under the Scheme.

Also, on 19 October 2020, pursuant to the PSAS 2010, the Company granted (and automatically vests on the date of grant) 1,853,000 shares to the Independent Directors of the Company in accordance with the Independent Directors' fee arrangement for the financial year ended 31 December 2019 (as approved by Shareholders of the Company at the annual general meeting held on 26 June 2020), whereby the Independent Directors shall receive $95,000 in cash and the remaining $66,000 in shares.

Performance Shares

Mencast Performance Share Award Scheme 2021

The Company had previously approved and adopted the Mencast Performance Share Award Scheme (the "**PSAS 2010**") on 10 November 2010 which has expired on 9 November 2020. In light of the expired PSAS 2010, the Board of Directors proposed to implement a new performance share award scheme which shall be named the Mencast Performance Share Award Scheme 2021 (the "**PSAS 2021**").

PSAS 2021 was approved by members of the Company at an Extraordinary General Meeting ("**EGM**") held on 30 April 2021. PSAS 2021 provides for the award of fully paid-up ordinary shares ("**Share Awards**") in the share capital of the Company, free of charge to group employees (which includes Group Executive Directors and Group Non-Executive Directors).

Controlling Shareholders or Associates of a Controlling Shareholder who meet the eligibility criteria are also eligible to participate in the PSAS 2021 provided that the participation of and the terms of each grant and the actual number of awards granted to a participant who is a Controlling Shareholder or an associate of a Controlling Shareholder shall be approved by the Independent Shareholders in separate resolutions for each such person.

The PSAS 2021 is a share incentive scheme which allows the Company to provide an incentive for the participants to achieve certain specific performance condition(s) by awarding fully paid shares after these targets have been met. The focus of PSAS 2021 is principally to target employees and executives in key positions who are in the best position to drive the growth of the Group through innovation, creativity and superior performance.

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For the financial year ended 31 December 2021

26. Share capital and treasury shares (continued)

Performance Shares (continued)

Mencast Performance Share Award Scheme 2021 (continued)

The Board of Directors believe that the purposes of adopting the PSAS 2021 are to:

(a) Provide an opportunity for participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group;

(b) Motivate participants to strive towards performance excellence and to maintain a high level of contribution to the Group;

(c) Give recognition to contributions made to or to be made by participants by introducing a variable component into their remuneration package; and

(d) Make employee remuneration sufficiently competitive to recruit new participants and/or to retain existing participants whose contributions are important to the long-term growth and profitability of the Group.

The PSAS 2021 is administered by the Remuneration Committee ("**RC**") which comprise the Directors, Ng Chee Keong, Sunny Wong Fook Choy and Leow David Ivan.

The Company may deliver shares pursuant to awards granted under the PSAS 2021 by way of:

(a) Issuance of new shares; and/or

(b) Transfer of treasury shares.

The aggregate number of ordinary shares over which the Company may grant under the PSAS 2021 shall not exceed 15% of the issued share capital of the Company on the day preceding the date of grant.

Details of the Share Awards pursuant to the PSAS 2021 and 2010 were as follows:

	Share Awards during the financial year 31 December 2021 '000	**Aggregate Share Awards granted and vested since commencement of the PSAS 2021 to 31 December 2021 '000**	Share Awards during the financial year 31 December 2020 '000	Aggregate Share Awards granted and vested since commencement of the PSAS 2010 to 31 December 2020 '000
Executive Directors	**2,000**	**2,000**	3,913	5,378
Independent Directors	**1,292**	**1,292**	1,853	4,243
Key management personnel	**2,444**	**2,444**	4,782	7,291
Group employees	**889**	**889**	1,739	3,062
	6,625	**6,625**	12,287	19,974

As at 31 December 2021:

(i) there are no outstanding Share Awards under the PSAS 2021;
(ii) 6,625,200 Shares have been delivered upon vesting of the Share Awards granted under the PSAS 2021 since its commencement, representing approximately 1.48% of the issued Shares (excluding treasury shares); and
(iii) there have been 16 participants in the PSAS 2021 since its commencement.

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For the financial year ended 31 December 2021

27. Translation reserve

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**(515)**	(434)	**-**	-
Currency translation differences for foreign operations	**8**	(81)	**(6)**	-
End of financial year	**(507)**	(515)	**(6)**	-

Translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

28. Contingencies

Group

During financial year ended 2019, a wholly owned subsidiary corporation of the Company provided a corporate guarantee to a major customer for a five-year contract secured by its associated company. The guarantee expires on 30 November 2024.

Company

The Company has given an undertaking to provide continued financial support to certain subsidiary corporations in the normal course of business.

The Company has issued corporate guarantees to banks for borrowings of certain subsidiary corporations which are not secured over the assets of the subsidiary corporations. These bank borrowings amount to $8,392,000 (2020: $10,416,000) at the balance sheet date.

The Board of Directors estimated that the fair value of the corporate guarantees is negligible in the view that consequential liabilities to be derived from its guarantees to the banks, multinational customers and financial support provided to certain subsidiary corporations are not material and therefore not recognised.

29. Capital Commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2021	2020
	$'000	$'000
Property, plant and equipment	**1,838**	1,123

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. It is, and has been throughout the financial year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set. The finance personnel identify, evaluate and hedge financial risks in close co-operation with the Group's operating units. The finance personnel measure actual exposures against the limits set and prepares weekly reports for review by the Chief Financial Officer. Regular reports are also submitted to the Board of Directors.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies other than functional currency such as United State Dollar ("**USD**").

(a) Market risk

(i) Currency risk

The Group's currency exposure based on the information provided to Key Management is as follows:

	Group			
	SGD $'000	**USD $'000**	**Others $'000**	**Total $'000**
2021				
Financial assets				
Cash and cash equivalents and FVOCI financial assets*	**12,641**	**1,414**	**373**	**14,428**
Trade and other receivables*	**18,120**	**1,476**	**546**	**20,142**
Contract assets	**606**	**-**	**503**	**1,109**
Intercompany balances	**142,703**	**1,253**	**106**	**144,062**
	174,070	**4,143**	**1,528**	**179,741**
Financial liabilities				
Trade and other payables*	**(6,244)**	**(1,032)**	**(724)**	**(8,000)**
Borrowings*	**(174,156)**	**-**	**(33)**	**(174,189)**
Intercompany balances	**(142,703)**	**(1,253)**	**(106)**	**(144,062)**
	(323,103)	**(2,285)**	**(863)**	**(326,251)**
Net financial (liabilities)/assets	**(149,033)**	**1,858**	**665**	**(146,510)**
Add: Net non-financial assets*	**171,503**	**-**	**6,538**	**178,041**
Currency profile including non-financial assets	**22,470**	**1,858**	**7,203**	**31,531**
Currency exposure of net financial assets net of those denominated in the respective entities' functional currencies	**14**	**1,858**	**9**	**1,881**

** Include the assets and liabilities directly associated with disposal group classified as held-for-sale (Note 14(c) and (d)).*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Group's currency exposure based on the information provided to Key Management is as follows: (continued)

	Group			
	SGD $'000	**USD $'000**	**Others $'000**	**Total $'000**
2020				
Financial assets				
Cash and cash equivalents and FVOCI financial assets	12,380	2,933	386	15,699
Trade and other receivables	18,289	1,136	258	19,683
Contract assets	562	-	300	862
Intercompany balances	157,338	1,428	102	158,868
	188,569	5,497	1,046	195,112
Financial liabilities				
Trade and other payables	(5,633)	(1,038)	(259)	(6,930)
Borrowings*	(186,893)	-	(20)	(186,913)
Intercompany balances	(157,338)	(1,428)	(102)	(158,868)
	(349,864)	(2,466)	(381)	(352,711)
Net financial (liabilities)/assets	(161,295)	3,031	665	(157,599)
Add: Net non-financial assets	175,491	-	6,974	182,465
Currency profile including non-financial assets	14,196	3,031	7,639	24,866
Currency exposure of net financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	8	3,031	(22)	3,017

** Borrowings include the liabilities directly associated with disposal group classified as held-for-sale (Note 14(c) and (d)).*

If the USD change against the SGD by 2% (2020: 2%) with all other variables including tax rate being held constant, the effects arising from the net financial asset position to the financial performance of the Group will be as follows:

	Increase/(decrease) Profit after tax	
	2021 $'000	2020 $'000
USD against SGD		
- Strengthened	**31**	50
- Weakened	**(31)**	(50)

The Company is not exposed to currency risk since all its financial assets and liabilities as at 31 December 2021 and 2020 are denominated in Singapore Dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the equity investments classified as financial assets, at FVOCI. These securities are listed in Malaysia.

Further details of these equity investments can be found in Note 15 to the financial statements.

Equity price sensitivity

In respect of equity investments classified as financial assets, at FVOCI, if equity prices had been 10% higher or lower, with all other variables including tax rate being held constant, the impact to the net profit and equity of the Group are not significant.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate bank borrowings that are mainly denominated in SGD. The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group.

If the SGD variable interest rates had been higher/lower by 0.5% (2020: 0.5%) with all other variables including tax rate being held constant, the net profit would have been lower/higher by $705,000 (2020: $900,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining deposit where appropriate to mitigate credit risk; and
- High credit quality counterparties, where available.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Management at operating entity level based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at operating entity level by the respective Management and at the Group level by the Corporate Finance department.

The Group's investments in equity instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except for the corporate guarantees provided by the Group and the Company to non-related parties as disclosed in Note 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. **Financial risk management** (continued)

(b) Credit risk (continued)

The movements in credit loss allowance are as follows:

	Trade receivables $'000
Group	
2021	
Beginning of financial year	**1,778**
Loss allowance recognised in profit or loss during the financial year on:	
- Assets acquired (Note 3(e))	**35**
- Reversal of unutilised amounts	**(15)**
	20
Receivables written off as uncollectible	**(3)**
Reclassification to assets of disposal classified as held-for-sale	**(2)**
End of financial year (Note 12)	**1,793**
2020	
Beginning of financial year	4,367
Loss allowance recognised in profit or loss during the financial year on:	
- Assets acquired (Note 3(e))	194
- Reversal of unutilised amounts	(54)
	140
Receivables written off as uncollectible	(2,729)
End of financial year (Note 12)	1,778

	Other receivables $'000
Company	
2021	
Beginning of financial year	-
Loss allowance recognised in profit or loss during the financial year on:	
- Assets acquired (Note 3(e))	**16,763**
End of financial year (Note 12)	**16,763**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. Financial risk management (continued)

(b) Credit risk (continued)

Trade receivables and contract assets

The trade receivables and contract assets are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring Expected Credit Losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every balance sheet date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The expected loss allowance recognised during the financial year is not material.

At each subsequent balance sheet date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the balance sheet date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and Company. The Management categorises receivables for write off when a debtor fails to make contractual payment greater than 180 days past due based on historical collection trend during the financial year. Where receivables have been written off, the Group and Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Other receivables

The Group and the Company use the general approach for assessment of ECLs for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each balance sheet date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment. If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECLs.

As at 31 December 2021, the Group performed an assessment of impairment using the 12-month ECL basis on these financial assets. The Group concluded the loss allowance is adequate.

Cash and cash equivalents

The Group and the Company held cash and bank balances of $14,307,000 and $5,351,000 (2020: $15,604,000 and $7,040,000) respectively. Cash and bank balances are held with bank and financial institution counterparties with sound credit ratings. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. Financial risk management (continued)

(b) Credit risk (continued)

Non-trade receivables from subsidiary corporations

Non-trade receivables from subsidiary corporations are provided mainly for short-term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis. The Company concluded that the loss allowance provided for non-trade receivables from subsidiary corporations is adequate. As at 31 December 2021, the Company has provided an additional loss allowance amounted to $16,763,000 (2020: $Nil) as there is no reasonable ground to recover the receivables from these subsidiary corporations.

Financial assets, at FVOCI

Financial assets, at FVOCI are equity securities listed in Malaysia amounting to $91,000 (2020: $95,000). These balances are measured at the 12-month expected credit losses and are subject to immaterial credit loss.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 11 to the financial statements.

Management monitors rolling forecasts of the Group's and Company's liquidity reserve and cash and cash equivalents (Note 11) on the basis of expected cash flow. This is generally carried out at local level in the operating entities of the Group in accordance with the practice and limits set by the Group. These limits vary by operating entity to take into account the working capital requirement of each entity. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group				
At 31 December 2021				
Trade and other payables*	**8,000**	**-**	**-**	**-**
Borrowings*	**80,184**	**12,838**	**27,346**	**73,805**
At 31 December 2020				
Trade and other payables	6,930	-	-	-
Borrowings*	78,885	14,037	35,470	87,571

* Include the liabilities directly associated with disposal group classified as held-for-sale (Note 14(d)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Company				
At 31 December 2021				
Trade and other payables	**26,815**	**-**	**-**	**-**
Borrowings	**2,667**	**4,531**	**12,960**	**43,100**
Financial guarantees	**8,392**	**-**	**-**	**-**
At 31 December 2020				
Trade and other payables	26,181	-	-	-
Borrowings	2,223	4,447	12,770	46,656
Financial guarantees	10,416	-	-	-

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to Shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on debt-to-equity ratio. The Group and the Company are also required by the banks to maintain debt-to-equity ratio not exceeding 3.20 times (2020: 3.20 times).

Debt-to-equity ratio is calculated as borrowings divided by total equity. Borrowings comprised bank borrowings, bank overdraft and lease liabilities - hire purchase. Total equity is defined as equity attributable to equity holders plus any deferred income tax liabilities, minus intangible assets.

	Group		Company	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Borrowings*	**152,064**	163,467	**51,125**	53,348
Total equity	**26,856**	21,868	**30,040**	48,318
Debt-to-equity ratio (times)	**5.66**	7.48	**1.70**	1.10

** Borrowings include the liabilities directly associated with disposal group classified as held-for-sale (Note 14(d)).*

The Group and the Company did not fulfil the gearing ratio and minimum tangible net worth as required in some of the Group's loan agreements for the financial years ended 31 December 2021 and 2020 respectively. The breaches on the above financial covenants for financial year ended 31 December 2021 were rectified through the Amended DRA as explained in Note 24(c) to the financial statements.

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30. Financial risk management (continued)

(e) Fair value measurement

The following table presents assets measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset that are not based on observable market data (unobservable inputs) (Level 3).

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

	Group	
	2021	2020
	$'000	$'000
Financial assets, at FVOCI	**91**	95

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The fair value measurement of non-current borrowings is disclosed in Note 24(b) to the financial statements.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 15 to the financial statements except for the following:

	Group	
	2021	2020
	$'000	$'000
Financial assets, at FVOCI	**91**	95
Financial assets at amortised cost	**35,588**	36,149
Financial liabilities at amortised cost	**182,189**	193,843

	Company	
	2021	2020
	$'000	$'000
Financial assets at amortised cost	**52,531**	71,071
Financial liabilities at amortised cost	**77,940**	79,529

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31. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Transactions with related parties

	Group	
	2021	2020
	$'000	$'000
Sales of goods and/or services to		
- Associated company	**5,884**	5,722
Purchases of products and services from		
- Associated companies	**1,508**	942
Miscellaneous income from		
- Associated company	**25**	17
Recharges of common costs:		
- Associated companies	**70**	46

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel, directors and their close family members or is an associated company of the Group.

Outstanding balances as at 31 December 2021 and 2020, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 23 to the financial statements respectively.

(b) Key Management personnel compensation

Key Management personnel compensation is as follows:

	Group	
	2021	2020
	$'000	$'000
Wages and salaries	**2,057**	1,807
Employer's contribution to defined contribution plans, including Central Provident Fund	**129**	146
Share Award under the PSAS	**200**	200
	2,386	2,153

Key Management personnel compensation includes Directors' remuneration amounting to $1,207,000 (2020: $999,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. Segment information

The Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Group's operating segments are the strategic business units which offer different services and are managed separately. The reportable segment presentation is based on the Group's Management and internal reporting structure used for its strategic decision-making purposes.

The Board of Directors assesses the performance of the operating segments based on revenue and gross profit. Administrative and finance expenses, and other gains are not allocated to segments.

Segmental assets and liabilities are not monitored as majority of the assets and liabilities can be utilised or discharged by different operating segments across the Group.

The Group's activities comprise the following segments:

(a) Offshore & Engineering - Includes offshore structures, engineering, manufacturing, inspection and maintenance. This also includes rope access services.

(b) Marine - Includes sterngear manufacturing and refurbishment works, ship inspection, repair and maintenance services and engineering and fabrication works. This also includes diving services.

(c) Energy services - Include waste treatment and recovery waste system. Capabilities of waste treatment plant include treatment of waste, water, oily sludge, slope, mud oil, contaminated soil, solid wastes and filter cakes.

	Group			
	Offshore & Engineering $'000	Marine $'000	Energy Services $'000	Total $'000
Continuing Operations				
2021				
Revenue				
Total segment revenue	**9,769**	**28,038**	**14,236**	**52,043**
Inter-segment revenue	**(11)**	**(723)**	**(26)**	**(760)**
Revenue from external parties	**9,758**	**27,315**	**14,210**	**51,283**
Gross (loss)/profit	**(1,330)**	**9,664**	**5,253**	**13,587**
- Impairment loss on property, plant and equipment	**(84)**	**-**	**-**	**(84)**
- Write down of inventories	**(109)**	**-**	**-**	**(109)**
- Other gains, net	**-**	**-**	**-**	**5,641**
Other gains, net				**5,448**
Expenses				
- Administrative				**(10,874)**
- Finance				**(3,893)**
Share of profit of associated companies				**529**
Profit before income tax				**4,797**
Income tax credit				**1,829**
Profit from continuing operations				**6,626**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32. Segment information (continued)

	Group			
	Offshore & Engineering $'000	Marine $'000	Energy Services $'000	Total $'000
Continuing Operations				
2020				
Revenue				
Total segment revenue	10,382	23,573	14,592	48,547
Inter-segment revenue	(43)	(1,615)	(17)	(1,675)
Revenue from external parties	10,339	21,958	14,575	46,872
Gross (loss)/profit	(1,497)	7,051	7,063	12,617
- Impairment loss on property, plant and equipment	(2,160)	-	-	(2,160)
- Impairment loss on disposal group classified as held-for-sale	-	(3,500)	-	(3,500)
- Reversal of creditor's balances, net	-	8,229	-	8,229
- Other gains, net	-	-	-	7,593
Other gains – net				10,162
Expenses				
- Administrative				(11,430)
- Finance				(5,704)
Share of profit of associated company				257
Profit before income tax				5,902
Income tax expense				(26)
Profit from continuing operations				5,876

The following table provides an analysis of the Group's revenue by geographical market which is analysed based on the country of domicile of the customers:

	Group	
	2021 $'000	2020 $'000
Singapore	**43,420**	40,843
Asia[1]	**5,881**	5,548
Rest of the world[2]	**1,982**	481
Total	**51,283**	46,872

[1] Asia refers to customers from Malaysia, Brunei, People's Republic of China ("PRC"), Indonesia, Philippines, Thailand, Vietnam, Hong Kong, India, Sri Lanka, Maldives and Australia.

[2] Rest of the world refers to customers from Europe, the Middle East and United States of America.

Revenue of $18,421,000 (2020: $16,854,000) is derived from four (2020: three) external customers. This revenue is attributable to Singapore Marine segment and Singapore Energy Services segment (2020: Singapore Marine segment and Singapore Energy Services segment).

32. Segment information (continued)

The following table provides an analysis of the Group's non-current assets by geography which is analysed based on the location of the non-current assets:

	Group	
	2021	2020
	$'000	$'000
Singapore	**98,723**	104,755
Asia[1]	**6,393**	6,739
Total	**105,116**	111,494

[1] Asia refers to non-current assets located in PRC, Indonesia and Malaysia.

33. Events occurring after balance sheet date

On 23 February 2022, the Company received from its agent in the People's Republic of China a copy of the updated business license of SWP, evidencing that the completion of the proposed disposal of the entire stake in SWP had taken place on 11 February 2022 (Note 14).

34. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted.

(a) Amendments to SFRS(I) 1-1 *Presentation of Financial Statements:* Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the balance sheet date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

(b) Amendments to SFRS(I) 1-16 *Property, Plant and Equipment*: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 *Property, Plant and Equipment* (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34. New or revised accounting standards and interpretations (continued)

(c) Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022).

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2022

SHARE CAPITAL

Number of ordinary shares (excluding treasury shares and subsidiary holding)	:	447,760,724
Number of treasury shares held	:	455,025
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	9	1.29	226	0.00
100 - 1,000	38	5.44	28,859	0.01
1,001 - 10,000	153	21.89	808,758	0.18
10,001 - 1,000,000	459	65.66	58,242,507	13.01
1,000,001 AND ABOVE	40	5.72	388,680,374	86.80
TOTAL	**699**	**100.00**	**447,760,724**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	97,915,956	21.87
2	DBS NOMINEES (PRIVATE) LIMITED	54,573,970	12.19
3	WONG SWEE CHUN	50,409,050	11.26
4	CHUA KIM CHOO	41,716,800	9.32
5	SIM SOON YING (SHEN SHUNYING)	21,686,000	4.84
6	WONG CHEE HERNG	12,544,400	2.80
7	GOH KAI KUI	9,706,000	2.17
8	MAYBANK SECURITIES PTE. LTD.	6,272,700	1.40
9	RAFFLES NOMINEES (PTE.) LIMITED	5,240,227	1.17
10	HUANG ZHIYONG	5,179,000	1.16
11	UOB KAY HIAN PRIVATE LIMITED	5,169,000	1.15
12	NG KENG TEONG	4,291,550	0.96
13	PANG YOKE MIN	4,278,800	0.96
14	LEOW DAVID IVAN	4,001,500	0.89
15	GAY CHEE CHEONG	3,858,000	0.86
16	TAT LEE HOLDINGS PTE LTD	3,839,735	0.86
17	SONG SEI RYE	3,837,632	0.86
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,631,971	0.81
19	CHENG SHAORONG	3,599,776	0.80
20	ANG KIAN HUI LARRY (WANG JIANHUI)	3,546,900	0.79
	TOTAL	**345,298,967**	**77.12**

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2022

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 18 March 2022)

	Direct Interest	%	Deemed Interest	%
Sim Soon Ngee Glenndle[1]	86,852,900	19.40	63,402,800	14.16
Chua Kim Choo[1]	41,716,800	9.32	108,538,900	24.24
Sim Soon Ying[1]	21,686,000	4.84	128,569,700	28.72
Wong Swee Chun[2]	50,409,050	11.26	1,509,900	0.34
Gay Chee Cheong[3]	11,358,000	2.54	21,175,000	4.73
Chua Siok Lan[3]	21,000,000	4.69	11,533,000	2.58
Ni Weiming[3]	175,000	0.04	32,358,000	7.23
Wong Boon Huat[4]	31,531,106	7.04	–	–

Notes:

(1) The following shares are registered under Sim Soon Ngee Glenndle:

(a) 64,600,000 shares in Citibank Nominees Singapore Pte Ltd; and

(b) 18,967,900 in DBS Nominees (Private) Limited.

Sim Soon Ngee Glenndle is deemed interested in the shares of Chua Kim Choo and Sim Soon Ying. Sim Soon Ngee Glenndle is the son of Chua Kim Choo and the brother of Sim Soon Ying. Each is deemed to have an interest in the shares held by each other.

(2) Wong Swee Chun is deemed interested in the shares of S C Wong Holdings Pte. Ltd.

(3) Gay Chee Cheong is deemed interested in the shares of Chua Siok Lan and Ni Weiming. Gay Chee Cheong is the husband of Chua Siok Lan and father of Ni Weiming. Each is deemed to have an interest in the shares held by each other.

(4) 28,005,306 shares registered in the name of Citibank Nominees Singapore Pte Ltd.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

Based on information available and to the best knowledge of the Company, as at 18 March 2022, approximately 38.06% of the ordinary shares of the Company are held by the public. The Company is therefore in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Company has 455,025 treasury shares as at 18 March 2022.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Mencast Holdings Ltd. (the "**Company**") will be held by way of electronic means on Friday, 29 April 2022 at 10.30 a.m. for the following purposes:

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL http://www.mencast.com.sg. A printed copy of this Notice will NOT be despatched to shareholders.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company ("**Directors**") retiring pursuant to Article 89 of the Constitution of the Company:

   (a) Mr. Leow David Ivan **(Resolution 2)**

   (b) Mr. Sunny Wong Fook Choy **(Resolution 3)**

3. To approve the payment of Directors' fees for the financial year ended 31 December 2021 comprising:

   (a) $139,584 to be paid in cash (previous year: $116,320).

   (b) $34,896 to be paid in shares (previous year: $58,160 paid in shares). **(Resolution 4)**

4. To re-appoint Nexia TS Public Accounting Corporation as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. **Continued Appointment of Mr. Leow David Ivan as Independent Director for the purposes of Rule 210(5)(d)(iii)(A)**

   That subject to and contingent upon the passing of Resolution 2 and Resolution 7 by shareholders excluding the Directors, Chief Executive Officer, and their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"),

   (a) the continued appointment of Mr. Leow David Ivan as an Independent Director of the Company for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and

   (b) the authority conferred by this Resolution shall continue in force until the earlier of the following:

      (i) the retirement or resignation of Mr. Leow David Ivan as a Director; or

      (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

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

NOTICE OF ANNUAL GENERAL MEETING

7. Continued Appointment of Mr. Leow David Ivan as Independent Director for the purposes of Rule 210(5)(d)(iii)(B)

That subject to and contingent upon the passing of Resolutions 2 and 6 above,

(a) the continued appointment of Mr. Leow David Ivan as an Independent Director of the Company for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following:
(i) the retirement or resignation of Mr. Leow David Ivan as a Director; or
(ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

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

8. Authority to issue shares in the capital of the Company ("Shares")

"That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

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

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

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

provided further that adjustments in accordance with sub-paragraphs 2(a) and 2(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 8)**

9. Authority to issue shares under the Mencast Performance Share Award Scheme 2021

That pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to offer and grant awards ("**Awards**") in accordance with the provisions of the Mencast Performance Share Award Scheme 2021 (the "**PSAS 2021**") and to allot and issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the Awards under the PSAS 2021, provided that the aggregate number of Shares to be allotted and issued pursuant to the PSAS 2021, when added to the number of Shares issued and issuable in respect of all Awards, and all Shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the total issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Kevin Cho
Company Secretary
Singapore, 14 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

i. With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST will provide that continued appointment as Independent Director, after an aggregate period of more than 9 years on the board, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding Directors, Chief Executive Officer, and their associates.

Mr. Leow David Ivan was appointed on 7 June 2013 and his service as Independent Director of the Company will reach an aggregate period of more than 9 years from 6 June 2022. Mr. Leow David Ivan has submitted himself to a two-tier voting process in accordance with Rule 210(5)(iii) of the SGX-ST Listing Manual which took effect on 1 January 2022. The Company has decided to early-adopt the practice of two-tier voting process for Mr. Leow David Ivan who will serve as an Independent Director of an aggregate period of more than 9 years from 6 June 2022.

The proposed Ordinary Resolutions 6 and 7 are to seek approval from the shareholders via a two-tier voting process on the continued appointment of Mr. Leow David Ivan as Independent Directors of the Company. Such approval, if obtained, will remain in force until the earlier of the following:

(a) the retirement or resignation of the relevant Director; or

(b) the conclusion of the third AGM of the Company following the passing of the relevant Ordinary Resolutions.

If such approval is not obtained, the relevant Director (if he continues to hold office as of 1 January 2022) will be regarded as non-independent with effect from 6 June 2022 and re-designated as Non-Executive Director.

The Board of the Company and the Nominating Committee have evaluated the participation of Mr. Leow David Ivan at Board and Board Committees' meetings and determined that he continues to possess independent thinking and the ability to exercise objective judgement on corporate matters independently.

Resolutions 6 and 7, if passed, will enable Mr. Leow David Ivan to continue his appointment as Independent Director (unless the appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the SGX-ST Listing Manual (which took effect on 1 January 2022) and Provision 2.1 of the Code of Corporate Governance 2018, and the approvals shall remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company. Otherwise, Mr. Leow David Ivan shall be deemed non-independent pursuant to Rule 210(5)(d)(iii) with effect from 6 June 2022. Accordingly, he will be re-designated as Non-Executive Non-Independent Directors with effect from 6 June 2022.

ii. The Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

iii. The Ordinary Resolution 9, if passed, will empower the Directors to offer and grant Awards under the PSAS 2021 in accordance with the provisions of the PSAS 2021 and to issue from time to time such number of fully paid Shares as may be required to be issued pursuant to the vesting of the Awards subject to the maximum number of Shares prescribed under the terms and conditions of the PSAS 2021. The aggregate number of Shares which may be issued pursuant to the PSAS 2021 and any other share-based schemes (if applicable) shall not exceed in aggregate (for the entire duration of the PSAS 2021) fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 14 April 2022 entitled "Annual General Meeting" which has been uploaded together with this Notice of Annual General Meeting on SGXNet on the same day. This announcement may also be accessed at the URL http://www.mencast.com.sg.

   In particular, the Annual General Meeting will be held by way of electronic means and a member will be able to watch the proceedings of the Annual General Meeting through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live audio-visual" webcast or listen to the "live" audio feed must pre-register by 10.30 a.m. on Tuesday, 26 April 2022, at the URL https://smartagm.sg/MencastAGM2022. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the audio-visual webcast and audio feed of the proceedings of the Annual General Meeting by 5.00 p.m. of Thursday, 28 April 2022.

   Shareholders, members and investors holding Shares through the Central Provident Fund ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") ("**CPF investors and SRS investors**") who wish to follow the proceedings must pre-register at https://smartagm.sg/MencastAGM2022 by 10.30 a.m. on Tuesday, 26 April 2022 ("**Registration Deadline**").

   Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) ("**Investors**") (other than CPF Investors and SRS Investors) will not be able to pre-register for the "live" broadcast of the AGM. Investors (other than CPF investors and SRS investors) who wish to participate in the "live" broadcast of the AGM should request their Relevant Intermediary to make arrangements to pre-register on their behalf. The Relevant Intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/passport number) to the Share Registrar Boardroom Corporate & Advisory Services Pte. Ltd., at AGM.TeamE@boardroomlimited.com **no later than 10.30 a.m. of Tuesday, 26 April 2022**.

   Members who do not receive the Confirmation Email by Thursday, 28 April 2022, 5.00 p.m. but who have registered by the Registration Deadline, should contact our Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at AGM.TeamE@boardroomlimited.com, or alternatively at +65 6536 5355 between 9.00 a.m. to 12.30 p.m. and 1.30 p.m. to 4.00 p.m. on Thursday, 28 April 2022.

   A member who pre-registers to watch the "live audio-visual" webcast or listen to the "live" audio feed may also submit questions related to the resolutions to be tabled for approval at the Annual General Meeting. To do so, all questions must be submitted by 5.00 pm on Thursday, 21 April 2022:

   (a) via the pre-registration link at URL: https://smartagm.sg/MencastAGM2022; or

   (b) via the following email address at AGM.TeamE@boardroomlimited.com, with your full name, number of shares held and manner in which you hold shares (via CDP, CPF or SRS); or

   (c) in hard copy by sending personally or by post and lodging the same at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

2. A member will not be able to attend the Annual General Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

   (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted by email, be received by Boardroom Corporate & Advisory Services Pte. Ltd. at AGM.TeamE@boardroomlimited.com.

   in either case, by no later than 10.30 a.m. on Wednesday, 27 April 2022, and in default the instrument of proxy shall not be treated as valid.

5. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (such as in the case where the appointor submits more than one instrument of proxy).

7. In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 5.00 p.m. on Tuesday, 26 April 2022, as certified by The Central Depository (Pte) Limited to the Company.

8. CPF investors and SRS investors should be informed that if they wish to vote, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM, i.e. by 10.30 a.m., Tuesday, 19 April 2022. Investors who have deposited their shares into a nominee account should also approach their depository agent and Relevant Intermediaries at least 7 working days, i.e., by 10.30 a.m., Tuesday, 19 April 2022 before the AGM if they wish to vote. Proxy forms appointing such person other than the Chairman of the Meeting shall be deemed to appoint the Chairman of the Meeting as proxy.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Pursuant to Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the SGX-ST, the following additional information on Mr. Leow David Ivan and Mr. Sunny Wong Fook Choy all of whom are seeking re-appointment as Directors at 2022 Annual General Meeting.

	Mr. Leow David Ivan	Mr. Sunny Wong Fook Choy
Date of appointment	7 June 2013	29 May 2008
Date of last re-appointment	26 June 2020	25 April 2019
Age	52	65
Country of principal residence	Singapore	Singapore
The Board's comments on the re-appointment	Based on the recommendation of the Nominating Committee, the Board (Mr. Leow David Ivan abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Leow David Ivan as Director of the Company.	Based on the recommendation of the Nominating Committee, the Board (Mr. Sunny Wong Fook Choy abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Sunny Wong Fook Choy as Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title	Independent Director • AC Chairman • CSCC Chairman • RC Member	Lead Independent Director • NC Chairman • AC Member • RC Member
Professional Qualifications	Chartered Financial Analyst, CFA Institute Fellow of the Chartered Accountants of Australia and New Zealand Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants Bachelor of Commerce, University of Western Australia Graduate of Harvard Business School's Owner/President Management Program	Bachelor of Laws (Honours) from National University Singapore

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr. Leow David Ivan	Mr. Sunny Wong Fook Choy
Working experience and occupation(s) during the past 10 years	Thaler Global Pte Ltd, CEO (June 2012 to present) Ufinity Group Pte Ltd, CFO (August 2009 to present) UOB Kay Hian, Vice President (September 2004 to December 2005)	Wong Tan & Molly Lim LLC and WTML Management Services Pte Ltd • Managing Director (since 1994 to July 2021) Wong Tan & Molly Lim LLC • Consultant (since July 2021 to present)
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest: 7,564,000 ordinary shares in listed issuer Deemed Interest: Nil	Direct Interest: 1,960,000 ordinary shares in listed issuer Deemed Interest: Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the Company	Yes	Yes
Other principal commitments including directorships		
Past (for the last 5 years)	Arcturus Capital Limited	Wong Tan & Molly Lim LLC WTML Management Services Pte Ltd KTL Global Limited
Present	Bitapple Singapore Pte Ltd Chartered Accountants Australia and New Zealand (Singapore) Private Limited CAP Management Limited MEC Asian Fund Thaler Group Pte Ltd Trans China Automotive Holdings Limited Ufinity Group Pte Ltd	Civmec Limited Excelpoint Technology Ltd. InnoTek Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr. Leow David Ivan	Mr. Sunny Wong Fook Choy
Information required pursuant to Listing Rule 704(7)		
a Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c Whether there is any unsatisfied judgment against him?	No	No
d Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr. Leow David Ivan	Mr. Sunny Wong Fook Choy
f Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

	Mr. Leow David Ivan	Mr. Sunny Wong Fook Choy
j Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

MENCAST HOLDINGS LTD.

Company Registration No. 200802235C

(Incorporated In The Republic of Singapore)

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, and/or voting by proxy at the Annual General Meeting ("**AGM**") are set out in the Company's announcement dated 14 April 2022 titled "General Meetings to be held on 29 April 2022" which has been uploaded together with the Notice of AGM dated 14 April 2022 on the SGX website at the URL https://www.sgx.com/securities/company-announcements ("**SGXNet**") on the same day. The same may also be accessed at home page of the Company's corporate website (www.mencast.com.sg).
2. A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This Proxy Form is not valid for use by investors who hold shares in the Company ("**Shares**") through relevant intermediaries (as defined in Section 181 of the Companies Act 1967), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the AGM to specify voting instructions.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2022.
5. Please read the notes to the Proxy Form.

PROXY FORM

I/We*, ______________________________

NRIC/Passport/Registration No. ______________________________

of ______________________________

being a member/members* of Mencast Holdings Ltd. (the "**Company**"), hereby appoint the Chairman of the AGM as my/our proxy/proxies* to vote for me/us* on my/our* behalf at the AGM of the Company to be convened and held by way of electronic means on Friday, 29 April 2022 at 10.30 a.m. and at any adjournment thereof.

I/We* direct the Chairman of the AGM to vote for or against, or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder.

No.	Ordinary Resolutions:	No. of Votes For(1)	No. of Votes Against(1)	No. of Votes Abstain(1)
	Routine Business			
1.	Directors' Statement and Audited Financial Statements for the year ended 31 December 2021			
2.	Re-election of Mr. Leow David Ivan as a Director			
3.	Re-election of Mr. Sunny Wong Fook Choy as a Director			
4.	Approval of Directors' fees			
5.	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor of the Company			
	Special Business			
6.	Continued Appointment of Mr. Leow David Ivan as Independent Director for the purposes of Rule 210(5)(d)(iii)(A)			
7.	Continued Appointment of Mr. Leow David Ivan as Independent Director for the purposes of Rule 210(5)(d)(iii)(B)			
8.	Authority to issue new shares in the capital of the Company			
9.	Authority to issue shares under the Mencast Performance Share Award Scheme			

(1) Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes for or against the resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "**For**" or "**Against**". If you wish the Chairman of the AGM as your proxy to abstain from voting on the resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "**Abstain**". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "**For**" or "**Against**" or "**Abstain**". In the absence of specific directions, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this ________ day of __________________ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s) or, Common Seal of Corporate Shareholder

**To delete where inapplicable*

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you (in both the Register of Members and Depository).

2. In line with the provisions under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Alternative Arrangements Order"), the AGM will be convened and held by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person.

3. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid. This Proxy Form may be downloaded from SGXNet. The same may also be accessed at the home page of the Company's corporate website (http://www.mencast.com.sg).

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. This Proxy Form must be submitted through any one of the following means not less than 48 hours before the time appointed for the AGM:

   (a) by sending a scanned PDF copy by email to AGM.TeamE@boardroomlimited.com; or

   (b) by depositing/sending (whether by post or otherwise) the physical copy at/to the Company's Share Registrar's office at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

6. This Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where this Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

7. A member of the Company who holds his/her/its shares through a Relevant Intermediary* (other than CPF investors and SRS investors) and who wish to exercise his/her/its votes by appointing the Chairman of the AGM as proxy should approach his/her/its Relevant Intermediary through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

   CPF investors Members and SRS investors who hold Shares through Relevant Intermediaries like the CPF Agent Banks or SRS Operators and who wish to request their CPF Agent Banks or SRS Operators to appoint the Chairman of the AGM as their proxy in respect of the Shares held by such CPF Agent Banks or SRS Operators on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions at least seven (7) working days (by Tuesday, 19 April 2022) prior to the date of the AGM.

   * A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2022.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Sim Soon Ngee Glenndle
Executive Chairman &
Chief Executive Officer

Wong Boon Huat
Executive Director

Independent Directors:

Sunny Wong Fook Choy
Lead Independent Director

Leow David Ivan
Independent Director

Ng Chee Keong
Independent Director

AUDIT COMMITTEE

Leow David Ivan
Chairman

Sunny Wong Fook Choy

Ng Chee Keong

NOMINATING COMMITTEE

Sunny Wong Fook Choy
Chairman

Ng Chee Keong

Sim Soon Ngee Glenndle

REMUNERATION COMMITTEE

Ng Chee Keong
Chairman

Sunny Wong Fook Choy

Leow David Ivan

CORPORATE STRATEGY & COMMUNICATIONS COMMITTEE

Leow David Ivan
Chairman

Sim Soon Ngee Glenndle

Wong Boon Huat

SECRETARY

Cho Form Po

REGISTERED OFFICE

42E Penjuru Road,
Mencast Central,
Singapore 609161

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd

1 Harbourfront Avenue,
#14-07 Keppel Bay Tower,
Singapore 098632

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

80 Robinson Road
#25-00
Singapore 068898

Director-In-Charge
Loh Hui Nee
Appointed since financial year ended 31 December 2020

PRINCIPAL BANKER

United Overseas Bank Limited

COMPANY REGISTRATION NO.

200802235C

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