MTQ CORPORATION LIMITED

Annual Report
2021/2022

VISION

To be the leader in the fields that we operate.

MISSION

Provide our customers service quality, our employees job satisfaction and our shareholders return on their investment at a level which meets and surpasses their expectations.

CORE VALUES

- be **S**incere in all our intentions
- be **T**ransparent in all that we do
- be **A**lert to the needs of others
- be **R**esponsible in delivering

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CORPORATE PROFILE

MTQ Corporation Limited ("MTQ" or the "Group") specialises in engineering solutions for oilfield equipment, including repair, manufacture and rental operations, supply of oilfield equipment and tools, engineering services with a focus on topside services, as well as pipe support and pipe suspension products. Well-known for its broad experience for over 50 years and commitment to service quality, the Group is the authorised working partner for some of the world's largest OEMs in drilling equipment and is accredited to carry out manufacturing and repair works in accordance to American Petroleum Institute Standards.

OUR SERVICES

With the combined engineering capabilities of our accredited facilities at MTQ Engineering, Bahrain, Pemac, Binder Group and In-Line Valve, we are able to offer complete manufacturing, repair and refurbishment services to the oil and gas industry. Our services include:

- Supply of oilfield equipment
- Equipment component manufacturing
- Remanufacturing of most drilling tools
- Oilfield equipment design and engineering services
- Equipment recertification and rig inspections
- General oilfield fabrication and welding
- Design and manufacturing of pipe support products
- Design, engineering, assembly and testing of flow control valves

Some of the products that we represent for sale and rental are:

- All forms of drilling spools, adaptors and related pressure control drilling equipment
- Heat exchanger mud coolers
- Shale shakers
- Drilling handling tools and spares handling tools
- BOP pressure test units and torque tools
- Valves, including safety and drilling diverter valves
- Mud pumps
- Drillpipe protectors
- Safety equipment
- Pipeline products

Our key certifications include:

- API Q1, 5CT, 6A, 16A, 16C, 7-1
- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- BizSAFE Star

MILESTONES

2022 Strategic collaboration with Cameron Singapore, a Schlumberger company

2019 Disposal of the property, rights and assets and entire business of Neptune Marine Services Limited in Australia

2018 Acquisition of Mid-Continent Equipment Group's business of supplying and distributing oilfield equipment and spares and incorporation of Mid-Continent Distribution Pte Ltd

2017 Acquisition of In-Line Valve, which is headquartered in United Kingdom and focused in the flow control valves for the upstream oil and gas industry

2016 Divestment of turbochargers and fuel injection businesses in Australia with the disposal of MTQ Engine Systems (Aust) Pty Ltd

2014 Expanded into design and manufacturing of proprietary and custom-built pipe support and pipe suspension through acquisition of Binder Group which has production facility in Indonesia

2012 Acquisition of Neptune Marine Services Limited located in Perth, which provides engineering services with a focus of subsea and topside services and has operational presence in the UK and Asia

2011 Acquisition of Premier Group located in Singapore, which repairs and manufactures oilfield equipment as well as supplies oilfield equipment and tools manufactured by some leading global brands

2009 Incorporated MTQ Oilfield Services W.L.L. in Bahrain to provide services to the oil and gas industry in Bahrain and Gulf states

2003 Metalock (Singapore) Limited (originally known as Metalock (Singapore) Pte Ltd) renamed to MTQ Corporation Limited and expanded into fuel injection business in Australia

2002 Divestment of marine related businesses

1999 Listed on SGX Mainboard and expanded into sales and repair of turbochargers business in Australia

1988 Listed on SGX SESDAQ

1969 Metalock (Singapore) Pte Ltd was incorporated as private limited company in Singapore and subsequently embarked on oilfield engineering, fabrication and equipment rental businesses

1959 Commenced operations in Singapore as Metalock (Far East) Ltd to set up a branch specialising in repairs of marine equipment

MESSAGE FROM THE CHAIRMAN AND GROUP CEO

Dear Shareholders,

Overview

Following a profitable FY2020 performance, COVID-19 disruptions have affected results in the last two years with project delays and labour disruptions. In that time, oil prices have steadily recovered from the depths of March 2020 and seem likely to remain at current levels moving ahead especially if demand recovers and political tensions remain. Investment in energy will have to resume to support that growth, both in the renewable space as well as more traditional areas like LNG. We expect this investment trend to accelerate moving ahead.

We recorded revenue of S$52.0 million for the financial year ended 31 March 2022 ("FY2022"), a modest increase from S$49.1 million attained in the previous year. An operating profit before tax of S$1.4 million is an improvement on the previous year which would have been more significant given the higher level of government grants received in FY2021 of S$3.4 million versus S$0.9 million in FY2022. Government support in the last two years have been important in enabling us to cope with COVID-19.

Drilling activity reached a low in late 2020 and has edged up since then, especially in the United States ("US") since late 2021. Both the Middle East and Asia Pacific rig count have trended up and should see more improvement moving ahead at current oil prices. Projects, which were planned but shelved last year, have also started to return especially with the new found desire to avoid over reliance on Russia for supply. As the world looks to emerge from COVID-19, the challenge is what sort of demand we recover to in the medium term once COVID-19 woes finally recede from China.

More rigs continue to improve their utilisations with recent transactions continuing to remove the overhang of unsold new builds in Singapore yards. Several of these assets are destined for work in the Gulf of Mexico and the Middle East. The next phase should see higher day rates and longer charter periods. All these increased utilisations will provide more opportunities for repair and maintenance operators like us.

A significant development for the Group this year was the partnership with Schlumberger announced in February 2022. By acquiring their Cameron aftermarket facility in Singapore, we aim to add a stronger revenue base of committed aftermarket repair from Cameron to complement the other aspects of our existing revenue base from other Original Equipment Manufacturers ("OEMs") and drilling contractors. This partnership for the Asian market helps us to work towards our goal of being the outsourcing partner of choice for OEMs operating in the pressure control aspects of the drilling and production parts of the energy business.

Another important operating development in the year is that we have installed solar panels in two of our facilities in Singapore and are in the process of doing the same in other facilities. Working with reputable international players, we hope to be able to achieve a situation where a significant percentage of our own energy needs can be derived from solar energy. Sustainability is an easy buzzword but reducing our own fossil fuel foot print while remaining in business to service fossil fuel needs is not a contradictory statement.

We will also renew our efforts to look at new sectors of growth outside of fossil fuels. Shareholders will note that we have diversified into other areas like automotive distribution and subsea services in the past, but there is no assurance that new areas of growth will be successful. We remain focused on our customers and our employees, and to work positively towards delivering better services in better markets.

Business Review

Summary

Within the Oilfield Engineering division, our Asian businesses recorded annual revenue of S$26.5 million with contributions from both the workshop as well as other parts of the business. We were hampered by COVID-19 restrictions on drilling operations within the region but we are optimistic that growth opportunities will strengthen moving ahead. Our Tuas South operations have started to contribute to the Group's revenue but meaningful impacts to bottom line will not be seen until FY2023. We will also be preparing to consolidate our Pandan Loop operations into Tuas South and we envisage this will take place this year.

In the Middle East and elsewhere, our businesses recorded revenue of S$25.5 million for FY2022. Business activity was hampered by COVID-19 restrictions in the early part of the year but has steadily improved in the last few quarters. Steady improvements in drilling rigs deployment will underpin our growth moving ahead.

Our financial position continues to remain strong, even after the S$7.2 million (US$5.3 million) Tuas South acquisition, we retained a modest net gearing of 3.7% as at year-end. Working capital requirements have increased during the year and are expected to continue with higher revenue and our lending banks have been helpful in helping us to bridge that gap. We have also commenced renewal discussions re the Group's credit facilities and anticipate this to be completed by FY2023.

In December 2021, the shareholders of our previously listed subsidiary Blossomvale Holdings Ltd ("BLV", previously named Neptune Marine Services Limited) approved its plans for liquidation and this process is ongoing. MTQ retains a 1.6 percent interest in MMA Offshore Limited which we currently plan to hold for the long term.

Oilfield Engineering – Improving Outlook

The Oilfield Engineering business comprises our engineering facilities in Tuas South, Pandan Loop and Loyang Way in Singapore; our facility in Bahrain; the Binder Group Pty Ltd ("Binder") with a manufacturing facility in Jakarta, Indonesia; and the UK based In-Line Valve Company Limited. With the exception of Binder which focuses on downstream plant and power stations, the rest of our businesses are primarily focused on supporting drilling and exploration in upstream and production activity.

Our Bahrain business continues to work at being the facility of choice for OEMs and drilling contractors in the region. While our OEMs customers provide a stable baseload of maintenance work, we also work with regional drilling contractors expanding our product offering. A major area for the year ahead is regional expansion of customers as well as building more product niches to support customers.

In Singapore, the increase in rig deployment within Southeast Asia did not really materialise as a result of COVID-19 but activity has improved in recent months and we are optimistic this trend will continue. Our trading and agency businesses were weaker this year as activity in the local shipyards has remained muted. We anticipate some international projects will intensify procurement in the year ahead, notably in Middle East, South America and Australia.

People and Safety

The overriding issue we have faced this year is coping with COVID-19. Both our main facilities at Bahrain and Singapore have encountered disruptions as workers in dormitories were unable to be safely deployed. Several of our employees also contracted COVID-19 though we have had no fatalities. Our Bahrain work force has been unable to visit customers in Saudi Arabia for long stretches this past year. Our Malaysian-based colleagues were first “locked down” in Malaysia. Then several had to face the prospect of being away from families for prolonged stretches and live in rented accommodation in Singapore. It has been mentally draining dealing with the ebbs and flows of a pandemic. Despite vaccinations, increasingly the reality for our work places that many of the virus prevention practices are likely to remain moving ahead.

Excluding the recent employees transferred from Cameron, overall employees in the Group has decreased this past year due to natural attrition. Our challenge particularly in Singapore and Bahrain is that we continue to rely on foreign-sourced workers to helm workshop positions in machining, welding and fitting. It has been difficult to recruit for replacements in recent years. Finding experienced staff in our industry is always a challenge and we continue to invest in training and retention of all staff.

The Group continues to focus on improving its safety performance. While total number of accidents and accident frequency rate remains relatively low, areas of improvement continue to be identified. Reinforcing the safety mindset at work is a constant effort and safety education and training remains important, especially as activity picks up.

The total staff strength for the Group is about 695, broken down by geographical segments as follows:

Country	Headcount as at 31 March 2022	Headcount as at 31 March 2021
Singapore	183	179
Bahrain	182	166
Australia and UK	19	21
Indonesia (JV)	311	328
	695	**694**

Our Thanks

We would like to thank the support of all the people who work for MTQ Group. We are also delighted to be able to get the support of our lending banks, DBS and UOB. Government financial support in the countries the Group operates in the last two years has been helpful.

We also want to thank all shareholders who have supported the Group through recent years. The Board is pleased to recommend a one-tier tax exempt final dividend of 0.5 Singapore cents per share, subject to shareholders’ approval at the forthcoming Annual General Meeting. Our recovery this year in achieving an operating profit excluding government grants is encouraging and provides a strong financial platform for the future.

KUAH KOK KIM
Chairman

KUAH BOON WEE
Group Chief Executive Officer

BOARD OF DIRECTORS

KUAH KOK KIM | Chairman

Mr. Kuah joined the Board on 1 January 1997, was appointed as Executive Chairman on 9 September 1997 and was the Chief Executive Officer of the Group until 30 June 2010. He was re-designated to Non-Executive Chairman on 1 October 2012 and was last re-appointed as Director at MTQ's Annual General Meeting on 24 July 2019.

Mr. Kuah possesses extensive business experience which was accumulated through his many years of involvement in the marine logistics as well as oil and gas related industries.

KUAH BOON WEE | Group Chief Executive Officer

Mr. Kuah joined the Board on 10 October 2006 and was appointed as Group Chief Executive Officer on 1 July 2010. He was re-elected as Director at MTQ's Annual General Meeting on 30 July 2021. A UK qualified chartered accountant with a university degree in mechanical engineering, he was previously a senior management executive of PSA International Pte Ltd, having served as CEO of PSA Singapore terminals.

NICHOLAS CAMPBELL COCKS | Lead Independent Director

Mr. Cocks joined the Board on 1 October 2010 and was last re-elected as Director at MTQ's Annual General Meeting on 24 July 2019. He was appointed as Lead Independent Director on 6 May 2013, re-designated to Chairman of the Nomination and Remuneration Committee and appointed as a member of the Audit Committee on 28 July 2020. Mr. Cocks graduated from Australian National University, Canberra, with a degree in Commerce. Mr. Cocks is the Chief Executive Officer of Readymix Group and the Managing Partner of Velocity Ventures.

CHEW SOO LIN | Independent Director

Mr. Chew joined the Board on 18 May 2012 and was last re-elected as Director at MTQ's Annual General Meeting on 28 July 2020. He was appointed as Chairman of the Audit Committee on 1 August 2012 and a member of the Nomination and Remuneration Committee on 28 July 2020. A UK qualified chartered accountant, Mr. Chew is the Executive Chairman of Khong Guan Limited. Mr. Chew also serves on the board of several other listed companies.

HO HAN SIONG CHRISTOPHER | Non-Executive; Non-Independent Director

Mr. Ho joined the Board on 30 October 2007 and was last re-elected as Director at MTQ's Annual General Meeting on 30 July 2021. He is a member of the Audit Committee. Mr. Ho graduated from the University of Wisconsin at Madison, USA, in 1989, with a double degree in Computer Engineering and Computer Science. Mr. Ho is the Senior Vice President for Investments of Tai Tak Securities Pte Ltd.

ONG ENG YAW | Non-Executive; Non-Independent Director

Mr. Ong joined the Board on 28 October 2016 and was appointed as a member of the Nomination and Remuneration Committee on the same date. He was last re-elected as Director at MTQ's Annual General Meeting on 28 July 2020. Mr. Ong graduated with a Bachelor of Laws (Second Class Upper Division) from University College London and holds a Master of Science (Investment Management) from the Cass Business School and a Master of Business Administration from INSEAD. Mr. Ong is a senior executive in Hwa Hong Corporation Limited and is also an independent director with Singapore Reinsurance Corporation Limited, a member of the Fairfax Financial Group.

SENIOR MANAGEMENT

CORPORATE OFFICE

TAN LEE FANG
Group Financial Controller and Company Secretary

Ms. Tan joined the Group in 2014 and was holding the position of Financial Controller prior to her appointment as Group Financial Controller and Company Secretary with effect from 31 December 2017. She is responsible for the Group's financial and management reporting, taxation and corporate secretarial functions. Ms. Tan has more than 15 years of experience working in a listed company and in an audit firm. She holds a Bachelor of Accountancy (Honours) degree and is a member of the Institute of Singapore Chartered Accountants.

OILFIELD ENGINEERING

VINCENT TAN
Managing Director – MTQ Engineering Pte Ltd

Mr. Tan holds a Masters of Business Administration with Distinction from University of Louisville at Kentucky, USA, and a Bachelor of Mechanical Engineering (Honours) from Nanyang Technological University. He joined MTQ Engineering Pte Ltd in June 2012. Mr. Tan has more than 20 years of experience in general and operations management in the oil and gas industry. Prior to joining MTQ, Mr. Tan was the Director of Sales, Pacific Rim of National Oilwell Varco – Fiber Glass Systems Division.

IAN ROBERT HORTIN
Managing Director – Premier Sea & Land Pte Ltd and Mid-Continent Distribution Pte Ltd

Mr. Hortin has more than 34 years of experience and technical knowledge of the offshore and onshore drilling industry, having worked on various high profile drilling projects in various parts of the world. He is responsible for developing the Premier and Mid-Con Group's business in the drilling industry and expanding international sales.

SUMARDI BIN SIDI
Managing Director – Pemac Pte Ltd

Mr. Sidi has more than 30 years of experience in repair, manufacturing and remanufacturing of API Product Specification (5CT, 7-1, 6A, 16A and 16C) servicing drilling contractors in the region. He has extensive knowledge and experience in engineering design, quality control and assurance. He is a Certified Welding Inspector with the American Welding Society.

ASIF SALIM VORAJEE
Managing Director – MTQ Oilfield Services W.L.L.

Mr. Vorajee holds a Master of Engineering (Honours) in Mechanical Engineering. He joined MTQ Oilfield Services W.L.L in January 2012 and has more than 10 years of experience in mechanical engineering with extensive knowledge in API repair, manufacturing and remanufacturing in the drilling industry. Mr. Vorajee is responsible for the oilfield engineering business located in Bahrain.

MTQ Corporation Limited

- 100.0% MTQ Engineering Pte Ltd
  - 1.0% MTQ Oilfield Services W.L.L.
- 99.0% MTQ Oilfield Services W.L.L.
- 100.0% Premier Sea & Land Pte Ltd
  - 100.0% Premier Estate Private Limited
- 100.0% Pemac Pte Ltd
- 100.0% MTQ Equipment Rental Pte Ltd
- 100.0% MTQ Fabrication Pte Ltd
- 100.0% Blossomvale Investments Pte Ltd
  - 87.1% Blossomvale Holdings Ltd
  - 100.0% Blossomvale (NAH) Pte Ltd
    - 100.0% Blossomvale Subsea Stabilisation Sdn Bhd
    - 100.0% Blossomvale (NMO) Pte Ltd
      - 0.1% Blossomvale NMSSB Sdn Bhd
    - 99.9% Blossomvale NMSSB Sdn Bhd
      - 99.0% PT Neptune Subsea Stabilisation
    - 1.0% PT Neptune Subsea Stabilisation
- 100.0% Violetbloom Investments Pte Ltd
- 100.0% Everfield Pte Ltd
- 100.0% Mid-Continent Distribution Pte Ltd
- 100.0% In-Line Valve Company Limited
- 100.0% In-Line Valve (ME) Limited
- 100.0% MTQ Binder Holdings Pte Ltd
  - 100.0% Binder Group Pty Ltd
    - 100.0% Binder Asia Pte Ltd
      - 10.0% Binder Holdings Pte Ltd
    - 90.0% Binder Holdings Pte Ltd
      - 50.0% PT Binder Indonesia

Please refer to pages 107-110 for more information.

FIVE-YEARS
FINANCIAL PROFILE

	2022	2021	2020	2019	2018
FOR THE YEAR (IN S$'000)					
Revenue[1]	52,043	49,052	74,302	47,506	41,080
EBITDA[2]	5,707	6,627	14,197	6,694	(7,672)
Profit / (loss) before tax[1,2]	1,406	1,366	7,767	(2,967)	(8,469)
Profit / (loss) after tax[1,2]	1,255	2,008	7,205	(3,133)	(7,649)
Profit / (loss) attributable to owners of the Company[2]	1,290	2,104	4,845	(4,921)	(16,928)
AT YEAR END (IN S$'000)					
Net current assets	28,557	41,052	48,980	37,686	31,192
Total assets	102,599	89,473	115,426	145,036	128,527
Total liabilities	45,422	33,943	45,756	73,885	64,162
Net (cash) / debt[3]	2,226	(7,825)	620	2,215	11,875
Shareholders' funds	57,313	55,464	68,142	68,196	60,963
Net tangible assets[4]	54,130	52,034	59,474	62,471	56,023
FINANCIAL RATIOS					
Return on shareholders' funds (%)[2,5]	2.25	3.79	7.11	(7.22)	(27.77)
Interest cover (EBITDA / Net interest expense)[2,6]	6.87 times	7.33 times	8.22 times	3.44 times	(4.17) times
Net debt gearing ratio (%)[7]	3.75	N.A.	0.88	3.02	15.58
PER SHARE DATA					
Basic earnings / (loss) (in Singapore cents)[2,8]	0.60	0.97	2.24	(2.31)	(10.96)
Net tangible assets (in Singapore cents)[9]	25.04	24.07	27.50	28.88	36.26
Net asset value (in Singapore cents)[10]	26.51	25.66	31.51	31.53	39.45
Dividend paid or proposed in respect of the financial year (in Singapore cents)	0.50	1.00	0.50	-	-
Dividend payout ratio (%)[2,11]	83.33	103.09	22.32	-	-

1 *Excluding discontinued operation's statistic.*

2 *Excluding the impacts of impairments of goodwill and intangible assets, allowance for inventory obsolescence and provision on loans due from a joint venture as well as write-off of deferred tax assets.*

3 *Net (cash)/debt is defined as the aggregate of bank borrowings, less cash and bank equivalents (see Note 38 of the financial statements).*

4 *Net tangible assets is defined as shareholders' funds less intangible assets and goodwill.*

5 *Return on shareholders' funds is defined as profit/(loss) attributable to owners of the Company divided by shareholders' funds.*

6 *Net interest expense refers to interest expense less interest income.*

7 *Net debt gearing is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt and total equity. This ratio is not applicable for 2021 given that the Group's cash exceeded its gross debt as at 31 March 2021.*

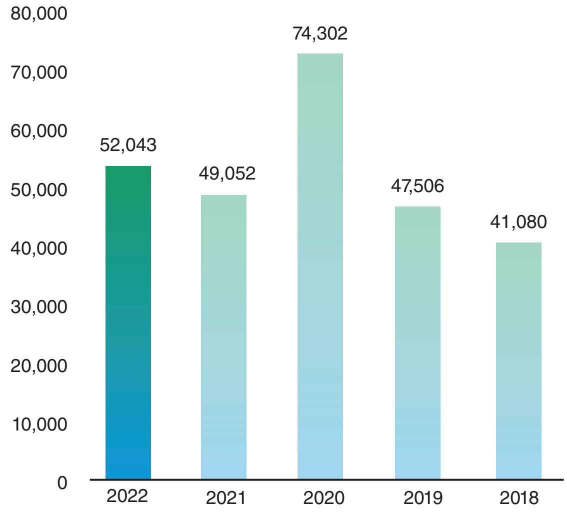
8 *Basic earnings/(loss) per share is defined as profit/(loss) attributable to owners of the Company divided by weighted average number of issued shares.*

9 *Net tangible assets per share is defined as net tangible assets divided by total number of issued shares excluding treasury shares.*

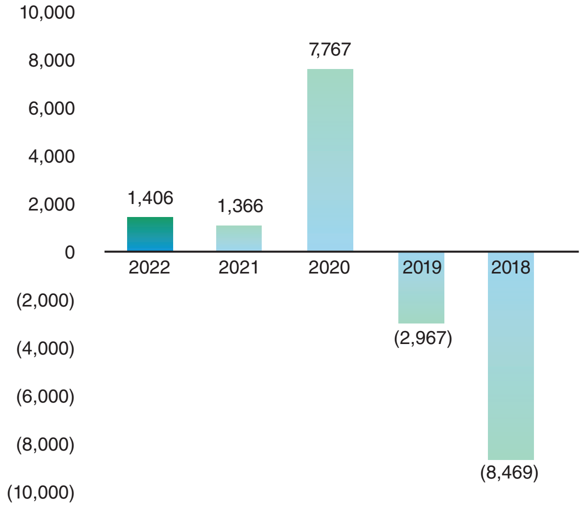
10 *Net asset value is defined as shareholders' funds divided by total number of issued shares excluding treasury shares.*

11 *Dividend payout ratio is defined as dividend per share paid/payable in respect of the financial year divided by the basic earnings per share.*

REVENUE (S$'000)

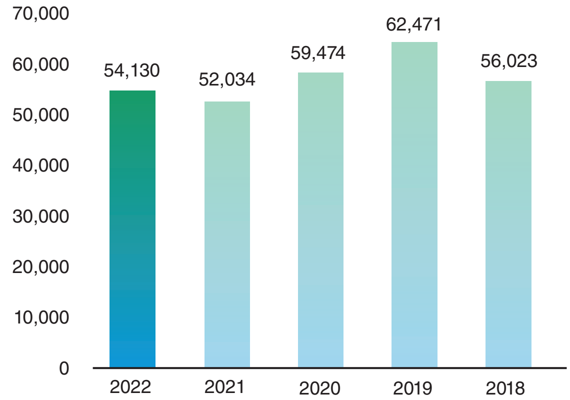


PROFIT / (LOSS) BEFORE TAX# (S$'000)

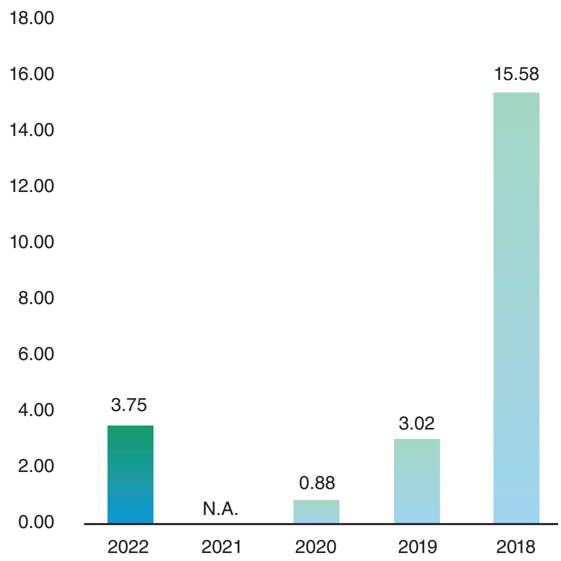


Excluding discontinued operation, impairments of goodwill and intangible asset, allowance for inventory obsolescence and provision on loans due from a joint venture as well as write-off of deferred tax assets.

NET TANGIBLE ASSETS (S$'000)



NET DEBT GEARING RATIO (%)



FINANCIAL REVIEW

REVENUE

In the financial year ended 31 March 2022 ("FY2022"), the Group recorded revenue of S$52.0 million, an increase of S$2.9 million or 6.1% from S$49.1 million recorded in the financial year ended 31 March 2021 ("FY2021").

The increase was mainly due to higher activities in Singapore. The Group's operations in Australia and United Kingdom recorded lower revenue hampered by supply chain disruptions resulting in delayed deliveries.

More breakdowns of revenue can be found in Notes 4 and 31 of the financial statements.

PROFIT

Overall gross profit increased by 17.9% to S$14.7 million in FY2022, in line with higher revenue, with gross profit margin improving from 25.4% to 28.2% mainly due to higher utilisation.

Other income decreased by 58.9% to S$1.5 million in FY2022 mainly due to lower government grants support received during the year.

Staff costs remained relatively unchanged while other operating expenses increased mainly due to the additional overheads relating to the new leasehold property in Tuas. These are excluding the impairment losses and provisions of S$9.2 million recognised a year ago.

Finance costs decreased by 13.8% to S$0.8 million in FY2022 mainly due to the lower borrowings and interest rate environment during the year.

Overall, the Group recorded a net profit of S$1.3 million, a turnaround from a loss of S$7.6 million in FY2021. Excluding the non-cash impairments and provisions as well as government grants received, the Group's underlying profit improved from a loss position of S$2.0 million in FY2021 to a profit of S$0.5 million in FY2022.

BALANCE SHEET

Most of the major movements in balance sheet items were mainly due to the acquisition of a leasehold property and certain capital equipment as part of the strategic collaboration with Cameron ("Strategic Collaboration"). The acquisition of the leasehold property resulted in the recognition of the corresponding right-of-use asset and lease liabilities associated with the lease of the land that the property is situated on.

Bank borrowings decreased by 27.9% to S$10.6 million as at 31 March 2022 as the Group made some uncommitted repayment of the unsecured bank loans during the year to reduce interest expenses.

Overall net assets increased by S$1.6 million or 3.0% to S$57.2 million after taking into account S$1.7 million revaluation gain of the Group's interests in MMA Offshore Limited through an equity reserve in line with the increase in share price during the year. Similarly, shareholders' funds increased by 3.3% from a year ago.

CASH FLOWS

The Group recorded net cash inflows of S$5.5 million from operations before changes in working capital for the year. Working capital requirements, however, increased with higher activities towards the end of the year.

Investing activities included the S$7.2 million cash consideration paid in relation to the Strategic Collaboration.

Financing activities mainly comprised net repayment of about S$4.1 million bank borrowings as well as S$1.1 million dividends in respect of prior year paid during the year.

Overall, the Group had cash and cash equivalents of S$8.3 million as at 31 March 2022.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2022, the Group's total bank borrowings stood at S$10.6 million, representing 18.4% (FY2021: 26.4%) of shareholders' fund and a net debt position of S$2.2 million (compared to net cash of S$7.8 million as at 31 March 2021).

The capital of the Company remained unchanged during the financial year.

DIVIDENDS

The Board of Directors is recommending a one-tier final cash dividend of 0.5 Singapore cents, subject to shareholders' approval at the forthcoming Annual General Meeting.

FINANCIAL AND CORPORATE CALENDAR

2022

28 July
FY2022 Annual General Meeting

27 June
Annual Report, Proxy Form, Notice of Annual General Meeting and Proposed renewal of share buyback mandate for FY2022

Notice of record and payment dates for FY2022 proposed final dividend

11 May
Full year FY2022 Results Announcement

Announcement pursuant to Listing Rule 706A

24 March
Issuance and allotment of shares pursuant to the exercise of warrants

21 February
Update in relation to the Proposed Strategic Collaboration with Cameron Singapore, a Schlumberger company

2021

9 December
Members' voluntary liquidation of a subsidiary – Blossomvale Holdings Ltd

29 October
Half-yearly FY2022 Results Announcement

Announcement pursuant to Listing Rule 706A

1 September
Issuance and allotment of shares pursuant to the exercise of warrants

27 August
Minutes of FY2021 Annual General Meeting

30 July
FY2021 Annual General Meeting

27 July
Non-binding letter of intent and Proposed Strategic Collaboration with a leading Original Equipment Manufacturer of oilfield equipment

21 July
Issuance and allotment of shares pursuant to the exercise of warrants

29 June
Annual Report, Proxy Form, Notice of Annual General Meeting and Proposed renewal of share buyback mandate for FY2021

Notice of record and payment dates for FY2021 proposed final dividend

16 June
Completion of members' voluntary liquidation of a dormant subsidiary

3 June
Issuance and allotment of shares pursuant to the exercise of warrants

11 May
Full year FY2021 Results Announcement

Winding up of dormant subsidiaries by way of members' voluntary liquidation and/or deregistration

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kuah Kok Kim	Chairman
Kuah Boon Wee	Group Chief Executive Officer
Nicholas Campbell Cocks	Lead Independent Director
Chew Soo Lin	Independent Director
Ho Han Siong Christopher	Non-Independent Director
Ong Eng Yaw	Non-Independent Director

AUDIT COMMITTEE

Chew Soo Lin Chairman
Nicholas Campbell Cocks
Ho Han Siong Christopher

NOMINATION AND REMUNERATION COMMITTEE

Nicholas Campbell Cocks Chairman
Chew Soo Lin
Ong Eng Yaw

COMPANY SECRETARY

Tan Lee Fang

REGISTERED OFFICE

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Singapore 128373
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Facsimile: (65) 6777 6433
Website: www.mtq.com.sg

REGISTRAR

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1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360
Website: www.boardroomlimited.com

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Limited

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

PARTNER-IN-CHARGE

Philip Ng Weng Kwai
(since financial year ended 31 March 2021)

INVESTOR RELATIONS

Email: investorrelation@mtq.com.sg

DIRECTORY OF PRINCIPAL OFFICES

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Facsimile: (65) 6777 6433
Website: www.mtq.com.sg

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Kuah Boon Wee Group Chief Executive Officer
Email: kuahbw@mtq.com.sg

Tan Lee Fang Group Financial Controller / Company Secretary
Email: leefang@mtq.com.sg

MTQ ENGINEERING PTE LTD
PEMAC PTE LTD

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FINANCIAL REPORT

The Board of Directors (the "Board") and the Management of the Company ("the Group") are committed to maintaining a standard of corporate governance to ensure shareholders' interests and enhance corporate performance and accountability.

This report sets out the Group's corporate governance practices with specific reference to the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "MAS") on 6 August 2018 (the "2018 CG Code"). The Board is pleased to inform that the Company is substantially in compliance with the principles and provisions of the 2018 CG Code and any deviations are explained below.

For ease of reference, the relevant principle of the 2018 CG Code under discussion is identified in bold. However, other sections of this report may also have an impact on the disclosures as this report is meant to be read as a whole, instead of being compartmentalised under the different principles of the 2018 CG Code.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

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

The Board is collectively responsible for providing overall strategy and direction to the Management and the Group. It assumes stewardship and control of the Group's resources and undertakes overall responsibility for long-term success of the Group and works with Management to achieve this and Management remains accountable to the Board.

The Board's roles include the following:

- provide entrepreneurial leadership, sets the vision and objectives of the Group and directs the Group's strategic policies, while ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- oversee the establishment of a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- review the performance of the Management and financial performance of the Group;
- sets the Group's values and standards, and ensures that obligations to shareholders and others are understood and met;
- identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation; and
- consider sustainability issues as part of its strategic formulation and assume responsibility for corporate governance.

All the Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Board has a code of conduct and ethics for Directors which assists the Directors in the discharge of their duties. This code covers key areas such as conflicts of interest, directors' declaration of interest under the Companies Act, external appointments and dealings in the securities of the Company.

Directors facing any conflict of interest with the Group will recuse themselves from participating in any discussions and decisions on the transaction or proposed transaction involving the issues of conflict.

Board Approval

The Group has adopted internal guidelines via a Structured Delegation of Authority matrix which sets out the authorisation and approval limits for revenue and capital expenditures, contractual commitments, disposal, assets write-offs and provisioning at Board and Management levels.

Matters which are specifically referred to the Board for decision include:

a) those involving a conflict of interest for a substantial shareholder or a Director;

b) material acquisitions and disposals of assets;

c) corporate or financial restructuring and share issuances;

d) dividends and other returns to shareholders;

e) matters specified under the Group's interested person transaction policy;

f) major financial decisions such as investment and divestment proposals, the annual budget, major funding proposals and expenditures exceeding a prescribed amount; and

g) periodic and full-year financial results announcement and the annual report for release to the SGX-ST.

Board and Board Committees

To assist in the execution of its responsibilities and enhance the effectiveness of the Board, the Board is supported by the Board Committees, namely, the Audit Committee (the "AC") and Nomination and Remuneration Committee (the "NRC"), each of which is chaired by a Non-Executive Independent Director. The duties, authorities and accountabilities of each committee are set out in their respective written terms of reference. The composition, terms of reference and summary of the activities of each Committee are detailed later in this report. The Chairman of each Committee will report to the Board the outcome of the Committee meetings. Further information on the roles and responsibilities of the NRC and AC are set out under the Principles throughout this Corporate Governance Report.

Board and Board Committees meetings as well as Annual General Meeting ("AGM") are scheduled well in advance. The Company is not required to perform quarterly reporting of its financial results in view of the amendments to the SGX-ST Listing Rules, which came into effect on 7 February 2020. Notwithstanding this, the Board continues to conduct regular scheduled meetings for the first and third quarters of the financial year to receive key financial and operational updates, significant business activities and the overall business environment, in addition to the half-yearly meetings which coincide with the announcement of the Group's half year and full year results respectively. Ad-hoc meetings are also convened as and when circumstances require.

The Company's Constitution allows Board meetings to be conducted by way of telephone conferencing or any other methods of simultaneous communication by electronic or telegraphic means whereby all persons participating in the meeting are able to hear each other. The Board and Board Committees may also make decisions through circulating resolutions.

The number of Board and Board Committees and general meetings held for the financial year ended 31 March 2022 and the attendance of each Director are as follows:

Type of Meetings		**Board**	**Audit Committee**	**Nomination and Remuneration Committee**	**AGM**
No. of Meetings held		**5**	**4**	**1**	**1**
Name of Director		**Meetings attended**			
Kuah Kok Kim	(Chairman)	5	–	–	1
Kuah Boon Wee	(Executive)	5	4 *	1 *	1
Nicholas Campbell Cocks	(Lead Independent)	5	4	1	1
Chew Soo Lin	(Independent)	5	4	1	1
Ho Han Siong Christopher	(Non-Executive; Non-Independent)	5	4	–	1
Ong Eng Yaw	(Non-Executive; Non-Independent)	5	4 *	1	1

* Attendance by invitation of the Committee.

Induction, Training and Development

To assist newly appointed Directors, if any, in discharging their duties, they are provided with an orientation on the background information about the Group's history, business operations, strategic directions, governance practices, relevant statutory and regulatory compliance issues as well as industry-specific knowledge. Upon the appointment of each new Director, the Company will furnish a formal letter to the Director, which sets out the Director's duties and obligations as a member of the Board. Incoming Directors are also given full access to the past years' annual reports and minutes of the Board meetings.

In addition, in accordance with the SGX-ST Listing Rules, unless the NRC is of the view that training is not required as the newly appointed director has other relevant experience, the new director appointed by the Board, who has no prior experience as director of an issuer listed on the SGX-ST, must undergo mandatory training courses organised by the Singapore Institute of Directors. There was no new director appointed during the year under review.

All Board members are encouraged to receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. The Board is mindful of the best practice in the 2018 CG Code to initiate programmes for Directors to meet their relevant training needs. In this regard, the Company is supportive of the Directors' participation in industry conferences and seminars, and will fund the Directors' attendance at any course or training programme in connection with their duties as directors.

Changes to regulatory and financial reporting standards which have bearing on the Company's or Directors' obligations are also closely monitored by Management and conveyed to the Directors at Board Meetings, specially convened meetings or via written updates. During the year under review, the Directors were briefed on the following:

- industry developments, business initiatives as well as any significant developments, issues or risks affecting the Group; and

- new and revised financial reporting standards applicable to the Group.

Access to Information

Directors have separate and independent access to the Company's Management, the Company Secretary, internal and external auditors of the Group at all times.

In order to ensure that the Board is able to fulfil its responsibilities efficiently and effectively, Management provides monthly management report, complete with relevant analysis and commentaries of the performance, to the Board on a timely basis to enable them to keep abreast of the Group's performance, position and prospects. Board reports, including financial information and annual budget, significant corporate issues and management proposals requiring the approval of the Board, are circulated to all Directors prior to each Board and Committees meeting. In respect of budgets, any material variances between the projections and actual results are also highlighted and explained. Other information is also provided to the Board members as needed on an on-going basis.

As a general rule, board reports are sent to Board members at least 3 working days before the Board meeting to afford the Directors with sufficient time to review the board reports prior to the meeting.

The Company Secretary administers, attends and prepares minutes of Board and Committee meetings and assists the Chairman in ensuring the Board procedures are followed and reviewed and the Company's Constitution and the relevant rules and regulations applicable to the Company are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practice and processes. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between Management and Independent Directors. The appointment and removal of the Company Secretary is subject to the approval of the Board as stipulated in the Company's Constitution.

Should Directors, whether as a group or individually, need independent professional advice to fulfil their duties, such advice may be obtained from external advisers and the cost of which will be borne by the Company.

Board Composition and Guidance

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

The Board comprises six (6) Directors of whom two (2) are Non-Executive Independent Directors and two (2) are Non-Executive Non-Independent Directors. Accordingly, independent directors make up one-third and non-executive directors make up a majority of the Board. There is no alternate Directors appointed during the year.

Independence

The Board, through the NRC, assessed the independence of the Board members taking into consideration of Provision 2.1 of the 2018 CG Code and Rule 210(5)(d)(i) and (ii) of the Listing Manual of the SGX-ST (the "**Listing Rules**") and the individual Director's declaration.

To assess and review the independence of each Director, each Independent Director is required to complete a Director's Independence Confirmation Form (drawn up based on Principle 2 of the 2018 CG Code) annually to confirm his independence. In the review of the Directors' independence, the NRC (with the respective Directors abstaining from reviewing his own independence), with the concurrence of the Board, has determined that:

1) Mr. Ho Han Siong Christopher and Mr. Ong Eng Yaw are not considered independent by virtue of their association with Tai Tak Securities Pte Ltd ("Tai Tak") and Singapore Warehouse Company (Private) Ltd ("Singapore Warehouse") respectively. Both Tai Tak and Singapore Warehouse are substantial shareholders of the Company.

2) The NRC, together with the Board, has rigorously reviewed the independence of Mr. Nicholas Campbell Cocks and Mr. Chew Soo Lin, both of whom have served more than 9 years, as recommended by the 2018 CG Code and is of the view that both Mr. Chew's and Mr. Cocks's length of service has not compromised their objectivity and judgement in discharging their duties and responsibilities as Independent Directors, after considering the following factors (a) shareholding interest, (b) gift or financial assistance, (c) business dealings and (d) financial independence. They do not have any immediate family member who is employed by the Company or its related companies for the past three financial years and whose remuneration is determined by the NRC of the Company. The Board and the NRC also acknowledge and recognise the benefits of their substantial knowledge over the Group's businesses and operations and experience as well as stability brought by long-serving Independent Directors.

On 6 August 2018, the SGX-ST amended the Listing Rules following the publication of the 2018 CG Code by the MAS. As part of the amendments to the 2018 CG Code, certain guidelines from the Code of Corporate Governance 2012 were shifted into the Listing Rules for mandatory compliance. On 28 November 2018, the SGX-ST issued the Transitional Practice Note 3 to establish transitional arrangements for certain guidelines shifted into the Listing Rules. Pursuant thereto and in respect of Rule 210(5)(d)(iii) of the Listing Rules (which came into effect on 1 January 2022), to ensure that the independence designation of a director who has served for more than 9 years as at and from 1 January 2022 is not affected, his or her continued appointment as an Independent Director will have to be subject to the two-tier voting.

The continued appointment of both Mr. Nicholas Campbell Cocks and Mr. Chew Soo Lin as Independent Directors has been approved by Shareholders at the AGM held on 30 July 2021 (FY2021 AGM) pursuant to Listing Rule 210(5)(d)(iii). Such approval shall continue in force until the earlier of their retirement or resignation as Directors or at the conclusion of the third AGM after the FY2021 AGM.

As the Group Chief Executive Officer ("Group CEO") of the Company, Mr. Kuah Boon Wee is considered non-independent by virtue of his employment with the Company.

In addition, the Board has deemed Mr. Kuah Kok Kim, (i) the father of Mr. Kuah Boon Wee, the Group CEO of the Company; and (ii) a substantial shareholder of the Company, as non-independent.

Each member of the NRC and the Board recused himself from the NRC's and the Board's deliberation respectively on his own independence.

Two (2) out of the six (6) Directors are independent and the Board recognises that this is not in accordance with Provision 2.2 of the 2018 CG Code that requires independent directors to make up a majority of the board when the Chairman is not independent. The Board is cognizant of the requirement under Rule 710 of the Listing Rules which requires issuers to explicitly state, when deviating from the provisions prescribed in the 2018 CG Code an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.The explanations are as follows:

- Although the Independent Directors are not in a majority, the Board, together with the NRC, is of the view that there is a strong independent element on the Board considering that there are four (4) Non-Executive Directors, making up a majority of the Board. The Board has always discussed important issues robustly without having individual or small group of individuals dominate the Board's decision-making process. Including the two (2) Independent Directors, the Non-Executive Directors have collectively demonstrated strong independence character and are able to provide objective advice in the best interests of the Company.

- The Executive Directors possess better industry knowledge to take the Group forward while the Non-Executive Directors, who are professionals and experts in their own fields, bring with them a wide spectrum of industry knowledge and skills, experience in accounting, financial, legal and regulatory and business strategies, are able to contribute their valuable experiences and provide independent judgement during Board deliberations. The Non-Executive Directors, including the Independent Directors, have always take on active roles in questioning, assessing and defending decisions on strategy and policy that are presented to them. They have unrestricted access to Management for any information that they may require to discharge their oversight function effectively.

- The Board has a Lead Independent Director, Mr. Nicholas Campbell Cocks, to assume the board chairmanship role and to provide leadership, in instances where the Chairman is perceived to be conflicted and has to recuse himself from the discussions, recommendations or board decisions relating to such matters. The Lead Independent Director is also 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.

- Each of the two Board Committees is chaired by Independent Director.

In view of the above, the Board is satisfied that the Board's composition has an appropriate level of independence, diversity of thoughts and background and existing practices adopted by the Company to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the 2018 CG Code. Nevertheless, the Board and the NRC will constantly examine its composition from time to time to ensure a strong and independent element on the Board.

Board Diversity

A formalised diversity policy, setting out its approach to achieve diversity in the Board is currently in progress. The Board recognised the importance of having a Board comprising persons whose diverse skills, experience and attributes provide for effective direction for the Group and contributes to the quality of its decision making. In its Board renewal process including the selection and appointment of new directors, the NRC, will continue to take steps to ensure that the various aspects of diversity such as qualifications, skills, experience, gender, age, ethnicity and knowledge of the Company of the candidates will be taken into consideration as part of its recruitment exercise to be consistent with the intent of Provision 2.4 of the 2018 CG Code and to arrive at a desired balanced composition of the Board.

The Board, in concurrence with the NRC, is satisfied that the current size and composition of the Board and Board Committees comprises an appropriate balance, mix of skills and diversity for its present scope of operations. The Board comprises of business leaders and professionals with diverse background and broad range of knowledge and experiences in different fields such as accounting, finance, legal, management and strategic planning, providing an effective blend of business and operational expertise, which enable the Board to make decisions in the best interest of the Company. The varied backgrounds of the Directors enable Management to benefit from their respective expertise and diverse background.

Detailed description of their background and experience are disclosed under the “Board of Directors” section of this Annual Report.

Board Guidance

The Non-Executive Directors and/or Independent Directors constructively review and assist the Board to facilitate and develop proposals on strategy and review the performance of the Management in meeting agreed objectives and monitor the report performance. They meet and/or hold discussions as and when required without the Management’s presence to facilitate a more effective check on the Management.

The Directors are also welcomed to request for further explanations, briefings or informal discussions on any aspects of the Group’s operations or business issues from the Management. The Chairman will make the necessary arrangements for the briefings, informal discussions or explanations required by the Directors.

The Directors’ academic and professional qualifications are set out in the “Board of Directors” section of this Annual Report.

Meeting of Directors without Management

The Non-Executive Directors (including Independent Directors) would meet without the presence of the Management or Executive Directors before the Board meeting as and when circumstances warrant for such. Thereafter, the Lead Independent Director would feedback to the Chairman and Group CEO on any concerns or feedback raised by them during such meeting.

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.

Mr. Kuah Kok Kim was re-designated to Non-Executive Chairman of the Company since 1 October 2012. His responsibility is to lead the Board to ensure its effectiveness on all aspects of its role, set its agenda, control the quality, accuracy and timeliness of the flow of information to the Board, ensure effective communication with shareholders, encourage constructive relations between the Board and Management, facilitate the effective contribution of the Directors, encourage constructive relations between the Directors and assist in compliance with the Company’s guidelines on corporate governance.

Mr. Kuah Boon Wee, the son of Mr. Kuah Kok Kim, is the Group CEO of the Company. He is responsible for the implementation of the Group’s strategies and policies, and the conduct of the Group’s operations and businesses, through the assistance of senior management. The Group CEO assists the Chairman in the latter’s execution of his responsibilities.

In view that the Chairman is not an Independent Director, the Board has appointed Mr. Nicholas Campbell Cocks as the Lead Independent Director since 2013. He leads and co-ordinates the activities of the Independent Directors and calls meetings of the Independent Directors, where necessary. He is the principal liaison on board issues between the Independent Directors and Chairman, including having to deal with the Management of any actual or perceived conflict of interest that may arise.

The Company's Constitution has made provisions for the Group CEO to be subject to the one-third rotation rule as well. This is to separate his management roles from his position as a Board member and to enable shareholders to exercise their full rights to select all Board members. The Board has also established various committees with the power and authority to perform key functions beyond the authority of, or without undue influence from, the Group CEO.

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.

The NRC is formed to undertake the roles of the Nomination Committee and the Remuneration Committee.

The NRC comprises the following Directors who are all Non-Executive, and majority of whom, including the Chairman, are independent:

Nicholas Campbell Cocks	(Chairman)	(Lead Independent Director)
Chew Soo Lin		(Independent Director)
Ong Eng Yaw		(Non-Independent Director)

The NRC is regulated by a set of written terms of reference that are in line with the 2018 CG Code and the NRC held one meeting for the financial year ended 31 March 2022. The principal nomination functions include, but are not limited to, the following:

- making recommendations to the Board on appointments and re-nominations of existing Directors for re-election and/or any member of the Board Committees;
- oversee the Board and key management personnel's succession and leadership development plans;
- assessing the effectiveness of the Board as a whole, the Board Committees, and each Director's competencies, commitment, contribution and performance;
- evaluating the independence of the Directors;
- reviewing the Board structure, size and composition, having regards to the scope and nature of the operations of the Group and the core competencies of the Directors as a group; and
- deciding whether a Director is able to and has been adequately carrying out his duties as Director of the Company particularly where Director has multiple board representations.

Article 91 of the Company's Constitution requires one-third of the Directors to retire by rotation at every AGM. The Board complies with Rule 720(5) of the Listing Rules that each director is required to retire at least once every three years. In addition, Article 97 of the Company's Constitution stipulates that all new Directors must submit themselves for re-election at the next AGM of the Company immediately following their appointment.

The dates of initial appointment and last re-election of the Directors are set out below:

Director	Appointment	Date of Initial Appointment	Date of Last Re-election
Kuah Kok Kim	Chairman	01.01.1997	24.07.2019
Kuah Boon Wee	Executive Director	10.10.2006	30.07.2021
Nicholas Campbell Cocks	Lead Independent Director	01.10.2010	24.07.2019
Chew Soo Lin	Independent Director	18.05.2012	28.07.2020
Ho Han Siong Christopher	Non-Executive; Non-Independent Director	30.10.2007	30.07.2021
Ong Eng Yaw	Non-Executive; Non-Independent Director	28.10.2016	28.07.2020

The NRC has recommended the re-election of Mr. Kuah Kok Kim and Mr. Nicholas Campbell Cocks who are retiring pursuant to Article 91 of the Company's Constitution to be re-elected as Directors of the Company at the forthcoming AGM.

Accordingly, pursuant to Rule 210(5)(d)(iii) of the Listing Rule, the NRC has also recommended that the continued appointment of Mr. Nicholas Campbell Cocks as Independent Director of the Company will be sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the Directors and the Group CEO, and associates of such Directors and the Group CEO, in the forthcoming AGM.

Both Mr. Kuah Kok Kim and Mr. Nicholas Campbell Cocks, being eligible, had consented to remain in office. Each of these Directors, being interested in matter, had abstained from all discussions and recommendations in respect of their re-election.

The Board has accepted the NRC's recommendations.

Shareholders are provided with relevant information on the Directors for re-election on page 146 of this Annual Report.

Nomination and Selection of Directors

When a need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NRC will, in consultation with Management and Board, source for new candidates with the desired competencies and taking into consideration such as qualifications, skills, experience, age, gender, ethnicity and knowledge of the Company. If necessary, external consultants may be engaged to source for potential candidates. In addition, the NRC may also tap on its networking contacts or through recommendations from Board members, business associates and professional bodies to assist with identifying and shortlisting of candidates. The NRC will then recommend its shortlisted candidates to the Board. Meeting with the candidates will be arranged to facilitate open discussion to assess the suitability and mutual expectation before the appointment is considered and approved. For the year under review, there was no new appointment.

Review of Directors' Independence

The NRC conducts an annual review of each Director's independence and takes into consideration the relevant provisions in the 2018 CG Code and Listing Rules. The NRC has ascertained that save for Mr. Kuah Kok Kim, Mr. Kuah Boon Wee, Mr. Ho Han Siong Christopher and Mr. Ong Eng Yaw, all Directors are considered independent according to the criteria. Please refer to our disclosure under Principle 2 above on the determination of independence. Directors must also immediately report any changes in their external appointments which may affect their independence.

Directors' Time Commitment

The NRC is responsible for deciding if a Director is able to and has been adequately carrying out his duties as a Director if he has multiple board representations.

The NRC, together with the Board, is satisfied that Directors who have multiple board representations have committed sufficient time, attention and contributed meaningfully to the affairs of the Group. Their multiple board representations do not hinder their abilities to carry out their duties as Directors of the Company. Accordingly, there is no limit set on the number of listed company board representations a Director may hold. However, each Director is required to disclose to the NRC his board representation whenever there are changes to his directorship. In addition, the NRC, together with the Board would continue to review from time to time the board representations and other principal commitments of the Directors to ensure that they continue to meet the demands of the Group and are able to discharge their duties adequately. Based on the Directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at the Board and Board Committee meetings, the NRC and the Board are satisfied that all Directors have discharged their duties adequately for the financial year ended 31 March 2022.

Apart from the Group, below are the lists of the Directors' principal commitments, directorships both present and those past held over the preceding five (5) years in other listed companies:

Name of Director	Present Directorships in Other Listed Companies	Past Directorships in Other Listed Companies Held Over the Preceding 5 Years	Principal Commitments
Kuah Kok Kim	–	–	–
Kuah Boon Wee	– The Hour Glass Limited – UOB-Kay Hian Holdings Limited	–	–
Nicholas Campbell Cocks	–	–	Mr. Cocks is the Chief Executive Officer of Readymix Group and the Managing Partner of Velocity Ventures.
Chew Soo Lin	– Asia-Pacific Strategic Investment Ltd – Duty Free International Limited – Khong Guan Limited – Kim Hin Joo (Malaysia) Berhad	– China Medical (International) Group Limited	Mr. Chew is the Executive Chairman of Khong Guan Limited and sits on the board of certain subsidiaries of Khong Guan Limited.
Ho Han Siong Christopher	–	–	Mr. Ho is the Senior Vice President for Investments of Tai Tak Securities Pte Ltd and sits on the board of certain subsidiaries of Tai Tak Group.
Ong Eng Yaw	– Singapore Reinsurance Corporation Limited	–	Mr. Ong is a senior executive in Hwa Hong Corporation Limited. He also sits on the board of certain subsidiaries of Hwa Hong Corporation Limited.

Key Information on Directors

The profile of the Directors and key information are set out under "Board of Directors" section in this Annual Report. Additional information on Directors seeking re-election as required under Rule 720(6) of the Listing Rules is also appended to the Notice of AGM.

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.

Board Evaluation and Board Performance Criteria

On an annual basis, the NRC will also assess the Directors' performance as a whole based on the achievement of the Group's strategic and long-term objectives. The assessment process involves evaluation against a set of objectives, quantitative and qualitative performance criteria proposed by the NRC and approved by the Board. While the 2018 CG Code recommends that the directors be assessed individually, the NRC felt that it is more appropriate and effective to evaluate the Board on a whole, bearing in mind that each Board Member contributes in different ways. A Director would have been appointed or re-nominated on the strength of his calibre and relevant experience that could contribute to the proper guidance of the Group's businesses. Management can also access them for guidance or exchange of views outside the formal environment of Board meetings.

As part of the Board effectiveness evaluation for the financial year ended 31 March 2022, all the Directors are requested to complete a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board performance and the Board Committees. The results of the completed questionnaires are collated by the Company Secretary who will then submit to the NRC. The findings are analysed and discussed by the NRC and presented to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness. These performance criteria shall not change from year to year, and where circumstances deem it necessary for any criteria to be changed, the NRC and the Board shall justify their decision for the change.

The NRC, having reviewed the performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board and the Board committees have operated efficiently, the Board has met its performance objectives and each Director has contributed to the overall effectiveness of the Board in the financial year under review.

(B) 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.

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.

Disclosure on Remuneration

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

The NRC regulated by a set of written terms of reference that are in line with the 2018 CG Code and its principal remuneration functions include, but are not limited to, the following:

- making recommendations to the Board a framework of remuneration for the Board and key management personnel of the Group, covering all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, share-based incentives and benefit-in-kind;

- determining the remuneration package for each Director and the Group CEO as well as the key management personnel;

- administering the MTQ Share Plan and any other share option or share plan established from time to time for the Directors and key management personnel; and

- reviewing the senior executive development, succession plans and recruitment strategies of the Group.

Where necessary, the NRC may seek external expert advice in the field of executive compensation outside the Company. During the financial year, the NRC has not sought external advice nor appointed any external remuneration consultant.

In setting the remuneration packages, the Group is committed to ensuring its remuneration structures are appropriately aligned with shareholder value creation over the short and long term and focuses on motivating, rewarding and retaining key executives. The remuneration structures aim to link performance and reward against the profits or objectives set in the Group's business plans and strategies while taking into account challenges and market forces that the Group is confronted with when faced with cyclical and economic forces.

Remuneration Structure

(i) Remuneration of Non-Executive Directors

The Non-Executive Directors do not have service contracts, receive retirement benefits nor do they participate in any incentive programs. Each Non-Executive Director is paid director's fee, of which the amount is dependent on their level of responsibilities.

Each Non-Executive Director, except the Chairman of the Board, receives a base fee of S$27,000 while the Chairman of the Board receives a base fee of S$59,500. An additional fee of S$6,750 to S$20,250 is paid if the Director (except the Chairman of the Board) serves as member or Chairman of the AC or the NRC. The additional fees paid for serving on a committee recognises the additional time commitment required by the Directors.

The NRC has recommended to the Board a total amount of up to S$320,000 as Directors' fees for the financial year ending 31 March 2023 ("FY2023"), to be paid quarterly in arrears. This would be tabled for approval by shareholders of the Company at the forthcoming AGM. No Director is involved in deciding his own remuneration. The Directors' fees are paid wholly in cash.

The Board concurred with the NRC that the proposed Directors' fees for FY2023 is appropriate and not excessive, taking into consideration the level of contributions by the Directors, their responsibilities and obligations and factors such as effort and time spent for serving on the Board and Board Committees.

In addition to the above, the Chairman of the Board is paid consultancy fees for consultancy services provided to a subsidiary of the Group.

(ii) Remuneration of Executive Director

The remuneration scheme for the Executive Director is linked to performance, service record, experience and scope of responsibility. Performance is measured against the profits or objectives set in the Group's business plans and strategies. The Group CEO, being the Executive Director, does not receive Directors' fees.

The service contract for the Group CEO does not contain onerous removal clauses. The terms of service contract, including any early termination compensations clauses, have been reviewed and approved by the Board.

The Group CEO's remuneration mix comprises:

- Fixed element – salary and benefits which accounts for approximately 25% of the maximum remuneration in a financial year.

- Variable element – is payable between one (1) to four (4) years, subject to certain conditions in the terms of service contract agreement and the NRC's approval.

(iii) *Remuneration of Top Five Key Management Personnel*

The Group segments its employees into 3 key groupings:

a) individuals who are best able to influence the long-term strategy and direction of the organisation;

b) key employees across the organisation who have a greater influence over business outcomes; and

c) all other employees.

In creating a total remuneration framework for segment (a) and (b) employees, the Group adopts both short and long-term incentives in addition to the fixed element of the employees' remuneration.

Short-term rewards are cash-based and reflect both the individual and business performance over the relevant financial period. The amount to be awarded is based on the profits of the business units as well as the individual's performance score during the annual appraisal process.

The Group adopts the MTQ Share Plan as a long-term compensation scheme which rewards the participants, who are largely segment (a) employees, when and after pre-determined performance conditions are met, based on a percentage of annual base salary subject to the discretion of the NRC. Further details on the operation of MTQ Share Plan are disclosed in the Directors' Statement section.

Remuneration Outcome

The remuneration paid* to the Directors during the financial year ended 31 March 2022 are set out below:

Name of Director	Fixed Component[1] (S$'000)	Variable Component[2] (S$'000)	Provident Fund[3] (S$'000)	Benefits[4] (S$'000)	Consultancy Fees[5] (S$'000)	Directors' Fees[6] (S$'000)	Total (S$'000)
Kuah Kok Kim[7]	–	–	–	–	154	60	214
Kuah Boon Wee[7]	370	43	16	27	–	–	456
Nicholas Campbell Cocks	–	–	–	–	–	49	49
Chew Soo Lin	–	–	–	–	–	54	54
Ho Han Siong Christopher	–	–	–	–	–	38	38
Ong Eng Yaw	–	–	–	–	–	34	34

* All the remuneration paid were rounded to the nearest thousand.
1 Fixed Component refers to base salary and Annual Wage Supplement paid during the financial year ended 31 March 2022.
2 Variable Component refers to cash bonuses awarded for financial year ended 31 March 2020's performance paid out during the financial year ended 31 March 2022.
3 Provident Fund represents payments in respect of statutory contributions to the Singapore Provident Fund.
4 Benefits are stated on the basis of direct costs, and include car benefits and other non-cash benefits such as club memberships.
5 Consultancy Fees refer to fees for consultancy services provided to a subsidiary during the financial year ended 31 March 2022.
6 Directors' Fees are paid on a quarterly basis in arrears.
7 Mr. Kuah Kok Kim, Chairman of the Company, is the father of Mr. Kuah Boon Wee, Group CEO of the Company.

The remuneration* of the top 5 key management personnel (who are not directors) of the Group are as follows:

Name of Key Management Personnel	Fixed Component[1] (S$'000)	Variable Component (S$'000)	Provident Fund[4] (S$'000)	Benefits[5] (S$'000)	Total (S$'000)
S$250,001 to S$500,000					
Asif Salim Vorajee	164	45[2]	13	110	332
Vincent Tan	208	40[3]	17	9	274
S$250,000 and below					
Sumardi Bin Sidi	155	62[3]	10	20	247
Ian Robert Hortin	159	7	11	66	243
Tan Lee Fang	128	5[2]	15	–	148

* All the remuneration were rounded to the nearest thousand.
1 Fixed Component refers to base salary and Annual Wage Supplement (if any) paid during the financial year ended 31 March 2022.
2 Included cash bonus, which was awarded for financial year ended 31 March 2021's performance, paid out during the financial year ended 31 March 2022.
3 Included cash bonus relating to financial year ended 31 March 2021's performance and deferred cash bonus relating to financial year ended 31 March 2020's performance, paid out during the financial year ended 31 March 2022.
4 Provident Fund represents payments in respect of statutory contributions to national pension schemes.
5 Benefits are stated on the basis of direct costs, and include car benefits and other benefits associated with relocation and other non-cash benefits such as club memberships.

The total amount paid to the top 5 key management personnel during the financial year ended 31 March 2022 is S$1,244,000.

There was no termination, retirement and post-employment benefits granted to Directors, Group CEO or other key management personnel for the financial year under review.

There are no contractual provisions which allow the Company to reclaim incentive components of remuneration from the key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the key management personnel in the event of such incidents.

Remuneration of employees who are immediate family members of a Director or the CEO

Other than Mr. Kuah Kok Kim and Mr. Kuah Boon Wee, no employee of the Company and its subsidiaries was an immediate family member of a Director, the Group CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during the financial year ended 31 March 2022.

(C) 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.

The Board acknowledges that it is responsible for the overall internal control and risk management framework and has implemented a system of internal controls and risk management designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. 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 oversees the Management in the design, implementation and monitoring of the risk management and internal control systems.

The Group adopts a bottom-up approach for the risk management process to address financial, operational, compliance and information technology risks. Business units implement appropriate risk management frameworks and have the primary responsibility and accountability to identify, evaluate, manage and monitor risks that may have impact on their operations. Appropriate risk management frameworks that are adopted form integral parts of the business operations. Risks identified are regularly reviewed and monitored by the respective management teams at management meetings or at forums specifically convened to ensure sufficient controls are in place to mitigate these risks affecting the Group.

The AC reviews the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls and risk management systems established by Management.

The Group outsourced its internal audit function to Robert Tan Partners PAC, a corporate member of the Institute of Internal Auditors Singapore (the "IA"). Robert Tan Partners PAC was incorporated in 2015 to take over the practice of Robert Tan & Co. which was set up in 1978 and provides a wide range of services including assurance, risk assurance, investigations, corporate advisory, tax and insolvency & corporate recovery to local and international clients. The engagement team in providing internal audit services to the Group comprised the director, Mr. Tan Eng Sun, and the risk assurance consultant, Mr. Tang Wai Hong, who were assisted by a team of 25 senior audit professionals. The director has more than 15 years of relevant experience whilst the risk assurance consultant has more than 30 years of experience in internal audit. Risk Assurance Consultant is a job title assigned to Mr. Tang Wai Hong who managed the internal audit engagement of the Group. The Internal audit reviews were conducted in accordance with the guidelines established in the International Professional Practices Framework and guided by the components established in the COSO Internal Control – Integrated Framework.

Reporting directly to the AC, the IA plans the work in consultation with, but independent of Management and its yearly plan is submitted to the AC for review and approval. The IA has unrestricted access to the Company's documents, records, properties, and personnel of the Group. The IA presents his findings to the AC on a yearly basis. Any non-compliance or internal control weaknesses noted during the internal audit, the corresponding recommendations and Management's responses are reported to the AC. The AC approves the hiring, removal and evaluation of the IA. On an annual basis, the AC has also reviewed and is satisfied that the Group's IA function is independent, effective and adequately resourced by qualified and experienced professionals.

During the financial year under review, the Board and the AC have reviewed the adequacy and effectiveness of the Group's internal controls to address the Group's financial, operational, compliance and information technology controls and risk management systems. In addition, the Board also received written assurances:

- from the Group CEO and Group Financial Controller that the Group's financial records have been properly maintained and the financial statements for the year ended 31 March 2022 give a true and fair view of the Group's operations and finances; and

- from the Group CEO, Group Financial Controller and other key management personnel that the Group's risk management and internal control systems in place are adequate and effective.

The AC has reviewed and is satisfied:

- with the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, information technology controls and risk management systems;

- with the adequacy and effectiveness of the internal audit function;

- that the internal audit function is independent, effective, adequately resourced and has appropriate standing within the Company and the Group; and

- that the independence of the external auditor has not been compromised in relation to the non-audit services provided.

Based on the internal controls and risk management framework established and maintained by the Management, review of work performed by the internal and external auditors, regular audits conducted by independent parties for industrial accreditation and customer quality controls and reviews performed by the Management, the Board and the various Board Committees as well as the assurances from Group CEO, Group Financial Controller and other key management personnel, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems were adequate and effective as at 31 March 2022.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against irregularities especially those arising from poor judgement in decision making, human error, losses and fraud.

Audit Committee

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

The AC comprises the following Directors:

Chew Soo Lin	(Chairman)	(Independent Director)
Nicholas Campbell Cocks		(Lead Independent Director)
Ho Han Siong Christopher		(Non-Independent Director)

The AC comprises three (3) members, who are all Non-Executive, and majority of whom including Chairman are independent. The members of the AC are appropriately qualified to discharge their responsibilities and have relevant accounting and related financial management experience and expertise. None of the AC members were previous partners or directors of the Company's external auditor, Ernst & Young LLP, within the last two years or has any financial interest in the audit firm.

The AC has been set up to perform the functions required pursuant to Section 201B(5) of the Companies Act, the Listing Rules and the Code of Corporate Governance. The principal functions of the AC are found on the Directors' Statement section on page 34 of this Annual Report.

The Board is of the view that members of the AC have the requisite accounting and financial management expertise or experience to carry out their duties. The AC regulated by a set of written terms of reference that are in line with the 2018 CG Code. During the financial year, the AC has carried out duties as provided in their terms of reference.

The AC meets at least four times a year and plays a key role in assisting the Board to ensure that the financial reporting and internal accounting controls of the Group meet the highest standards. Changes to accounting standards which have a direct impact on the financial statements will be highlighted to the AC from time to time by the external auditor. The AC met four times during the financial year ended 31 March 2022.

The AC is empowered to investigate any matter within its written terms of reference, including matters relating to the Group's accounting, auditing, internal controls and/or financial practices brought to its attention. The AC has the full discretion to invite any Director and/or executive officer to attend its meetings. The AC also has full access to the external and internal auditors without the presence of the management of the Company as well as full access to records, resources and personnel, to enable it to discharge its functions properly.

In addition, the AC reviews the scope and results of the audit and its cost effectiveness, and on an annual basis, the adequacy, effectiveness, independence and objectivity of the external auditors of the Group. In line with Rule 1207(6) of the Listing Rules, the AC has also taken into account the nature and extent of non-audit services provided by them and has confirmed that the non-audit services provided by the external auditors would not affect their independence. A breakdown of the fees for audit and non-audit services paid to the auditors for the financial year ended 31 March 2022 are found on page 70 of this Annual Report.

The AC meets with the internal and external auditors at least once on an annual basis, without the presence of Management, to review the overall scope of both internal and external audits, and the assistance given by management to the auditors. The AC pays full attention to any material weaknesses reported and the recommendations proposed by both the internal and external auditors to ensure that the Group maintains a sound system of internal controls. In addition to the above, the AC reviews the half year and full year financial statements of the Group before submitting them to the Board for its approval and the announcement of the financial results.

The AC keeps abreast of the changes to accounting standards and issues that may have a direct impact on the financial statements by referring to the best practices and guidance as well as reports issued from time to time from the relevant authorities and professionals. During the year, the AC was also briefed on the new accounting standards that might impact the Group's consolidated financial statements by the external auditors at the AC meetings.

In the review of the financial statements, the AC has discussed with Management the significant accounting principles that were applied and their judgements and estimates of items that might affect the integrity of the financial statements. Following the review and discussions, the AC then recommended to the Board for approval of the financial statements. The Key Audit Matters (KAMs) impacting the annual financial statements were discussed with Management and the external auditor and were reviewed by the AC. Details of the KAMs are found on pages 36 to 40 of this Annual Report.

The Company has in place a whistle-blowing policy where employees of the Group and other stakeholders may raise concerns about possible improprieties in matter of financial reporting, misconduct or wrongdoing relating to the Group and its officers or other matters in confidence and in good faith, without fear of reprisal. The Company is committed to ensure that any whistleblower is protected against detrimental or unfair treatment. The AC is responsible for the oversight and monitoring of the whistle-blowing policy and ensuring that it is properly administered. To ensure independent investigation of such matters and appropriate follow-up action, all whistle-blowing reports are to be sent directly to the AC and are kept confidential. Details of the whistle-blowing policy are given to all staff and new recruits during orientation. There were no whistle-blowing reports received during the year under review.

The AC is satisfied that the Company has complied with Rules 712 and 715 read with 716 of the Listing Rules regarding the appointment of auditors of the Company and its subsidiaries. The AC has recommended to the Board the re-appointment of Ernst & Young LLP as the external auditor of the Company for the financial year ending 31 March 2023.

(D) 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.

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.

The Company is committed to treat all shareholders fairly and equitably and recognises, protects and facilitates the exercise of shareholders' rights.

The Company strives for timeliness and transparency in its disclosures to the shareholders and the public and will continue to disseminate any price-sensitive information on a comprehensive, accurate and timely basis through SGX-ST via SGXNet. The Company does not practice selective disclosure of information. Such information will be simultaneously posted on our corporate website at www.mtq.com.sg and investor portal, www.shareinvestor.com. Financial results and annual reports will be announced within the legally prescribed periods.

The Group has an internal investor relations team which may contact and liaise with analysts and media, if necessary, upon release of its financial results. An investor relations email account, investorrelation@mtq.com.sg, has been set up to communicate with the analysts, media and shareholders.

Shareholders are invited to attend the general meetings to put forth any questions or share their views regarding the proposed resolutions and the Group's business and affairs. Shareholders are informed of shareholders' meetings through notices contained in annual reports and/or appendixes/circulars sent to all shareholders.

In order to allow sufficient time for shareholders to review, the Annual Report FY2021/2022, together with the Appendix and notice of AGM, will be made available to the Shareholders at least 28 days in advance before the scheduled AGM date. These notices are also published on the SGXNet and our corporate website, www.mtq.com.sg.

If any shareholder is unable to attend, the Company's Constitution has made provisions for shareholders to appoint a proxy or proxies to attend and vote on their behalf. The Company is, however, not implementing absentia voting methods such as mail, e-mail or fax until the authentication of shareholder identity and other related security issues have been addressed satisfactorily.

An email account, lead_id@mtq.com.sg, addressed to the Lead Independent Director has been set up to communicate and solicit feedback from the shareholders.

At the shareholders' meetings, separate resolutions are set for each distinct issue.

The Company has implemented electronic poll voting for all shareholders' resolutions since 2014. All shareholders present are briefed on the voting procedures before the start of the meeting. Independent scrutineers firm is appointed to conduct the voting process and to validate the votes after each resolution. Shareholders are allowed to vote in person or by proxy if they are unable to attend the Company's AGM. The Company's Constitution allows a shareholder to appoint two or more proxies to attend and vote on the shareholder's behalf at the general meeting of shareholders. The proxy need not be a Member of the Company. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each general meeting of shareholders. The detailed results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, were announced immediately at the AGM and via SGXNET thereafter.

At general meetings, shareholders are given the opportunity to share their views and direct questions to the Board on any matter relating to the Group's businesses and operations or resolutions tabled at the meeting. The Directors and Management are present at the general meeting to address shareholders' queries. The external auditors are also present at the AGM of the Company to address queries about the conduct of audit and the preparation and content of the Auditor's Report.

The proceedings of the general meeting are minute by the Company Secretary, including all substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are publicly available on the Company's corporate website, www.mtq.com.sg.

Due to the COVID-19 pandemic, the FY2021 AGM was convened and held via electronic means on 30 July 2021, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). The FY2022 AGM will continue to be convened and held via electronic means and shareholders will not be able to attend the AGM in person. Similar alternative arrangements for the FY2022 AGM will be put in place.

Shareholders may observe the proceedings of the AGM by "live" audio-visual webcast or "live" audio-only stream. "Live" Q&A will also be made available at the AGM proceedings through a "live" chat function on the "live" audio-visual webcast platform to allow shareholders to ask substantial and relevant questions related to the resolutions to be tabled for approval at the AGM. Alternatively, shareholders can also submit questions (if any) in advance of the AGM during the pre-registration process for FY2022 AGM. Please refer to the Notice of AGM dated 27 June 2022 for more information.

Following the amendments to Rule 705(2) of the Listing Rules which came into effect from 7 February 2020, the Company is no longer required to release the Group's unaudited financial statements on a quarterly basis. After due deliberation, the Board decided not to continue with quarterly reporting of the Group's financial results and instead, release financial reports on a half-yearly basis with effect from the financial year ended 31 March 2020. Notwithstanding this, the Company continue to keep shareholders updated on material developments relating to the Company and the Group in compliance with the continuing disclosure obligations, as and when appropriate.

The Company does not have a formal dividend policy. The Board takes into consideration the Group's financial performance, cash position, cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate in considering the form, frequency and amount of dividend payments. All dividend payouts are clearly communicated to shareholders in public announcement via SGXNet. The Board is cognizant of the requirement to provide reasons in support of its decision in the event it is not declaring or recommending a dividend.

For the financial year ended 31 March 2022, the Company has proposed a one-tier tax exempt final dividend of 0.5 Singapore cents per share, subject to shareholders' approval at the forthcoming AGM.

(E) 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.

The Company actively engage with its stakeholders through various medium and channels to ensure that its business interests are aligned with those of its stakeholders.

The Company's engagement with all stakeholders including key areas of focus and engagement channels are set out in the Sustainability Report section which can be found on page 131 of this Annual Report.

The Company maintains a corporate website, www.mtq.com.sg, to communicate and engage with stakeholders.

DEALINGS IN SECURITIES

(Rule 1207(19) of the Listing Rules)

The Company has adopted an internal code to provide guidance to the Company, its Directors and officers of the Group in regards to trading in the Company's securities ("Code").

The Directors and officers of the Group are notified and reminded to observe insider trading laws at all times and against dealing in securities when they are in possession of unpublished price sensitive information and on short-term considerations.

The Company, its Directors and officers of the Group are refrained from dealing in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial statements ("window periods").

Consistent to the above, the Company will not undertake any purchase of its own ordinary shares pursuant to the Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. The window periods as stated above also apply for share buyback.

In addition, Directors are required to report to the Company Secretary within two business days whenever they deal in the Company's securities and the Company will make the necessary announcements in accordance with the requirements of the Listing Rules.

The Company has complied with its Code and has not dealt in its securities during the above window periods. In addition, the Company Secretary has, from time to time, updated the Directors and officers with regulations on prohibitions on dealing in the Company's securities.

MATERIAL CONTRACTS

(Rule 1207(8) of the Listing Rules)

Except as disclosed in the financial statements, there were no material contracts of the Company and of the Group involving the interests of the Group CEO, each Director or controlling shareholders, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Listing Rules)

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are on an arms' length basis and are not prejudicial to the interests of the shareholders.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rules 1207(17) and 920 of the Listing Rules. There were no interested person transactions entered into by the Group during the financial year under review.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of MTQ Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 March 2022.

Opinion of the Directors

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; 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:

Kuah Kok Kim
Kuah Boon Wee
Nicholas Campbell Cocks
Chew Soo Lin
Ho Han Siong Christopher
Ong Eng Yaw

Arrangements to enable Directors to acquire shares and debentures

Except as described in the paragraphs below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
The Company	**At 1.4.2021**	**At 31.3.2022**	**At 21.4.2022**	**At 1.4.2021**	**At 31.3.2022**	**At 21.4.2022**
(Ordinary shares)						
Kuah Kok Kim	54,313,010	54,313,010	54,313,010	–	–	–
Kuah Boon Wee	7,669,539	7,669,539	7,669,539	–	–	–
Nicholas Campbell Cocks	–	637,659	637,659	637,659	–	–
(Warrants)						
Kuah Kok Kim	4,004,207	4,004,207	4,004,207	–	–	–
Kuah Boon Wee	786,804	786,804	786,804	–	–	–
Nicholas Campbell Cocks	–	101,714	101,714	101,714	–	–

Mr. Kuah Kok Kim is deemed to have an interest in shares of the Company's subsidiaries, associate and joint venture by virtue of his interest in more than 20% of the issued share capital of the Company as at the end of the financial year.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share Plan

(a) The Group has adopted a compensation scheme, known as the MTQ Share Plan (the "Share Plan"), approved by shareholders of the Company at an Extraordinary General Meeting held on 26 July 2013, to grant the right to receive fully paid ordinary shares ("Award"). The Share Plan, *inter alia*, allows for the participation of employees of the Group and employees of associated companies (a company as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")) who meet the eligibility criteria, but does not include any controlling shareholders and their associates as defined in the Listing Manual of SGX-ST, nor the non-executive directors.

The Share Plan is administered by the Nomination & Remuneration Committee which comprises the following members:

Nicholas Campbell Cocks (Chairman)
Chew Soo Lin
Ong Eng Yaw

The selection of the participants in the Share Plan and the grant of Award are determined by the Nomination & Remuneration Committee at its absolute discretion.

Share Plan (cont'd)

(b) The principal terms of the Share Plan are:

(i) ***Size and Duration***

The total number of new shares which may be delivered by the Company pursuant to the Awards granted under the Share Plan (the "New Shares") on any date, when added to the aggregate number of ordinary shares issued or issuable under any other share schemes which may be implemented by the Company, shall not exceed 15% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of grant.

The Share Plan shall continue in force at the discretion of the Nomination & Remuneration Committee subject to a maximum of 10 years commencing from the date it is adopted by the Company in general meeting, provided always that the Share Plan may continue beyond this stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Plan, any grant of Awards made pursuant to the Share Plan prior to such expiry or termination will continue to remain valid.

(ii) ***Eligibility to participate in the Share Plan***

Subject to the absolute discretion of the Nomination & Remuneration Committee, the following persons, unless they are also non-executive directors, controlling shareholders and/or their associates (collectively known as the "Participants"), shall be eligible to participate in the Share Plan:

– employees of the Group who have attained the age of twenty-one years before the date of the Award and hold such rank as may be designated by the Nomination & Remuneration Committee from time to time; and

– employees of associated companies who have attained the age of twenty-one years before the date of the Award and hold such rank as may be designated by the Nomination & Remuneration Committee from time to time and who, in the opinion of the Nomination & Remuneration Committee, have contributed to the success of the Group.

(iii) ***Grant of Awards***

Awards under the Share Plan may be granted at any time during the period when the Share Plan is in force. The Nomination & Remuneration Committee shall, in its absolute discretion, decide, in relation to each Award:

– the participants;

– the Award date;

– the number of fully paid ordinary shares which are the subject of the Award;

– the performance targets and the period during which the targets are to be satisfied;

– the extent to which the fully paid ordinary shares which are the subject of that Award shall be released on the prescribed performance targets being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;

– the vesting date; and

– any other condition as the Nomination & Remuneration Committee may determine.

Share Plan (cont'd)

(b) The principal terms of the Share Plan are: (cont'd)

(iii) ***Grant of Awards (cont'd)***

The granted Awards may not be sold, transferred, mortgaged, charged, assigned, pledged, encumbered or otherwise disposed of, in whole or in part or in any way whatsoever, except with the prior approval of the Nomination & Remuneration Committee and if a participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any such rights under an Award, that Award shall immediately lapse.

(iv) ***Operation of the Share Plan***

Subject to the prevailing legislation and the rules of the Listing Manual and such consents or other required action by any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Share Plan and the Company's Constitution, the Company will have the flexibility to settle the Awards upon their vesting by way of:

– issuing new ordinary shares of the Company as fully paid;

– delivering existing ordinary shares (including, to the extent permitted by law, treasury shares); and/or

– paying the aggregate market price in cash in lieu of allotment or transfer of some or all of the new or existing ordinary shares.

(c) As at 31 March 2022, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to Nil shares (31 March 2021: 11,392 shares). The movements in the number of shares comprised in Awards granted under the MTQ Share Plan are as follows:

	Number of shares				
Date of Grant	**At 1.4.2021**	**Granted**	**Released**	**Forfeited**	**At 31.3.2022**
26.8.2015	11,392	–	–	(11,392)	–

(d) None of the Directors of the Company is a participant of the Share Plan since the commencement date to the end of the financial year ended 31 March 2022.

(e) No eligible participant has received shares pursuant to the release of Awards granted which, in aggregate, represents 5% or more of the aggregate of (i) the total number of the New Shares available under the Share Plan; and (ii) the total number of existing ordinary shares delivered pursuant to the settlement of the Awards under the Share Plan.

Audit Committee

As at the date of this report, the Audit Committee comprises the following members:

Chew Soo Lin (Chairman)
Nicholas Campbell Cocks
Ho Han Siong Christopher

During the financial year, the Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, including the following:

- Reviewed the audit plans of the internal and external auditors and reviewed the internal auditors' evaluation of the adequacy of the system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;

- Reviewed the half-yearly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;

- Reviewed the effectiveness of material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

- Met with the internal and external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;

- Reviewed the nature and extent of non-audit services provided by the external auditors;

- Recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;

- Reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate; and

- Reviewed interested person transactions in accordance with the requirements of the Listing Manual of SGX-ST.

The Audit Committee, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee convened four meetings during the financial year and has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

The Audit Committee has recommended to the Board of Directors that the auditor, Ernst & Young LLP, be nominated for re-appointment as external auditor at the forthcoming Annual General Meeting of the Company.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Kuah Boon Wee
Director

Chew Soo Lin
Director

Singapore
17 June 2022

INDEPENDENT
AUDITOR'S REPORT

To the members of MTQ Corporation Limited
For the financial year ended 31 March 2022

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MTQ Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2022, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("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 of the current period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters (cont'd)

We have identified the following matters as key audit matters:

Impairment assessment of goodwill

Management is required to test for goodwill impairment annually. As at 31 March 2022, the carrying amount of the Group's goodwill amounted to $3,110,000 and was allocated to a single cash-generating unit ("CGU").

The recoverable amount of the CGU which the goodwill is allocated to was determined based on value-in-use calculations derived from cash flow projections. The impairment assessment process involves a high degree of judgement and is subjected to significant estimation uncertainties associated with the on-going disruption that had resulted in supply chain constraints; and, prevailing market and economic conditions, which require the management to make various assumptions to the underlying cash flow projections. Accordingly, we identified this as a key audit matter.

Our audit procedures included, amongst others, the following:

- We obtained an understanding of management's impairment assessment process and how management has considered the impact of the prevailing market and economic conditions on the underlying key assumptions.

- We assessed the methodology and arithmetical accuracy of the value-in-use calculations.

- We considered the robustness of management's budgeting process by comparing the actual financial performance against previous forecast and projections.

- We evaluated the reasonableness of management's key assumptions, in particular, revenue, gross margin, discount rates and long-term growth rates projections, to historical data and corroborated to external research on market outlook.

- We engaged the assistance of our internal valuation specialist to assess the reasonableness of the discount rate used by management by comparing to external sources and checking to comparable companies in the same industry.

- We performed sensitivity analysis on the recoverable amounts of the goodwill based on reasonably possible changes in key assumptions.

- We also assessed the adequacy of the Group's disclosures in Note 10 to the consolidated financial statements.

Key audit matters (cont'd)

Valuation of inventories

The carrying value of the Group's inventories as at 31 March 2022 amounted to $15,692,000, net of allowance for inventory obsolescence of $2,106,000. The carrying amount of inventories represented 15% of the Group's total assets as at 31 March 2022.

Inventories are stated at the lower of cost and net realisable value. Inventories are written down to the lower of cost and net realisable value if they are damaged, slow-moving, or become obsolete due to no market demand. The uncertainties associated with the prevailing market and economic conditions, technological advancements, and pricing competition, increases the risk of the inventories becoming slow moving or obsolete.

Allowance for decline in market value and obsolescence of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, and estimated costs to be incurred for their sales.

Management's judgment was involved in evaluating and adjusting the allowances, in respect of slow moving and obsolete inventories to arrive at valuation of inventories based on lower of cost and net realisable value. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated. Accordingly, we identified this as a key audit matter as management's assessment is highly judgemental and subjective.

Our audit procedures included, amongst others, the following:

- We evaluated the appropriateness of management's assessment with respect to slow moving and obsolete inventories.
- We reviewed the management's provisioning policy for inventories to test the robustness of the process in identifying the inventories which required allowance.
- We assessed the adequacy of the allowance by reviewing the movements for long-aged inventories, checked the historical recovery, and current market price.
- We performed further testing on long aged inventory items, by tracing to actual recent sales and checking the market prices to vendor quotations received during and subsequent to the financial year.
- We also assessed the adequacy of the Group's disclosures in Note 19 to the consolidated financial statements.

Key audit matters (cont'd)

Recoverability of trade receivables

The carrying amount of the Group's trade receivables of $16,399,000 as at 31 March 2022 were significant to the Group as they represented 16% of the Group's total assets as at 31 March 2022.

The credit worthiness of debtors may be impacted by the prevailing market and economic conditions as well as the delays in the recovery of global economies caused by the on-going COVID-19 pandemic. This may result in higher overdue trade receivables and greater collectability risks. Furthermore, the recoverability assessment required management to apply its judgment in the estimation process. As such, we determined the recoverability of trade receivables as a key audit matter.

The Group determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of debtors, the Group provides for lifetime expected credit losses using simplified approach. The allowance rates are determined based on the Group's historical default rates analysed by percentage of allowance for doubtful debts to the total credit sales for the past five years, adjusted for current and forward-looking information (where appropriate).

Our audit procedures included, amongst others, the following:

- We obtained an understanding of the Group's credit policies and credit assessment procedures.

- We assessed the Group's processes and controls relating to the monitoring of trade receivables and considered aging to identify collection risks.

- We evaluated the adequacy of the allowance for impairment of trade receivables through the following:

    - Evaluated management's assumptions and inputs used in the determination of historical default rates and assessed the reasonableness of management's assumptions used in establishing the forward-looking factors by considering the impact that the prevailing market and economic conditions as well as the on-going COVID-19 pandemic, may have on customers' businesses;

    - Checked the arithmetic accuracy of the expected credit loss allowance computation;

    - Reviewed debtors aging report to identify any long overdue receivables and reviewed their historical pattern of settlement;

    - Inquired management if there are any known insolvent debtors or disputed receivables and discussed with management on the collectability of receivables and adequacy of allowance for impairment of these trade receivables;

    - Reviewed the collectability of the trade receivables on a sampling basis, by way of obtaining evidence of receipts subsequent to the balance sheet date from the customers and monitoring if there are any adverse developments on the significant customers based on the publicly available information.

- We also assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk in Notes 20 and 35(a) to the consolidated financial statements respectively.

Key audit matters (cont'd)

Impairment assessment of interests in subsidiaries and intercompany receivables (Company level)

The carrying amount of the interests in subsidiaries and intercompany receivables as at 31 March 2022 amounted to $32,483,000 and $22,098,000 respectively. These investments and intercompany receivables represent 70% of the Company's total assets and are subject to impairment and expected credit loss assessment. This area was significant to our audit because the assessment of recoverable amount involves management exercising significant judgement and making assumptions about the respective subsidiaries' future performance. Accordingly, we determined this as a key audit matter.

During the financial year ended 31 March 2022, impairment losses on interests in subsidiaries of $761,000 and intercompany receivables of $602,000 were recorded at Company level.

Our audit procedures included, amongst others, the following:

- In respect to these interests in subsidiaries with indicators of impairment, we performed similar procedures to those as described in key audit matter – Impairment assessment of goodwill.

- In respect of intercompany receivables, we evaluated the adequacy of the allowance for impairment of intercompany receivables through the following:

  - Reviewed management's process of monitoring collectability and review of credit risks of the intercompany receivables and where relevant and available, obtained evidence of subsequent repayment of the amount due from subsidiaries;

  - Evaluated management's determination of whether there has been significant increase in the credit risk of the receivables from the subsidiaries since initial recognition and whether the expected credit loss is material to the financial statements. In particular, we considered the repayment trends of the subsidiaries, historical and future cash flows generating ability of the subsidiaries, recoverable amounts and market values of the assets held by subsidiaries (where available) and outlook observed from external information sources.

- We also assessed the adequacy of disclosures in Notes 15, 18 and 20 to the consolidated 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.

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), 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.

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Philip Ng Weng Kwai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
17 June 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2022 (In Singapore dollars)

	Note	2022 $'000	2021 $'000
Revenue	4	52,043	49,052
Cost of sales		(37,374)	(36,613)
Gross profit		14,669	12,439
Other income	5	1,527	3,714
Staff costs		(8,368)	(8,463)
Other operating expenses		(5,561)	(14,572)
Profit/(loss) from operating activities	6	2,267	(6,882)
Finance costs	7	(833)	(966)
Profit/(loss) before tax		1,434	(7,848)
Tax (expense)/credit	8	(151)	211
Profit/(loss) for the year		1,283	(7,637)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of subsidiaries		(74)	(1,399)
Items that will not be reclassified subsequently to profit or loss:			
Net change in fair value of other investment		1,675	(1,346)
Other comprehensive income for the year, net of tax		1,601	(2,745)
Total comprehensive income for the year		2,884	(10,382)
Profit/(loss) for the year		1,283	(7,637)
Attributable to:			
Owners of the Company		1,318	(7,541)
Non-controlling interests		(35)	(96)
Profit/(loss) for the year		1,283	(7,637)
Total comprehensive income for the year		2,884	(10,382)
Attributable to:			
Owners of the Company		2,927	(10,488)
Non-controlling interests		(43)	106
Total comprehensive income for the year		2,884	(10,382)
Basic and diluted earnings/(loss) per share attributable to owners of the Company (cents per share)			
- Basic	9	0.61	(3.49)
- Diluted	9	0.61	(3.49)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2022 (In Singapore dollars)

		Group		Company	
	Note	**2022**	**2021**	**2022**	**2021**
		$'000	**$'000**	**$'000**	**$'000**
Non-current assets					
Goodwill	10	3,110	3,236	–	–
Intangible assets	11	73	194	–	–
Investment properties	12	–	–	3,606	987
Property, plant and equipment	13	30,872	24,174	120	154
Right-of-use assets	14	21,334	7,736	17,760	4,280
Interests in subsidiaries	15	–	–	32,483	36,270
Other investment	16	3,635	1,961	–	–
Investment in associate and joint venture	17	–	–	114	114
Receivables	18	44	90	6,461	7,681
Prepayments	18	17	41	6	30
Deferred tax assets	25	274	405	–	–
		59,359	37,837	60,550	49,516
Current assets					
Inventories	19	15,692	13,435	–	–
Trade and other receivables	20	17,100	12,929	16,006	15,123
Prepayments	18	2,119	2,804	69	64
Cash and cash equivalents	21	8,329	22,468	1,859	6,728
		43,240	51,636	17,934	21,915
Total assets		102,599	89,473	78,484	71,431
Current liabilities					
Trade and other payables	22	11,464	8,613	2,018	1,223
Lease liabilities	23	1,395	448	973	246
Bank borrowings	24	1,511	1,131	1,011	1,006
Provisions	26	218	250	–	–
Provision for taxation		95	142	25	27
		14,683	10,584	4,027	2,502
Net current assets		28,557	41,052	13,907	19,413

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

As at 31 March 2022 (In Singapore dollars)

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current liabilities					
Trade and other payables	22	–	–	–	2,641
Lease liabilities	23	21,319	9,459	17,296	5,386
Bank borrowings	24	9,044	13,512	4,023	8,016
Deferred tax liabilities	25	261	280	13	23
Provisions	26	115	108	96	93
		30,739	23,359	21,428	16,159
Total liabilities		45,422	33,943	25,455	18,661
Net assets		57,177	55,530	53,029	52,770
Equity attributable to owners of the Company					
Share capital	27	48,919	48,916	48,919	48,916
Treasury shares	27	(41)	(41)	(41)	(41)
Reserves	28	8,435	6,589	4,151	3,895
Shareholders' funds		57,313	55,464	53,029	52,770
Non-controlling interests		(136)	66	–	–
Total equity		57,177	55,530	53,029	52,770

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2022 (In Singapore dollars)

Group	Note	Attributable to owners of the Company							
		Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings	Other reserves	Shareholders' funds	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2020		48,915	(10)	(417)	25,241	(5,587)	68,142	1,528	69,670
Loss for the year, net of tax		–	–	–	(7,541)	–	(7,541)	(96)	(7,637)
Exchange difference on translation of subsidiaries		–	–	(1,467)	–	–	(1,467)	68	(1,399)
Net change in fair value of other investment	28	–	–	–	–	(1,480)	(1,480)	134	(1,346)
Total comprehensive income for the year		–	–	(1,467)	(7,541)	(1,480)	(10,488)	106	(10,382)
Dividend paid in respect of previous financial year, tax exempt (one-tier)	29	–	–	–	(1,080)	–	(1,080)	–	(1,080)
Dividends paid in respect of current financial year, tax exempt (one-tier)	29	–	–	–	(1,080)	–	(1,080)	–	(1,080)
Distributions paid by a subsidiary to non-controlling interests		–	–	–	–	–	–	(1,568)	(1,568)
Issuance of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue	27	1	–	–	–	–	1	–	1
Share buy-back	27	–	(31)	–	–	–	(31)	–	(31)
Total contributions by and distributions to owners		1	(31)	–	(2,160)	–	(2,190)	(1,568)	(3,758)
Balance as at 31 March 2021		48,916	(41)	(1,884)	15,540	(7,067)	55,464	66	55,530

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group	Note	Attributable to owners of the Company							
		Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings	Other reserves	Shareholders' funds	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2021		48,916	(41)	(1,884)	15,540	(7,067)	55,464	66	55,530
Profit/(loss) for the year, net of tax		–	–	–	1,318	–	1,318	(35)	1,283
Exchange difference on translation of subsidiaries		–	–	(66)	–	–	(66)	(8)	(74)
Net change in fair value of other investment	28	–	–	–	–	1,675	1,675	–	1,675
Total comprehensive income for the year		–	–	(66)	1,318	1,675	2,927	(43)	2,884
Dividend paid in respect of previous financial year, tax exempt (one-tier)	29	–	–	–	(1,081)	–	(1,081)	–	(1,081)
Distributions paid by a subsidiary to non-controlling interests		–	–	–	–	–	–	(159)	(159)
Transfer from employee equity benefits reserve to retained earnings on forfeiture of share-based payment arrangements after vesting date	33	–	–	–	9	(9)	–	–	–
Issuance of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue	27	3	–	–	–	–	3	–	3
Total contributions by and distributions to owners		3	–	–	(1,072)	(9)	(1,078)	(159)	(1,237)
Balance as at 31 March 2022		48,919	(41)	(1,950)	15,786	(5,401)	57,313	(136)	57,177

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2022 (In Singapore dollars)

	Note	2022 $'000	2021 $'000
Cash flows from operating activities:			
Profit/(loss) before tax		1,434	(7,848)
Adjustments for:			
Depreciation of property, plant and equipment	13	2,504	3,241
Depreciation of right-of-use assets	14	835	783
Amortisation of intangible assets	6,11	131	333
Impairment of goodwill	6,10	–	4,805
Impairment of intangible assets	6,11	–	286
(Gain)/loss on disposal of property, plant and equipment, net		(279)	16
Provision on loans due from a joint venture	6,18	–	2,605
Allowance/(reversal of allowance) for impairment of trade and sundry receivables, net	6,20	50	(183)
Bad debts written-off, net	6	1	1
(Reversal of allowance)/allowance for inventory obsolescence and stock written-off, net	6	(28)	1,518
Interest income	5	(2)	(62)
Interest expense	7	833	966
Provisions made during the year	26	24	18
Operating cash flows before changes in working capital		5,503	6,479
(Increase)/decrease in receivables and prepayments		(4,382)	11,030
(Increase)/decrease in inventories and work-in-progress		(2,191)	18
Increase/(decrease) in payables		1,973	(4,436)
Others		83	(1,103)
Cash generated from operations		986	11,988
Interest income received		2	62
Interest expense paid		(830)	(963)
Income taxes paid, net		(31)	(37)
Net cash generated from operating activities		127	11,050

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2022 (In Singapore dollars)

	Note	2022 $'000	2021 $'000
Cash flows from investing activities:			
Purchase of property, plant and equipment		(8,597)	(1,662)
Addition of intangible assets	11	(9)	(63)
Proceeds from disposal of quoted investments, net of brokerage charges	16	2	–
Proceeds from disposal of property, plant and equipment		279	174
Additions to right-of-use assets	23	(102)	–
Proceeds from disposal of a subsidiary, net of cash disposed and transaction costs		–	500
Loans repaid by joint ventures, net		335	266
Loans repaid by staff		57	64
Net cash used in investing activities		(8,035)	(721)
Cash flows from financing activities:			
Proceeds from exercise of warrants pursuant to MTQ Rights cum Warrants Issue	27	3	1
Dividend paid in respect of previous financial year, tax exempt (one-tier)	29	(1,081)	(1,080)
Dividend paid in respect of current financial year, tax exempt (one-tier)	29	–	(1,080)
Distributions by a subsidiary to non-controlling interests		(159)	(925)
Proceeds from bank borrowings		–	6,848
Repayment of bank borrowings		(4,129)	(12,659)
Repayment of principal portion of lease liabilities	23	(757)	(678)
Share buy-back	27	–	(31)
Net cash used in financing activities		(6,123)	(9,604)
Net (decrease)/increase in cash and cash equivalents		(14,031)	725
Cash and cash equivalents at 1 April	21	22,468	20,536
Effect of exchange rate changes on cash and cash equivalents		(108)	1,207
Cash and cash equivalents at 31 March	21	8,329	22,468

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

MTQ Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 182 Pandan Loop, Singapore 128373.

The principal activities of the Company relate to those of an investment holding and management company.

The nature of the operations and principal activities of the subsidiaries are described in Note 32. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("SGD" or "$") and all values are rounded to the nearest thousand ("$'000") except when otherwise indicated.

2.2 Changes in accounting policies and estimates

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group adopted all the new and revised standards which are effective for annual periods beginning on or after 1 April 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16: *Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37: *Onerous Contracts – Costs of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 1-1: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 Foreign currency

The financial statements are presented in Singapore dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations (cont'd)

(a) *Basis of consolidation (cont'd)*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls are lost;

– Derecognises the carrying amount of any non–controlling interest;

– Derecognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re–classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability are recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date at fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.6 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

<u>Trading sales</u>

Revenue from trading sales is recognised at a point in time upon the satisfaction of each performance obligations, usually on delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

<u>Services, repair and contract revenue</u>

Revenue from repair work, engineering, overhaul, service work and construction contracts is recognised over time by reference to the ratio of labour hours and costs incurred to-date to the estimated total labour hours and costs for each contract, with due consideration given to the inclusion of only those costs that reflect work performed. The estimated costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

2. Summary of significant accounting policies (cont'd)

2.7 Revenue recognition (cont'd)

Rental income

Income from rental services is recognised on a straight-line basis over the lease term.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

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

2.8 Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies within the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

Equity compensation plan

Employees of the Group receive remuneration in the form of share-based payment transactions as consideration for services rendered.

The cost of equity-settled share-based payment transactions with employees is measured by reference to the fair value of the equity-settled awards at the date on which the awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, together with a corresponding increase in the employee equity benefit reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee equity benefit reserve is transferred to retained earnings upon expiry of the awards. The employee equity benefit reserve is transferred to share capital if new shares are issued to settle the awards, or to treasury shares if awards are satisfied by the reissuance of treasury shares.

2. Summary of significant accounting policies (cont'd)

2.9 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and land use rights	–	27 to 50 years
Workshop equipment	–	2 to 3 years
Tenancy rights	–	1 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Summary of significant accounting policies (cont'd)

2.9 Leases (cont'd)

Group as a lessee (cont'd)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.7. Contingent rents are recognised as revenue in the period in which they are earned.

2.10 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.11 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided, using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with interests in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.11 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

(i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with interests in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

(i) Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. Summary of significant accounting policies (cont'd)

2.12 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net proceeds from disposal and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

<u>Software</u>

Software acquired are initially recognised at cost and amortised on a straight-line basis over its estimated finite useful life of 3 to 5 years.

<u>Know-how</u>

Costs relating to welding procedures specifications are capitalised and amortised on a straight-line basis over its estimated finite useful life of 3 years.

<u>Customer relationships</u>

Customer relationships acquired are initially recognised at cost and amortised on a straight-line basis over its estimated finite useful life of 5 years.

<u>Other intangible assets</u>

Costs relating to designed packages and others are capitalised and amortised on a straight-line basis over its estimated finite useful life of 3 years.

2.13 Investment properties

Investment properties are held by the Company to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2. Summary of significant accounting policies (cont'd)

2.14 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.10. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis or a diminishing value basis over the estimated useful lives of the assets as follows:

Leasehold buildings	–	the remaining lease terms of 27 to 57 years at the time of acquisition
Plant, workshop and rental equipment	–	2 to 20 years
Furniture and fixtures	–	2 to 20 years
Motor vehicles	–	3 to 10 years
Office equipment	–	1 to 5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.15 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, interests in subsidiaries are accounted for at cost less any impairment losses.

2. Summary of significant accounting policies (cont'd)

2.16 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

2.17 Joint venture and associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group recognises its investment in associate and joint venture using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint ventures' profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate or joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. The profit or loss reflects the share of results of the operations of the associate or joint ventures. Distributions received from the associate or joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate and joint venture.

When the Group's share of losses in an associate or joint venture exceeds its interest, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate and joint venture used in applying the equity method are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.18 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

2.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing the inventories to their present location and condition and are accounted for, as follows:

(i) Raw materials: purchase cost on a first-in-first-out basis

(ii) Finished goods and work in progress: cost of direct materials, direct labour and proportion of production overheads based on normal operating capacity. These costs are determined using the first-in-first-out method except for those relating to pipe supports, pipe suspensions and oilfield equipment spares, where costs are determined on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (cont'd)

2.20 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. 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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investment in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit and loss when the assets are de-recognised or impaired, and through the amortisation process.

<u>Investment in equity instruments</u>

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("FVOCI"). Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in FVOCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.20 Financial instruments (cont'd)

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.21 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale or collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment where appropriate.

Generally, the Group considers a financial asset in default when contractual payments are past due for more than 90-120 days, having considered other qualitative indicators when appropriate. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

2.22 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, fixed deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (cont'd)

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.24 Dividend

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

2.25 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. Summary of significant accounting policies (cont'd)

2.28 Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is deducted from the asset's carrying amount and amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

2.29 Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

<u>Income taxes</u>

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Company's provision for taxation and deferred tax liabilities as at 31 March 2022 is $25,000 (2021: $27,000) and $13,000 (2021: $23,000) respectively.

The carrying amount of the Group's provision for taxation as at 31 March 2022 is $95,000 (2021: $142,000). The carrying amount of the Group's deferred tax assets and deferred tax liabilities as at 31 March 2022 is $274,000 (2021: $405,000) and $261,000 (2021: $280,000) respectively. Further details are disclosed in Note 25.

<u>Impairment of non-financial assets</u>

Management exercises significant judgment in determining whether there is any indication that any non-financial asset may have been impaired. This exercise requires management to consider both internal and external sources of information which include but are not limited to: observable indications that the value of the asset has declined during the period significantly more than would be expected as a result of the passage of time or normal use; significant adverse changes in the expected usage of the asset that have taken place or will take place in the near future; significant increase in market interest rates; evidence of obsolescence or physical damage; and worse than expected economic performance of the asset.

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

<u>Allowance for ECLs of trade receivables</u>

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs and the carrying amount of the Group's trade receivables as at 31 March 2022 are disclosed in Note 20.

3. Significant accounting estimates and judgements (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and key assumptions applied in the determination of the value-in-use including sensitivity analysis are disclosed in Note 10.

Impairment of property, plant and equipment and right-of-use assets

For assets with indicators of impairment, management determines the recoverable amount of the assets based on fair value less costs to sell for leasehold buildings and value-in-use calculations for plant, workshop and rental equipment and right-of-use assets. The fair values of the Group's leasehold buildings are determined by accredited independent valuer using market comparable approach. The value-in-use calculations for plant, workshop and rental equipment and right-of-use assets are based on cash flow projections and they require management's assumptions regarding revenue, gross margins, growth rates and discount rates. The carrying value of the Group's property, plant and equipment and right-of-use assets as at 31 March 2022 are disclosed in Notes 13 and 14.

Allowance for decline in market value and obsolescence of inventories

Allowance for decline in market value and obsolescence of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. However, factors beyond its control, such as demand levels, technological advances, and pricing competition, could change from period to period. Management's judgment was involved in evaluating and adjusting the allowances, in respect of slow moving and obsolete inventories to arrive at valuation based on lower of cost and net realizable value. The allowance is re-evaluated and adjusted as additional information received affects the amount estimated. The carrying value of the Group's inventories and the allowance for inventory obsolescence as at 31 March 2022 are disclosed in Note 19.

Impairment of interests in subsidiaries and intercompany receivables (Company level)

For interests in subsidiaries with indicators of impairment, management determines the recoverable amount of the investment using the value-in-use calculations derived from cash flow projections of the subsidiaries. The key assumptions applied in the determination of the value-in-use for the interests in subsidiaries are disclosed in Note 15.

In relation to intercompany receivables, management provides for ECLs based on the general approach and the extent of loss allowance is dependent on consideration of many factors, amongst others, the extent of credit deterioration since initial recognition, information and data that indicate the credit quality of the subsidiaries and the probability of default, amounts that are expected to be recovered in a default and adjustment for forward-looking information. The amounts due from subsidiaries, including their carrying amount and their related impairment as at 31 March 2022 are disclosed in Notes 18 and 20.

4. Revenue

Revenue represents the value arising from the services, repair, trading and rental of equipment. Revenue is recognised in accordance with the accounting policy disclosed in Note 2.7.

Revenue is disaggregated to services, trading and rental business segment.

Disaggregation of revenue

	Services, repair and contract revenue		Trading sales		Rental income		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Major product or service lines								
Oilfield Engineering								
Oilfield services	39,809	39,823	–	–	–	–	39,809	39,823
Trading/sales of oilfield equipment, pipe support/suspensions, spares	–	–	11,086	8,283	–	–	11,086	8,283
Rental of equipment	–	–	–	–	452	259	452	259
Other services	696	687	–	–	–	–	696	687
	40,505	40,510	11,086	8,283	452	259	52,043	49,052
Timing of transfer of goods or services								
At a point in time	–	–	11,086	8,283	–	–	11,086	8,283
Over time	40,505	40,510	–	–	452	259	40,957	40,769
	40,505	40,510	11,086	8,283	452	259	52,043	49,052

5. Other income

	Group	
	2022	2021
	$'000	$'000
Interest income	2	62
Rental income	64	106
Gain on disposal of property, plant and equipment, net	279	–
Commission received	46	25
Gain on disposal of scrap material	162	83
Government grants	907	3,404
Others	67	34
	1,527	3,714

6. Profit/(loss) from operating activities

Profit/(loss) from operating activities is stated after charging the following:

	Group	
	2022	2021
	$'000	$'000
(a) Manpower costs		
(i) Amounts recognised in profit or loss		
Salaries, wages and bonuses	14,592	14,522
Defined contribution plan expense	1,804	1,736
Others	1,360	1,529
	17,756	17,787
Included in cost of sales	9,388	9,324
Included in staff costs	8,368	8,463
	17,756	17,787

(ii) Amounts paid to a director and key management personnel

The amounts paid to a director and key management personnel during the financial years ended 31 March 2022 and 31 March 2021 are as follows:

	Group	
	2022	2021
	$'000	$'000
Director's remuneration:		
- Salaries, wages and bonuses	413	413
- Defined contribution plan expense	16	17
- Others	27	19
	456	449
Other key management personnel:		
- Salaries, wages and bonuses	973	1,002
- Defined contribution plan expense	66	66
- Others	205	327
	1,244	1,395

6. Profit/(loss) from operating activities (cont'd)

		Note	Group 2022 $'000	Group 2021 $'000
(b)	***Other operating expenses***			
	Provision on loans due from a joint venture	18	–	2,605
	Allowance/(reversal of allowance) for impairment of trade and sundry receivables, net	20	50	(183)
	Bad debts written-off, net		1	1
	Amortisation of intangible assets	11	131	333
	Depreciation of property, plant and equipment		573	546
	Depreciation of right-of-use assets		776	721
	Directors' fees paid to directors of the Company		235	244
	(Reversal of allowance)/allowance for inventory obsolescence and stock written-off, net	19	(28)	1,518
	Impairment of goodwill	10	–	4,805
	Impairment of intangible assets	11	–	286
	Loss on disposal of property, plant and equipment, net		–	16
	Gain on foreign exchange, net		(24)	(340)
	Consultancy fees paid to a director of the Company		154	155
	Legal and professional fees		603	505
	Utilities expenses		252	206
(c)	***Cost of sales***			
	Depreciation of right-of-use assets		59	62
	Depreciation of property, plant and equipment		1,931	2,695
(d)	***Auditors' remuneration***			
	Audit and non-audit fees are as follows:			
	Non-audit fees to:			
	- Auditors of the Company		65	45
	- Auditors of subsidiaries		–	38
	Audit fees to:			
	- Auditors of the Company		323	345
	- Auditors of subsidiaries		32	34

7. Finance costs

	Group	
	2022	**2021**
	$'000	**$'000**
Interest on:		
- Bank loans	312	472
- Lease liabilities	518	491
- Others	3	3
	833	966

8. Tax expense/(credit)

(a) Major components of tax expense/(credit) for the years ended 31 March are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Consolidated statement of comprehensive income		
Current income tax		
- Current income tax	–	38
- Over provision in respect of previous years	(25)	(104)
- Withholding tax expense	64	22
	39	(44)
Deferred income tax		
- Movement in temporary differences	121	(600)
- Write-off of deferred tax assets	–	431
- (Over)/under provision in respect of previous years	(9)	2
	112	(167)
Tax expense/(credit) recognised in statement of comprehensive income	151	(211)

8. Tax expense/(credit) (cont'd)

(b) Relationship between tax expense/(credit) and accounting profit/(loss)

A reconciliation between tax expense/(credit) and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 March is as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Profit/(loss) before tax	1,434	(7,848)
Tax at Singapore statutory tax rate of 17% (2021: 17%)	244	(1,334)
Effect of difference in effective tax rates of other countries	(692)	(941)
Non-deductible expenses	248	1,240
Income not subject to tax	(285)	(948)
Effect of partial tax exemption and tax incentives	(7)	–
Deferred tax assets not recognised	614	1,404
(Over)/under provision in respect of previous years		
- current tax	(25)	(104)
- deferred tax	(9)	2
Write-off of deferred tax assets	–	431
Withholding tax expense	64	22
Others	(1)	17
Tax expense/(credit) recognised in statement of comprehensive income	151	(211)

9. Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing profit/(loss) for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings/(loss) per share are calculated by dividing profit/(loss) for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued upon conversion of all the dilutive potential ordinary shares into ordinary shares. The potential ordinary shares that would be issued under MTQ Share Plan are excluded from the calculation of the diluted loss per share for the 12 months ended 31 March 2021 due to its anti-dilutive effect.

The outstanding warrants are also excluded from the calculation of diluted loss per share for the 12 months ended 31 March 2021 as the average market prices of ordinary shares during the 12 months ended 31 March 2021 were lower than the exercise price of the warrants.

9. Earnings/(loss) per share (cont'd)

The following tables reflect the profit/(loss) and share data used in the computation of basic and diluted earnings/(loss) per share for the financial years ended 31 March:

	Group	
	2022	**2021**
	$'000	**$'000**
Profit/(loss) for the financial year, net of tax, attributable to owners of the Company	1,318	(7,541)

	Number of shares	
	2022	**2021**
	'000	**'000**
Weighted average number of ordinary shares for basic earnings/(loss) per share computation*	216,151	216,180
Effects of dilution:		
- Outstanding warrants pursuant to MTQ Rights cum Warrants Issue	1,109	–
Weighted average number of ordinary shares for diluted earnings/(loss) per share computation	217,260	216,180

* The weighted average number of shares took into account the weighted average effect of the following transactions during the year:

a) Nil (2021: 142,000) ordinary shares that the Company bought back (Note 27);

b) 12,000 (2021: 5,000) ordinary shares that the Company issued on exercise of warrants pursuant to MTQ Rights cum Warrants Issue (Note 27).

10. Goodwill

Goodwill acquired through business combinations has been allocated to the following CGUs:

	Note	In-Line Valve Business $'000	Premier Group $'000	Total $'000
At 1 April 2020		3,070	4,816	7,886
Impairment	6	–	(4,805)	(4,805)
Currency realignment		166	(11)	155
At 31 March 2021 and 1 April 2021		3,236	–	3,236
Currency realignment		(126)	–	(126)
At 31 March 2022		3,110	–	3,110

For the financial year ended 31 March 2022 (In Singapore dollars)

10. Goodwill (cont'd)

Impairment testing of goodwill

In the prior year ended 31 March 2021, an impairment loss of $4,805,000 was recognised to fully write-down the carrying amount of goodwill allocated to Premier Group due to the significant decline in revenue from the trading business of which its inventories are largely capital in nature. As the industry scaled back on capital investments, the outlook remained uncertain which affected its value-in-use calculations as at 31 March 2021. The impairment loss was recorded within other operating expenses in the consolidated statement of comprehensive income. Correspondingly, the Group also recognised an impairment loss in intangible assets (Note 11) and an increased allowance for inventory obsolescence (Note 19) relating to this CGU in the prior year.

Based on the impairment assessment carried out for the financial year ended 31 March 2022, the recoverable amount of the In-Line Value Business CGU was found to be higher than its carrying amount as at 31 March 2022.

The recoverable amount of the CGU is determined based on value-in-use calculation derived from cash flow projections covering a five-year period. The terminal value of the CGU at the end of the five-year period was estimated by extrapolating the projected cash flows in the 5th year through perpetuity using a long-term growth rate applicable to the CGU.

<u>Key assumptions used in the value-in-use calculation</u>

Key assumptions used in the value-in-use calculation are as follows:

	2022	**2021**
Revenue projection for the first year	Financial budgets	Financial budgets
Revenue growth rates for a further 4 years	5.0% to 12.2%	0.5% to 20.0%
Gross margins	35.0% to 40.0%	24.0% to 41.0%
Long-term growth rates (per annum)	0.4% to 2.5%	0.5% to 2.5%
Discount rates (per annum)	7.3% to 14.8%	6.7% to 14.4%

Revenue and gross margin projections

The revenue growth rates are determined based on management's knowledge and past experience of the businesses, taking into consideration the expected medium to long-term market outlook.

Long-term growth rates

The long-term growth rate is derived based on published industry research and do not exceed the long-term average growth rate for the industry relevant to the CGU.

Discount rates

The discount rate is based on pre-tax weighted average cost of capital ("WACC") applicable to the CGU and represents the current market assessment of the CGU-specific risks, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

<u>Sensitivity to changes in assumptions</u>

The Group believes that any reasonably possible change in the above key assumptions are not likely to cause the recoverable amount of the CGU to be materially lower than the related carrying amount.

11. Intangible assets

Group	Customer relationships	Software	Know-how	Other intangible assets	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 April 2020	596	65	488	280	1,429
Additions	–	9	–	54	63
Currency realignment	(31)	(4)	(32)	(9)	(76)
At 31 March 2021 and 1 April 2021	565	70	456	325	1,416
Additions	–	–	9	–	9
Currency realignment	3	–	3	2	8
At 31 March 2022	568	70	468	327	1,433
Accumulated amortisation and impairment loss:					
At 1 April 2020	187	15	354	91	647
Amortisation for the year	105	22	98	108	333
Impairment (Note 10)	286	–	–	–	286
Currency realignment	(13)	(1)	(24)	(6)	(44)
At 31 March 2021 and 1 April 2021	565	36	428	193	1,222
Amortisation for the year	–	20	29	82	131
Currency realignment	3	–	3	1	7
At 31 March 2022	568	56	460	276	1,360
Net carrying amount:					
At 31 March 2022	–	14	8	51	73
At 31 March 2021	–	34	28	132	194

12. Investment properties

	Company
	$'000
Balance sheet:	
Cost	
At 1 April 2020	7,429
Additions	176
At 31 March 2021 and 1 April 2021	7,605
Additions[1]	2,710
At 31 March 2022	10,315
Accumulated depreciation	
At 1 April 2020	6,560
Depreciation	58
At 31 March 2021 and 1 April 2021	6,618
Depreciation	91
At 31 March 2022	6,709
Net carrying amount	
At 31 March 2022	3,606
At 31 March 2021	987

[1] This relates to the leasehold property situated at 100 Tuas South Avenue 8, Singapore 637424, acquired during the year.

	Company	
	2022	2021
	$'000	$'000
Statement of comprehensive income:		
Rental income from investment properties charged to subsidiaries	1,291	1,117
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	1,260	1,082

The aggregate fair value of the investment properties held by the Company as at 31 March 2022 amounted to $23,600,000 (2021: $6,400,000). The fair value was based on valuations performed by an accredited independent valuer with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. In determining the fair value, the valuer performed valuations using primarily the market comparable method and cross-checked the values determined using other methods, such as income approach and replacement cost approach.

12. Investment properties (cont'd)

The investment properties held by the Company as at 31 March 2022 is as follows:

Location	Description	Tenure
182 Pandan Loop Singapore 128373	Office building and workshop	27 years lease from 16 September 2009
100 Tuas South Avenue 8 Singapore 637424	Office building and workshop	30 years lease from 1 April 2012 (subject to satisfaction of certain criteria as set out by JTC Corporation)

13. Property, plant and equipment

Group	Leasehold buildings $'000	Plant, workshop, and rental equipment $'000	Furniture and fixtures, office equipment and motor vehicles $'000	Assets under construction $'000	Total $'000
Cost					
At 1 April 2020	30,493	42,917	7,048	–	80,458
Currency realignment	(905)	(919)	(80)	–	(1,904)
Additions	176	1,127	608	14	1,925
Disposals/write-offs	–	(457)	(305)	–	(762)
At 31 March 2021 and 1 April 2021	29,764	42,668	7,271	14	79,717
Currency realignment	92	95	7	–	194
Additions	2,710	5,823	590	–	9,123
Disposals/write-offs	–	(206)	(47)	–	(253)
Transfer/reclassification	–	36	(186)	(14)	(164)
At 31 March 2022	32,566	48,416	7,635	–	88,617
Accumulated depreciation and impairment loss					
At 1 April 2020	11,343	37,076	5,457	–	53,876
Currency realignment	(189)	(760)	(53)	–	(1,002)
Depreciation	610	2,381	250	–	3,241
Disposals/write-offs	–	(267)	(305)	–	(572)
At 31 March 2021 and 1 April 2021	11,764	38,430	5,349	–	55,543
Currency realignment	22	87	6	–	115
Depreciation	574	1,608	322	–	2,504
Disposals/write-offs	–	(206)	(47)	–	(253)
Transfer/reclassification	–	36	(200)	–	(164)
At 31 March 2022	12,360	39,955	5,430	–	57,745
Net carrying amount					
At 31 March 2022	20,206	8,461	2,205	–	30,872
At 31 March 2021	18,000	4,238	1,922	14	24,174

13. Property, plant and equipment (cont'd)

Company	Workshop equipment	Furniture and fixtures, office equipment and motor vehicles	Total
	$'000	$'000	$'000
Cost			
At 1 April 2020	209	2,164	2,373
Additions	–	44	44
At 31 March 2021 and 1 April 2021	209	2,208	2,417
Additions	–	15	15
At 31 March 2022	209	2,223	2,432
Accumulated depreciation			
At 1 April 2020	209	2,003	2,212
Depreciation	–	51	51
At 31 March 2021 and 1 April 2021	209	2,054	2,263
Depreciation	–	49	49
At 31 March 2022	209	2,103	2,312
Net carrying amount			
At 31 March 2022	–	120	120
At 31 March 2021	–	154	154

13. Property, plant and equipment (cont'd)

(a) Leasehold buildings held by the Group include the following:

Location	Description	Area sq. m.	Tenure	Net carrying amount 2022 $'000	2021 $'000
Leasehold building					
182 Pandan Loop, Singapore 128373*	Office building and workshop	14,271	27 years lease from 16 September 2009	920	987
Bahrain International Investment Park, HIDD, Kingdom of Bahrain	Office building and workshop	22,397	50 years lease from 1 September 2009	11,652	11,902
54 Loyang Way Singapore 508747	Office building and workshop	6,912	57 years lease from 1 March 1995	4,948	5,111
100 Tuas South Avenue 8 Singapore 637424 *	Office building and workshop	31,000#	30 years lease from 1 April 2012#	2,686	–

* These leasehold buildings have been classified as investment properties at Company level as the properties are leased to subsidiaries (Note 12).

\# The final tenure and area of the land on which the leasehold building is situated on is subjected to the satisfaction of certain criteria as set out by JTC Corporation.

(b) Assets pledged as securities

The carrying amounts of property, plant and equipment pledged as securities to secure bank facilities of subsidiaries are as follows:

	Net carrying amount 2022 $'000	2021 $'000
Leasehold buildings	11,652	11,902
Furniture and fixtures, office equipment and motor vehicles	601	836
Plant, workshop and rental equipment	2,635	1,774

(c) Assets under construction

In the prior year ended 31 March 2021, included in the Group's assets under construction was an amount of $14,000 relating to the progress billing claim on work done to the Group's leasehold improvements. During the year, the amount has been transferred to furniture and fixtures, office equipment and motor vehicles upon completion.

(d) Cash outflows on purchase of property, plant and equipment

Cash payments of $8,597,000 (2021: $1,662,000) were made to purchase property, plant and equipment during the year ended 31 March 2022, of which $695,000 (2021: $1,215,000) relates to advances paid to suppliers (Note 18).

14. Right-of-use assets

Group	Land and land use rights	Workshop equipment	Tenancy rights	Total
	$'000	**$'000**	**$'000**	**$'000**
Cost				
At 1 April 2020	11,768	143	1,403	13,314
Currency realignment	(92)	–	(47)	(139)
Additions	–	25	96	121
Write-offs	–	–	(76)	(76)
At 31 March 2021 and 1 April 2021	11,676	168	1,376	13,220
Currency realignment	9	–	(2)	7
Additions	13,813	73	546	14,432
Write-offs	–	(14)	–	(14)
At 31 March 2022	25,498	227	1,920	27,645
Accumulated depreciation				
At 1 April 2020	3,829	111	896	4,836
Currency realignment	(17)	–	(42)	(59)
Depreciation	373	29	381	783
Write-offs	–	–	(76)	(76)
At 31 March 2021 and 1 April 2021	4,185	140	1,159	5,484
Currency realignment	2	–	4	6
Depreciation	429	27	379	835
Write-offs	–	(14)	–	(14)
At 31 March 2022	4,616	153	1,542	6,311
Net carrying amount				
At 31 March 2022	20,882	74	378	21,334
At 31 March 2021	7,491	28	217	7,736

14. Right-of-use assets (cont'd)

Company	Land and land use rights
	$'000
Cost	
At 1 April 2020, 31 March 2021 and 1 April 2021	7,355
Additions	13,813
At 31 March 2022	21,168
Accumulated depreciation	
At 1 April 2020	2,799
Depreciation	276
At 31 March 2021 and 1 April 2021	3,075
Depreciation	333
At 31 March 2022	3,408
Net carrying amount	
At 31 March 2022	17,760
At 31 March 2021	4,280

15. Interests in subsidiaries

	Company	
	2022	2021
	$'000	$'000
Unquoted shares, at cost:		
Beginning and end of financial year	34,171	34,171
Allowance for impairment of cost of investments	(20,100)	(19,339)
	14,071	14,832
Intercompany indebtedness:		
Non-trade amounts due from subsidiaries	23,646	26,348
Allowance for impairment of intercompany indebtedness	(5,234)	(4,910)
	18,412	21,438
Total interests in subsidiaries	32,483	36,270

Further details regarding the cost of investments in subsidiaries are set out in Note 32.

15. Interests in subsidiaries (cont'd)

Movement in allowance for impairment in cost of investments:

	Company	
	2022	**2021**
	$'000	**$'000**
At 1 April	19,339	10,634
Charge for the year	761	8,705
At 31 March	20,100	19,339

During the year, management carried out a review of the recoverable amounts of the cost of investments in subsidiaries. Following the review, an impairment loss of $761,000 (2021: $8,705,000) was recognised on the cost of investments in certain subsidiaries.

The recoverable amounts of the cost of investments in subsidiaries were estimated based on value-in-use calculations derived from cash flow projections. Key assumptions adopted in the value-in-use calculations include revenue projections, gross margins, growth rates and discount rates. Any adverse change in the above key assumptions would result in further impairment losses with regards to carrying amount of cost of investments in the subsidiaries.

Apart from these subsidiaries, management believes that any reasonably possible change in the above key assumptions are not likely to cause any of the recoverable amounts of the investments to be materially lower than their respective carrying amount.

Intercompany indebtedness

The amounts and loans owing by subsidiaries included as part of the Company's net interests in subsidiaries are unsecured, interest-free, have no repayment terms and are repayable only when the cash flows of the subsidiaries permit.

Due from a subsidiary that is impaired

The non-current amounts due from a subsidiary that is impaired at the end of the reporting period and the movement of the allowance account used to record the impairment is as follows:

	Company	
	2022	**2021**
	$'000	**$'000**
Amounts due from a subsidiary – nominal value	6,280	5,867
Less: Allowance for impairment	(5,234)	(4,910)
	1,046	957
Allowance for impairment:		
At 1 April	4,910	1,437
Currency realignment	(25)	178
Charge for the year	349	3,295
At 31 March	5,234	4,910

16. Other investment

	Note	Group 2022 $'000	Group 2021 $'000
At 1 April		1,961	4,099
Fair value adjustment on investment security carried at FVOCI			
- Owners of the Company	28	1,675	(1,480)
- Non-controlling interests		–	134
Currency realignment		1	(149)
Distributions to non-controlling interests		–	(643)
Disposal		(2)	–
At 31 March		3,635	1,961

The Group's investment in quoted equity shares relates to its interest in equity shares of MMA Offshore Limited ("MMA") received as part of the purchase consideration for the sale of its operating businesses and assets of Blossomvale Holdings Ltd ("BLV", previously known as Neptune Marine Services Limited) during the financial year ended 31 March 2020. The interest in equity shares of MMA was initially recorded in BLV, an 87.1% owned subsidiary of the Group, before the shares were distributed to Blossomvale Investments Pte Ltd (Parent of BLV and 100% wholly-owned subsidiary of the Group) and the non-controlling interest in the prior year. The disposal during the year relates to the disposal of the remaining shares in MMA held by BLV prior to the commencement of liquidation of BLV.

Management has assessed and is of the view that the Group does not retain significant influence over MMA. The investment was irrevocably designated at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

17. Investment in associate and joint venture

	Group $'000
Equity accounted:	
At 31 March 2021 and 31 March 2022	–

	Company $'000
Unquoted shares, at cost:	
At 1 April 2020	3,718
Deemed disposal during the year	(3,604)
At 31 March 2021 and 31 March 2022	114

17. Investment in associate and joint venture (cont'd)

Associate

Aggregate information about the Group's investment in associate that is not individually material is as follows:

	Group	
	2022	2021
	$'000	$'000
(Loss)/profit after tax	(83)	171
Other comprehensive income	3	(3)
Total comprehensive income	(80)	168

The Group has not recognised losses relating to this associate based on its SFRS(I) financial statements where its share of losses exceeds the Group's interest in its associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $16,000 (2021: $Nil). The Group has not incurred obligations or made payments on behalf of the associate.

Joint venture - PT Binder Indonesia

The Group has 50% (2021: 50%) equity interest in a jointly-controlled entity, PT Binder Indonesia that is held through a subsidiary. The joint venture is incorporated in Indonesia and manufactures proprietary and custom-built pipe support and provides pipe suspension solutions. The Group jointly controls the venture with other partner under the contractual agreement and unanimous consent is required for all major decisions over relevant activities.

Summarised financial information in respect of PT Binder Indonesia[1] based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	2022	2021
	$'000	$'000
Summarised balance sheet:		
Cash and cash equivalents	265	416
Other current assets	12,941	7,542
Total current assets	13,206	7,958
Total non-current assets	114	120
Total assets	13,320	8,078
Current trade and other payables	11,318	6,561
Non-current other payables	3,813	3,614
Total liabilities	15,131	10,175
Net liabilities	(1,811)	(2,097)
Group's share of net liabilities at 50% ownership interest	(906)	(1,049)
Carrying amount of the investment	–	–

17. Investment in associate and joint venture (cont'd)

Joint venture - PT Binder Indonesia (cont'd)

	2022	2021
	$'000	$'000
Summarised statement of comprehensive income:		
Revenue	13,642	11,817
Other income	27	65
Operating expenses	(13,354)	(11,695)
Profit before tax	315	187
Tax expense	–	–
Profit after tax	315	187
Other comprehensive income	(29)	135
Total comprehensive income	286	322

The Group has not recognised losses relating to PT Binder Indonesia based on its SFRS(I) financial statements where its share of losses exceeds the Group's interest in its joint venture. The Group's cumulative share of unrecognised losses at the end of the reporting period was $906,000 (2021: $1,049,000). The Group has not incurred obligations or made payments on behalf of the joint venture.

[1] Audited by Tasnim, Fardiman, Sapuan, Nuzuliana, Ramdan & Rekan.

18. Receivables and prepayments

	Group		Company	
	2022	2021	2022	2021
Receivables	$'000	$'000	$'000	$'000
Non-current				
Amounts due from subsidiaries				
- Trade	–	–	3,304	4,596
- Interest-free loans	–	–	70,745	70,124
- Interest-bearing loan	–	–	3,034	4,022
Allowance for amounts due from subsidiaries	–	–	(70,622)	(71,061)
	–	–	6,461	7,681
Staff loans, at amortised cost	44	90	–	–
	44	90	6,461	7,681

Interest-bearing loan to a subsidiary is funded by bank borrowings – Facility 1 (Note 24). It is denominated in United States Dollars and bears interest at the rate of 1.50% (2021: 1.50%) per annum above the SIBOR.

Trade amounts and interest-free loans due from subsidiaries are unsecured and are not expected to be repaid within the next twelve months. These amounts are expected to be settled in cash.

18. Receivables and prepayments (cont'd)

Expected credit losses

The non-current loans due from a joint venture and amounts due from subsidiaries that are impaired at the end of the reporting period and the movement in allowance for expected credit losses computed based on lifetime ECLs are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Amounts due from subsidiaries – nominal value	–	–	77,083	78,742
Loans due from a joint venture – nominal value	2,708	2,708	–	–
Less: Allowance for impairment	(2,708)	(2,708)	(70,622)	(71,061)
	–	–	6,461	7,681
At 1 April	2,708	–	71,061	63,767
Currency realignment	–	103	(439)	–
Charge for the year	–	2,605	–	7,294
At 31 March	2,708	2,708	70,622	71,061

In the prior year ended 31 March 2021, management assessed that there was no reasonable expectation of recovery of the loans due from a joint venture and the loans were fully impaired. This was mainly because of the delays in the execution and deliveries of the joint venture's projects amid COVID-19, among other factors, which resulted in the deterioration of its financial performance affecting its cash flows generating ability.

The interest-free staff loans are extended to certain staff of the Company and its subsidiaries to purchase cars. These loans are repayable by monthly instalments over two to five years with the last repayment due in financial year ending 2025 (2021: 2025). The individuals concerned had entered into agreements with the Company or the respective subsidiaries to assign all rights of ownership of the cars to the Company or the subsidiaries until full settlement of the loans. The staff loans are carried at amortised cost. The difference between the amortised cost and gross loan receivables is recognised as prepaid staff benefits. The total staff loans are as follows:

		Group		Company	
	Note	**2022**	**2021**	**2022**	**2021**
		$'000	**$'000**	**$'000**	**$'000**
Staff loans at amortised costs:					
Current, classified under trade and other receivables	20	103	74	–	–
Non-current, classified under receivables		44	90	–	–
		147	164	–	–

18. Receivables and prepayments (cont'd)

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Prepayments				
Current				
Advances to suppliers	1,818	2,369	–	–
Other prepayments	301	435	69	64
	2,119	2,804	69	64
Non-current				
Other prepayments	17	41	6	30
	17	41	6	30

19. Inventories

	Group	
	2022	**2021**
	$'000	**$'000**
Balance sheet:		
First-in-first-out basis		
- Raw materials	8,640	7,952
- Work-in-progress	2,909	1,678
- Finished goods	1,914	2,048
- Goods-in-transit	762	346
	14,225	12,024
Weighted average basis		
- Finished goods	1,424	1,401
- Work-in-progress	43	10
	1,467	1,411
Total inventories at lower of cost and net realisable value	15,692	13,435
Inventories are stated after deducting allowance for inventory obsolescence of:		
- first-in-first-out basis	2,040	2,260
- weighted average basis	66	298
	2,106	2,558

19. Inventories (cont'd)

	Group 2022 $'000	Group 2021 $'000
Movement in allowance for inventory obsolescence:		
At 1 April	2,558	1,066
(Reversal of allowance)/allowance for inventory obsolescence	(232)	1,518
Utilised	(230)	–
Currency realignment	10	(26)
At 31 March	2,106	2,558
Income statement:		
Inventories recognised as an expense in the income statement	33,417	33,568
Inclusive of the following (credit)/charge included in other operating expenses:		
- (Reversal of allowance)/allowance for inventory obsolescence	(232)	1,518
- Stock written-off (directly to profit or loss)	204	–

In the prior year ended 31 March 2021, the allowance for inventory obsolescence recognised was largely for the inventories relating to the Premier CGU (Note 10).

20. Trade and other receivables

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Trade receivables		16,399	11,721	–	–
Staff loans, current	18	103	74	–	–
Sundry deposits		100	191	2	2
Sundry receivables		402	557	267	267
Loans due from a joint venture		–	335	–	335
Trade amounts due from a joint venture		96	51	100	–
Amounts due from subsidiaries					
- Trade		–	–	5,942	7,539
- Non-trade		–	–	9,695	6,980
		17,100	12,929	16,006	15,123

Amounts due from a joint venture and subsidiaries are unsecured, interest-free and repayable upon demand. These amounts are expected to be settled in cash.

Loans due from a joint venture were unsecured and repayable on demand. These loans have been settled during the year.

20. Trade and other receivables (cont'd)

Included in the sundry deposits is an amount of $Nil (2021: $79,000) pledged with a financial institution as security for a bank guarantee issued.

Trade receivables are unsecured, non-interest bearing and are generally on 0 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition and are expected to be settled in cash.

Trade and other receivables are stated after deducting an allowance for impairment of trade and other receivables of:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables	466	593	–	–
Sundry receivables	–	81	–	–
Amounts due from subsidiaries	–	–	1,375	1,115
Trade and other receivables	466	674	1,375	1,115

Trade and other receivables are denominated in the following currencies at the end of the reporting period:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Singapore Dollars	3,784	3,103	14,858	11,631
Australian Dollars	244	524	–	2,279
United States Dollars	12,495	8,704	894	466
Bahraini Dinar	314	260	–	–
British Pounds	14	78	5	487
Others	249	260	249	260
	17,100	12,929	16,006	15,123

20. Trade and other receivables (cont'd)

Expected credit losses

Trade receivables

The gross carrying amount of trade receivables which represents the maximum exposure to loss is as follows:

	Group			
	2022		2021	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
	$'000	$'000	$'000	$'000
Current	10,148	–	8,391	–
Less than 30 days past due	3,965	–	1,925	–
30 to 60 days past due	1,124	–	1,238	–
61 to 90 days past due	882	–	50	–
More than 90 days past due	746	(466)	710	(593)
	16,865	(466)	12,314	(593)

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECLs are as follows:

	Group	
	2022	2021
	$'000	$'000
At 1 April	593	2,262
Currency realignment	(2)	318
Charge for the year	50	193
Written-off	(175)	(2,180)
At 31 March	466	593

Sundry receivables

The gross carrying amount of sundry receivables which represents the maximum exposure to loss is as follows:

	Group			
	2022		2021	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
	$'000	$'000	$'000	$'000
Sundry receivables	402	–	638	(81)

20. Trade and other receivables (cont'd)

Expected credit losses (cont'd)

Sundry receivables (cont'd)

The movement in allowance for expected credit losses of sundry receivables computed based on lifetime ECLs are as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
At 1 April	81	405
Currency realignment	–	52
Written-back	–	(376)
Written-off	(81)	–
At 31 March	–	81

Amounts due from subsidiaries

The gross carrying amount of amounts due from subsidiaries which represents the maximum exposure to loss is as follows:

	Company			
	2022		**2021**	
	Gross carrying amount	**Allowance for ECL**	**Gross carrying amount**	**Allowance for ECL**
	$'000	**$'000**	**$'000**	**$'000**
Amounts due from subsidiaries	17,012	(1,375)	15,634	(1,115)

The movement in allowance for expected credit losses of amounts due from subsidiaries computed based on lifetime ECLs are as follows:

	Company	
	2022	**2021**
	$'000	**$'000**
At 1 April	1,115	–
Currency realignment	7	–
Charge for the year	253	1,115
At 31 March	1,375	1,115

21. Cash and cash equivalents

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Fixed deposits	–	61	–	–
Cash at banks and in hand	8,329	22,407	1,859	6,728
	8,329	22,468	1,859	6,728

Cash at banks earns interest at floating rates based on daily bank deposit rates. In the prior year ended 31 March 2021, fixed deposits are made for a period of three months at a weighted average interest rate of 0.13% per annum.

At the end of the reporting period, bank deposit of $66,000 (2021: $67,000) are pledged as security to secure bank facilities of subsidiaries.

Cash and cash equivalents are denominated in the following currencies at the end of the reporting period:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Singapore Dollars	3,569	10,125	1,810	5,779
Australian Dollars	1,345	4,397	–	–
United States Dollars	3,274	7,609	47	947
British Pounds	96	85	–	–
Bahraini Dinar	39	240	–	–
Others	6	12	2	2
	8,329	22,468	1,859	6,728

22. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current				
Trade payables	4,553	2,561	–	–
Sundry payables	929	912	120	19
Accrual for staff-related costs	2,998	2,736	301	305
Sundry accruals	2,899	2,346	1,005	371
Trade amounts due to a joint venture	85	58	–	–
Amounts owing to subsidiaries	–	–	592	528
	11,464	8,613	2,018	1,223
Non-current				
Interest-free loans owing to subsidiaries	–	–	–	2,641
	–	–	–	2,641
Total trade and other payables	11,464	8,613	2,018	3,864

Trade and other payables are denominated in the following currencies at the end of the reporting period:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Singapore Dollars	4,067	3,322	2,018	3,864
Australian Dollars	285	562	–	–
United States Dollars	3,902	2,168	–	–
Bahraini Dinar	2,878	2,249	–	–
British Pounds	258	172	–	–
Euro	20	–	–	–
Others	54	140	–	–
	11,464	8,613	2,018	3,864

Trade and sundry payables are non-interest bearing and are normally settled on 30 to 60 days' terms.

Current amounts owing to subsidiaries are non-trade, unsecured, non-interest bearing and are repayable on demand in cash.

Non-current loans owing to subsidiaries are unsecured and non-interest bearing. These amounts have been fully repaid during the year.

23. Lease liabilities

The Group has entered into commercial leases on certain premises and equipment. The Group also has certain leases with lease terms of 12 months or less and leases with low value, which the Group applied the recognition exemptions for these leases.

	Group	
	2022	**2021**
	$'000	**$'000**
At 1 April	9,907	10,572
Additions	13,560	121
Accretion of interest	518	491
Currency realignment	4	(108)
Payments	(1,275)	(1,169)
At 31 March	22,714	9,907
Current	1,395	448
Non-current	21,319	9,459
	22,714	9,907

Amounts recognised in consolidated statement of comprehensive income

	Group	
	2022	**2021**
	$'000	**$'000**
Depreciation of right-of-use assets	835	783
Interest expense on lease liabilities	518	491
Expense relating to short-term leases	246	241
Expense relating to leases of low-value assets	30	20
Total amounts recognised in income statement	1,629	1,535

Amounts recognised in consolidated cash flow statement

	Group	
	2022	**2021**
	$'000	**$'000**
Additions to right-of-use assets	102	–
Repayment of principal portion of lease liabilities	757	678
Total cash outflows for leases	859	678

23. Lease liabilities (cont'd)

	Company	
	2022	**2021**
	$'000	**$'000**
At 1 April	5,632	5,865
Additions	12,941	–
Accretion of interest	317	290
Payments	(621)	(523)
At 31 March	18,269	5,632
Current	973	246
Non-current	17,296	5,386
	18,269	5,632

24. Bank borrowings

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Bank borrowings, current portion				
Secured (Facility 1)	1,011	1,006	1,011	1,006
Unsecured (Facility 4)	500	125	–	–
Total current bank borrowings	1,511	1,131	1,011	1,006
Bank borrowings, non-current portion				
Secured (Facility 1)	2,023	3,016	2,023	3,016
Unsecured (Facility 2)	–	3,000	–	3,000
Unsecured (Facility 3)	5,642	5,621	2,000	2,000
Unsecured (Facility 4)	1,379	1,875	–	–
Total non-current bank borrowings	9,044	13,512	4,023	8,016
Total bank borrowings	10,555	14,643	5,034	9,022

Bank borrowings are denominated in the following currencies at the end of the reporting period:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Singapore Dollars	3,879	7,000	2,000	5,000
United States Dollars	6,676	7,643	3,034	4,022
	10,555	14,643	5,034	9,022

24. Bank borrowings (cont'd)

Facility 1

The United States Dollars denominated bank loans are repayable over quarterly instalments starting from December 2012 with last instalment due on 28 March 2025. Interest is payable at the rate of 1.50% above the SIBOR. The facility is used to fund an interest-bearing loan to a subsidiary (Note 18).

The facility is secured by the following:

– first all-monies registered legal mortgage over a 50-year leasehold land and property at Bahrain International Investment Park, HIDD, Kingdom of Bahrain;

– first registered fixed and floating charge over assets of a subsidiary; and

– registered charge over the interest-bearing loan from the Company to a subsidiary.

Facility 2

The multi-currency denominated revolving credit facility has a maturity date falling on 3 May 2023. Interest is payable at the rate of 3.00% per annum over the SIBOR or 3.10% per annum over the LIBOR in 2022 and depending on the currencies being drawn. The loan amount which was outstanding as at 31 March 2021 is fully repaid during the year.

Facility 3

The multi-currency denominated revolving credit facility has a maturity date falling on 2 April 2023. Interest is payable at the rate of 2.60% per annum over the prevailing Swap Offer or 2.60% per annum over the bank's prevailing Cost of Funds depending on the currencies being drawn.

Facility 4

The Singapore Dollars denominated bank loan is repayable over 48 monthly instalments, starting from 23 January 2022 with last instalment due on 23 December 2025. Interest is payable at the rate of 2.00% per annum.

A reconciliation of liabilities arising from financing activities is as follows:

	1 April 2021	Cash flows	Non-cash changes		31 March 2022
			Foreign exchange movement	Reclassification	
	$'000	$'000	$'000	$'000	$'000
Bank borrowings					
Current	1,131	(1,129)	1	1,508	1,511
Non-current	13,512	(3,000)	40	(1,508)	9,044
Total	14,643	(4,129)	41	–	10,555

24. Bank borrowings (cont'd)

	1 April 2020	Cash flows	Non-cash changes		31 March 2021
			Foreign exchange movement	Reclassification	
	$'000	$'000	$'000	$'000	$'000
Bank borrowings					
Current	1,065	(890)	(50)	1,006	1,131
Non-current	20,091	(4,921)	(652)	(1,006)	13,512
Total	21,156	(5,811)	(702)	–	14,643

25. Deferred tax assets/(liabilities)

	Note	Group	Company
		$'000	$'000
At 1 April 2020		(24)	5
Currency realignment		(18)	–
Credit/(charge) to profit and loss during the financial year	8	167	(28)
At 31 March 2021 and 1 April 2021		125	(23)
(Charge)/credit to profit and loss during the financial year	8	(112)	10
At 31 March 2022		13	(13)

Deferred tax as at the end of reporting period relates to the following:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax assets				
Unabsorbed capital allowances and unutilised tax losses	226	495	16	46
Employee benefits	74	65	23	20
	300	560	39	66
Deferred tax liability				
Excess of net book value over tax written down value of property, plant and equipment	(287)	(435)	(52)	(89)
Deferred tax assets/(liabilities), net	13	125	(13)	(23)

25. Deferred tax assets/(liabilities) (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The net amounts determined after appropriate offsetting are shown in the balance sheets as follows:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax assets	274	405	–	–
Deferred tax liabilities	(261)	(280)	(13)	(23)

Unrecognised tax losses

At the end of the reporting period, the Group had unutilised tax losses with no expiry of approximately $41,667,000 (2021: $125,805,000), net of amounts transferred under the group relief transfer system, that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The amount and use of these tax losses and capital allowances is subject to the agreement of the taxation authorities and compliance with certain provisions of the tax legislation of the countries where the companies reside.

The potential tax benefit of approximately $12,006,000 (2021: $32,808,000) from these unutilised tax losses has not been recognised in the financial statements due to the uncertainty of their recoverability.

Included in the unutilised tax losses is an amount of approximately $25,940,000 (2021: $1,922,000) tax losses arising from the Group's subsidiaries, which are in the process of voluntary winding-up or strike off as at reporting date. The potential tax benefit arising from these tax losses amounts to $7,776,000 (2021: $330,000).

Unrecognised temporary differences relating to investments in subsidiaries

The Group has not recognised a deferred tax liability of $295,000 (2021: $Nil) as at 31 March 2022 in respect of undistributed profits of a foreign subsidiary as the distribution is controlled and there is currently no intention for the profits to be remitted to Singapore.

26. Provisions

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current	218	250	–	–
Non-current	115	108	96	93
	333	358	96	93

26. Provisions (cont'd)

Represented by:

	Make good provision $'000	Long service leave $'000	Liquidated damages $'000	Total $'000
Group				
At 1 April 2020	90	184	70	344
Currency realignment	–	36	12	48
Provisions during the year	3	15	–	18
Utilised during the year	–	(39)	(13)	(52)
At 31 March 2021 and 1 April 2021	93	196	69	358
Currency realignment	–	(2)	(1)	(3)
Provisions during the year	3	11	10	24
Utilised during the year	–	(46)	–	(46)
At 31 March 2022	96	159	78	333

	Make good provision	
	2022 $'000	2021 $'000
Company		
At 1 April	93	90
Accretion of interest	3	3
At 31 March	96	93

Make good provision

In accordance with certain lease agreements, provisions are recognised for expected cost required to be incurred to reinstate the leased premises to their original condition upon the expiry of the leases at various dates till 2036. The provisions are based on quotations received from contractors. Assumptions made by management included variables such as inflation rate and discount rate used to calculate the provision. As such, the actual amounts eventually paid out could be different from the above provisions due to changes in the variables such as discount rate and inflation. However, the Group is of the view that the current provisions are adequate to cover the cost of reinstatement.

Provision for long service leave

Provision for long service leave is recognised and measured at the present value of the expected future payment to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Provision for liquidated damages

This relates to the provision for potential claim for liquidated damages for late deliveries of $78,000 as at 31 March 2022 (2021: $69,000).

27. Share capital and treasury shares

	Group and Company			
	2022		2021	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
a) Ordinary shares issued and fully paid				
At 1 April	216,336	48,916	216,331	48,915
Issuance of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue	12	3	5	1
At 31 March	216,348	48,919	216,336	48,916

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company except that no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares.

All ordinary shares carry one vote per share without restrictions, except for treasury shares which have no voting rights. The ordinary shares have no par value.

On 18 April 2018, the Company issued 61,806,000 right shares at an issue price of $0.20 per share and 15,451,000 detachable warrants to its shareholders. Each warrant carries the rights to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.22 per warrant for each new share. Each warrant may be exercised at any time during the period commencing on and including the date of issue of the warrants and expiring on the date immediately preceding five years from the date of issue of the warrants. The exercise price of the warrants and the number of warrants are fixed except for certain events pursuant to the terms and conditions of the warrants set out in the Deed Poll. The newly issued shares ranked *pari passu* in all respects with the previously issued shares. Part of the share issuance expenses amounting to $254,000 were deducted against share capital.

During the financial year, 12,000 (2021: 5,000) warrants were exercised and accordingly, 15,430,000 (2021: 15,442,000) warrants remained outstanding as at reporting date.

	Group and Company			
	2022		2021	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
b) Treasury shares				
At 1 April	188	41	46	10
Share buy-back	–	–	142	31
At 31 March	188	41	188	41

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company acquired Nil (2021: 142,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $Nil (2021: $31,000) and this was presented as a component within shareholder equity.

28. Reserves

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Retained earnings	15,786	15,540	1,644	1,379
Foreign currency translation reserve	(1,950)	(1,884)	–	–
Other reserves				
- Gain on sale/transfer of treasury shares	2,507	2,507	2,507	2,507
- Premium paid on acquisition of non-controlling interests or reduction in share capital of a subsidiary	(1,078)	(1,078)	–	–
- Employee equity benefits reserve	–	9	–	9
- Net fair value of loss on derivatives	(152)	(152)	–	–
- Share of joint venture's remeasurement of employee benefits liabilities	(96)	(96)	–	–
- Fair value reserve of other investment at FVOCI	(6,582)	(8,257)	–	–
	(5,401)	(7,067)	2,507	2,516
	8,435	6,589	4,151	3,895

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising from the translation of financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency. The foreign currency translation reserve is also used to record the effect of hedging of net investments in foreign operations.

Gain on sale/transfer of treasury shares

This represents the gain arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

Premium paid on acquisition of non-controlling interests or reduction in share capital of a subsidiary

This represents the premium paid on acquisition of non-controlling interests arising from the acquisition of additional equity interest in BLV while retaining control and the reduction of share capital of BLV prior to financial year ended 31 March 2022.

Employee equity benefits reserve

Employee equity benefits reserve represents the equity-settled awards granted to employees (Note 33). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date (or acquisition date if later) of equity-settled share schemes, and is reduced by the expiry, cancellation or release of the awards.

Movements in reserves are set out in the consolidated statement of changes in equity.

28. Reserves (cont'd)

Fair value reserve of other investment at FVOCI

Fair value reserve of other investment at FVOCI represents the cumulative fair value changes, net of tax, of an investment security at FVOCI.

	Group	
	Fair value reserve	
	2022	2021
	$'000	$'000
At 1 April	8,257	6,777
Fair value adjustment on investment security carried at FVOCI (Note 16)	(1,675)	1,480
At 31 March	6,582	8,257

29. Dividends

	Group and Company	
	2022	2021
	$'000	$'000
Declared and paid during the financial year		
Dividends on ordinary shares:		
- Final tax exempt (one-tier) dividend for 2021: 0.5 cents (2020: 0.5 cents) per share	1,081	1,080
- Interim tax exempt (one-tier) dividend for 2022: Nil cents (2021: 0.5 cents) per share	–	1,080
Proposed but not recognised as a liability as at 31 March:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final tax exempt (one-tier) dividend for 2022: 0.5 cents (2021: 0.5 cents) per share	1,081	1,081

30. Commitments and contingencies

(a) Capital expenditure

As at the end of the financial year, the Group had the following capital expenditure commitments for the acquisition of property, plant and equipment:

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Authorised and committed	1,724	150	313	–

30. Commitments and contingencies (cont'd)

(b) Contingent liabilities

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Corporate guarantees issued by the Company for bank facilities utilised by subsidiaries	–	–	330	251
Guarantees issued to external parties	1,074	1,164	628	797

The corporate guarantees have not been recognised by the Group and the Company as management has assessed the fair value of the corporate guarantees to be immaterial.

Guarantees to external parties comprise performance and warranty bonds issued to customers which commit the Group to make payments upon failure to perform certain obligations under the terms of the relevant contracts.

Guarantee issued to MMA

The Company has entered into a deed of guarantee with MMA to guarantee, *inter alia*, the satisfaction and performance of BLV of its obligations under the Share Purchase Agreement ("SPA") in 2019. This includes BLV's obligation to pay any amounts or claims that may be made or brought by MMA under or in connection with the SPA but limited to the amount of the total consideration.

(c) Other commitments

Financial support

The Company has provided letters of financial support to certain subsidiaries that it will not demand repayment of the amounts owing by such subsidiaries unless such repayment will not jeopardise the ability of these subsidiaries to meet their obligations as and when they fall due. The total amounts owing from these subsidiaries, net of allowances for impairment, is $12,877,000 (2021: $15,994,000).

31. Information by segment on the Group's operations

(a) Operating segments

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different industries as follows:

(i) Investment holding

Holds investments and provides management and corporate services to its subsidiaries. It also derives dividend and rental income from its subsidiaries and quoted investments. The Group's central overheads are also classified within this segment. This segment operates mainly in Singapore and Australia.

(ii) Oilfield engineering

Provides engineering services for the servicing, manufacturing, assembly and fabrication of oilfield equipment such as valves and blow-out-preventers used in the oil and gas industry. This segment also engages in the business of renting and sale of oilfield equipment and spare parts. This segment has expanded into design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions for the oil and gas industry. This segment operates primarily in Singapore, Kingdom of Bahrain, United Kingdom and Australia.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

31. Information by segment on the Group's operations (cont'd)

(a) Operating segments (cont'd)

	Investment holding $'000	Oilfield engineering $'000	Eliminations $'000	Note	Per consolidated financial statements $'000
2022					
Revenue:					
External sales	–	52,043	–		52,043
Inter-segment sales	4,397	1,427	(5,824)	A	–
Total sales	4,397	53,470	(5,824)		52,043
Results:					
Interest income	2	–	–		2
Rental income	64	–	–		64
Depreciation and amortisation	(724)	(2,746)	–		(3,470)
Gain on disposal of property, plant and equipment, net	–	279	–		279
Reversal of allowance for inventory obsolescence and stock written-off, net	–	28	–		28
Allowance for impairment of trade receivables	–	(50)	–		(50)
Bad debts written-off	–	(1)	–		(1)
Finance costs	(551)	(282)	–		(833)
Segment (loss)/profit before tax	(4,679)	6,113	–		1,434
Tax credit/(expense)	14	(165)	–		(151)
Assets and liabilities:					
Additions to non-current assets	16,570	6,994	–		23,564
Segment assets	35,762	66,563	–		102,325
Deferred tax assets					274
Total assets					102,599
Segment liabilities	(22,360)	(12,151)	–		(34,511)
Provision for taxation					(95)
Deferred tax liabilities					(261)
Bank borrowings					(10,555)
Total liabilities					(45,422)

31. Information by segment on the Group's operations (cont'd)

(a) Operating segments (cont'd)

	Investment holding $'000	Oilfield engineering $'000	Eliminations $'000	Note	Per consolidated financial statements $'000
2021					
Revenue:					
External sales	–	49,052	–		49,052
Inter-segment sales	4,233	1,220	(5,453)	A	–
Total sales	4,233	50,272	(5,453)		49,052
Results:					
Interest income	61	1	–		62
Rental income	106	–	–		106
Depreciation and amortisation	(635)	(3,722)	–		(4,357)
Loss on disposal of property, plant and equipment, net	–	(16)	–		(16)
Allowance for inventory obsolescence, net	–	(1,518)	–		(1,518)
Impairment of goodwill	–	(4,805)	–		(4,805)
Impairment of intangible assets	–	(286)	–		(286)
Provision on loans due from a joint venture	–	(2,605)	–		(2,605)
Reversal of allowance/(allowance) for impairment of trade and sundry receivables, net	206	(23)	–		183
Bad debts written back/(off), net	1	(2)	–		(1)
Finance costs	(586)	(380)	–		(966)
Segment loss before tax	(4,708)	(3,140)	–		(7,848)
Tax credit	100	542	–		642
Write-off deferred tax assets	–	(431)	–		(431)
Assets and liabilities:					
Additions to non-current assets	234	1,875	–		2,109
Segment assets	24,910	64,158	–		89,068
Deferred tax assets					405
Total assets					89,473
Segment liabilities	(9,324)	(9,554)	–		(18,878)
Provision for taxation					(142)
Deferred tax liabilities					(280)
Bank borrowings					(14,643)
Total liabilities					(33,943)

31. Information by segment on the Group's operations (cont'd)

(a) Operating segments (cont'd)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

Note A: Inter-segment revenues are eliminated on consolidation.

(b) Geographical segments

	External sales		Non-current assets	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	23,264	17,925	39,017	17,930
Australia	3,278	3,146	8	11
Bahrain	24,096	25,076	16,778	15,956
United Kingdom	1,405	2,905	3,221	3,404
	52,043	49,052	59,024	37,301

Non-current assets information presented above consist of goodwill, intangible assets, property, plant and equipment, right-of-use assets, other investment and investment in associate and joint venture as presented in the consolidated balance sheet.

The Group's non-current assets and sales to external customers disclosed in geographical segments are based on the entities' country of domicile.

(c) Information about major customers

Revenue from one major customer amounted to $6,889,000 (2021: two major customers amounted to $17,851,000) arising from sales by the Oilfield Engineering segment.

32. Subsidiaries

(a) The subsidiaries as at 31 March are:

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group	
			2022	**2021**
			%	**%**
	Held by the Company and its subsidiaries			
i	MTQ Engineering Pte Ltd (Republic of Singapore)	Providing engineering and manufacturing services to the oil and gas industry (Republic of Singapore)	100	100
i	MTQ Equipment Rental Pte Ltd (Republic of Singapore)	Providing oilfield equipment rental services (Republic of Singapore)	100	100

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32. Subsidiaries (cont'd)

(a) The subsidiaries as at 31 March are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 2022 %	2021 %
	Held by the Company and its subsidiaries (cont'd)			
iii	MTQ Fabrication Pte Ltd (Republic of Singapore)	Providing oilfield fabrication services (Republic of Singapore)	100	100
i	Blossomvale Investments Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	100	100
iii	Violetbloom Investments Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	100	100
iii	Everfield Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	100	100
iii	MTQ Binder Holdings Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	100	100
ii	MTQ Oilfield Services W.L.L. (Kingdom of Bahrain)	Service, manufacture and assemble oilfield equipment and related spare parts in the oil and gas industry (Kingdom of Bahrain)	100	100
i	Premier Sea & Land Pte Ltd (Republic of Singapore)	Trading of oilfield industry materials and supplies machinery and equipment and rental of machinery and equipment (Republic of Singapore)	100	100
i	Pemac Pte Ltd (Republic of Singapore)	Manufacture of high pressure piping, general steel fabrication works, repairing of oilfield equipment and fabrication of pressure vessels (Republic of Singapore)	100	100
i	Mid-Continent Distribution Pte. Ltd. (Republic of Singapore)	Trading of oilfield equipment and spares (Republic of Singapore)	100	100
i	Premier Estate Private Limited (Republic of Singapore)	Investment holding (Republic of Singapore)	100	100
ii,vi	Blossomvale Holdings Ltd (Australia)	Inactive (Australia)	87.1	87.1
iii,iv	Blossomvale (NMI) Pty Ltd (Australia)	Inactive (Australia)	–*	87.1

For the financial year ended 31 March 2022 (In Singapore dollars)

32. Subsidiaries (cont'd)

(a) The subsidiaries as at 31 March are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 2022 %	2021 %
	Held by the Company and its subsidiaries (cont'd)			
iii,iv	Blossomvale (NFS) Pty Ltd (Australia)	Inactive (Australia)	–*	87.1
iii,iv	Allied Diving Services Pty Ltd (Australia)	Inactive (Australia)	–*	87.1
iii,iv	Blossomvale (NDH) Inc (United States of America)	Inactive (United States of America)	–*	87.1
iii,iv	Blossomvale (USA) (NUS) Llc (United States of America)	Inactive (United States of America)	–*	87.1
iii,v	Blossomvale (NAH) Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	100	87.1
iii,iv	Blossomvale (NAIS) Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	–*	87.1
iii,v	Blossomvale (NMO) Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	100	87.1
iii,v,vi	PT Neptune Subsea Stabilisation (Indonesia)	Inactive (Indonesia)	100	87.1
ii,iv	Submersible Technology Services Middle East W.L.L. (Kingdom of Bahrain)	Inactive (Kingdom of Bahrain)	–*	87.1
ii,iv	Blossomvale Scotland Holdings Ltd (United Kingdom)	Inactive (United Kingdom)	–*	87.1
ii,iv	Blossomvale ROV Services Holdings Ltd (United Kingdom)	Inactive (United Kingdom)	–*	87.1
ii,iv	Blossomvale ROV Services Ltd (United Kingdom)	Inactive (United Kingdom)	–*	87.1
ii,v	Blossomvale Subsea Stabilisation Sdn Bhd (Malaysia)	Inactive (Malaysia)	100	87.1

For the financial year ended 31 March 2022 (In Singapore dollars)

32. Subsidiaries (cont'd)

(a) The subsidiaries as at 31 March are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 2022 %	2021 %
	Held by the Company and its subsidiaries (cont'd)			
iii,iv	Blossomvale (ROS) Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	–*	87.1
ii,iv	Submersible Technology Services Sdn Bhd (Malaysia)	Inactive (Malaysia)	–*	87.1
ii,v,vi	Blossomvale NMSSB Sdn Bhd (Brunei)	Inactive (Brunei)	100	87.1
iii	Binder Group Pty Ltd (Australia)	Design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions (Australia)	100	100
i	Binder Asia Pte Ltd (Republic of Singapore)	Trading of proprietary and custom-built pipe support and pipe suspension solutions (Republic of Singapore)	100	100
iii	Binder Holdings Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	100	100
iii	In-Line Valve Company Limited (United Kingdom)	Design, engineering, assembly and testing of flow control valves (United Kingdom)	100	100
iii	In-Line Valve (ME) Limited (United Arab Emirates)	Inactive (United Arab Emirates)	100	100

i. Audited by Ernst & Young LLP, Singapore

ii. Audited by member firms of Ernst & Young Global in their respective countries

iii. Not required to be audited under the law in its country of incorporation

iv. Subsidiaries, which were part of BLV Group, that had material non-controlling interest ("NCI") as an aggregate. Total loss allocated to NCI of BLV Group during the year was $35,000 (2021: $96,000). Accumulated NCI of BLV Group as at 31 March 2022 is debit $136,000 (2021: credit $66,000).

v. On 6 September 2021, the Group transferred all the issued share capital of Blossomvale (NAH) Pte Ltd ("NAH") from BLV which is 87.1% owned to a wholly-owned subsidiary Blossomvale Investments Pte Ltd ("BIPL"), at a nominal cash consideration of $1, based on $Nil consolidated net asset value of NAH and its subsidiaries. Following the transfer, NAH and its subsidiaries became 100% wholly-owned subsidiaries of the Group.

vi. In the process of voluntary winding-up as at reporting date

* Dissolved or wound-up during the financial year

32. Subsidiaries (cont'd)

(b) Summarised financial information about subsidiaries with material NCI

Summarised financial information excluding consolidation adjustments and intercompany eliminations of BLV Group as follows:

Summarised balance sheets

	Blossomvale Holdings Ltd Group	
	2022	2021
	$'000	$'000
Current		
Assets	–	2,072
Liabilities	–	(509)
Net current assets	–	1,563
Non-current		
Assets	–	2
Liabilities	–	–
Net non-current assets	–	2
Net assets	–	1,565

Summarised statement of comprehensive income

	Blossomvale Holdings Ltd Group	
	2022	2021
	$'000	$'000
Other income	11	280
Loss before tax	(272)	(861)
Tax credit	–	119
Loss after tax for the year	(272)	(742)
Other comprehensive income	(61)	1,564
Total comprehensive income	(333)	822
Other summarised information		
Net cash flows used in operations	(509)	(1,890)

33. Employee benefits

MTQ Share Plan

The Group has adopted a compensation scheme, known as the MTQ Share Plan (the "Share Plan"), approved by shareholders of the Company at an Extraordinary General Meeting held on 26 July 2013, to grant the right to receive fully paid ordinary shares ("Award"). The Share Plan, inter alia, allows for the participation of employees of the Group and employees of associated companies (a company as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")) who meet the eligibility criteria, but does not include any controlling shareholders and their associates as defined in the Listing Manual of SGX-ST, nor the Non-Executive Directors.

The Share Plan is administered by the Nomination & Remuneration Committee which comprises the following members:

Nicholas Campbell Cocks (Chairman)
Chew Soo Lin
Ong Eng Yaw

The selection of the participants in the Share Plan and the grant of Award are to be determined by the Nomination & Remuneration Committee at its absolute discretion.

The principal terms of the Share Plan are:

(i) Size and duration

The total number of new shares which may be delivered by the Company pursuant to the Awards granted under the Share Plan (the "New Shares") on any date, when added to the aggregate number of ordinary shares issued or issuable under any other share schemes which may be implemented by the Company, shall not exceed 15% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of grant.

The Share Plan shall continue in force at the discretion of the Nomination & Remuneration Committee subject to a maximum of 10 years commencing from the date it is adopted by the Company in general meeting, provided always that the Share Plan may continue beyond this stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Plan, any grant of shares made pursuant to the Share Plan prior to such expiry or termination will continue to remain valid.

(ii) Eligibility to participate in the Scheme

Subject to the absolute discretion of the Nomination & Remuneration Committee, the following persons, unless they are also non-executive directors, controlling shareholders and/or their associates, shall be eligible to participate in the Share Plan:

– employees of the Group who have attained the age of twenty-one years before the date of the Award and hold such rank as may be designated by the Nomination & Remuneration Committee from time to time; and

– employees of associated companies who have attained the age of twenty-one years before the date of the Award and hold such rank as may be designated by the Nomination & Remuneration Committee from time to time and who, in the opinion of the Nomination & Remuneration Committee, have contributed to the success of the Group (collectively known as the "Participants").

For the financial year ended 31 March 2022 (In Singapore dollars)

33. Employee benefits (cont'd)

MTQ Share Plan (cont'd)

(iii) Grant of Awards

Awards under the Share Plan may be granted at any time during the period when the Share Plan is in force. The Nomination & Remuneration Committee shall, in its absolute discretion, decide, in relation to each Award:

- the participants;
- the Award date;
- the number of fully paid ordinary shares which are the subject of the Award;
- the performance targets and the period during which the targets are to be satisfied;
- the extent to which the fully paid ordinary shares which are the subject of that Award shall be released on the prescribed performance targets being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;
- the vesting date; and
- any other condition as the Nomination & Remuneration Committee may determine.

The granted Award may not be sold, transferred, mortgaged, charged, assigned, pledged, encumbered or otherwise disposed of, in whole or in part or in any way whatsoever, except with the prior approval of the Nomination & Remuneration Committee and if a participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any such rights under an Award, that Award shall immediately lapse.

(iv) Operation of Share Plan

Subject to the prevailing legislation and the rules of the Listing Manual and such consents or other required action by any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Share Plan and the Company's Constitutions, the Company will have the flexibility to settle the Awards upon their vesting by way of:

- issuing new ordinary shares of the Company as fully paid;
- delivering existing ordinary shares (including, to the extent permitted by law, treasury shares); and/or
- paying the aggregate market price in cash in lieu of allotment or transfer of some or all of the new or existing ordinary shares.

As at 31 March 2022, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to Nil shares (2021: 11,392 shares). The movements in the number of shares comprised in Awards granted under the MTQ Share Plan are as follows:

	Number of shares				
Date of grant	At 1.4.2021	Granted	Released	Forfeited	At 31.3.2022
26.8.2015	11,392	–	–	(11,392)	–

The aggregate value of the shares comprised in the Awards forfeited amounted to $9,000 based on the fair value at the date when the Awards were granted.

34. Related party disclosure

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place during the financial year on terms agreed by the parties concerned:

(a) Sale and purchase of goods and services

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Associate and Joint ventures				
- Sales of goods	100	98	–	–
- Purchase of goods	2,014	1,074	–	–
Subsidiaries				
- Dividend income	–	–	2,638	–
- Management fee income	–	–	2,723	2,790
- Rental income from investment property	–	–	1,291	1,117
- Interests on loans	–	–	63	104

(b) Compensation of key management personnel

Key management personnel are defined as persons who have authority and responsibility for planning, directing and controlling the activities of the Group.

Details of their remuneration paid during the year and other related party transactions have been disclosed in Note 6.

35. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments, other than quoted securities, comprise bank borrowings, lease liabilities and cash and cash equivalents. All financial transactions with the banks are governed by banking facilities duly accepted with the Board of Directors ("Board") resolutions, with banking mandates which define the permitted financial instruments and facilities limits, approved by the Board. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The key financial risks faced by the Group include credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board reviews and agrees policies and procedures for the management of these risks, which are executed by the key management personnel of the Group. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

35. Financial risk management objectives and policies (cont'd)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are made to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The Group has made allowances, where necessary, for potential losses on credits extended.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each financial year. The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the end of financial year with the risk of default as at the date of initial recognition.

Generally, the Group considers a financial asset in default when contractual payments are past due for more than 90-120 days, having considered other qualitative indicators when appropriate. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

– Profile of the debtors such as financial strength and size of the debtors' company;

– Historical trading relationships;

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

– Actual or expected significant changes in the operating results of the borrower;

– Significant increases in credit risk on other financial instruments of the same borrower;

– Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments and there is no reasonable expectation of recovery, such as a trade debtor failing to engage in a repayment plan with the Group or entering into bankruptcy. Where loans and receivables have been written-off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

35. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

(i) Trade and other receivables

The Group determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of debtors, the Group provides for lifetime expected credit losses using simplified approach. The allowance rates are determined based on the Group's historical default rates analysed by percentage of allowance for doubtful debts to the total credit sales for the past five years, adjusted for current and forward-looking information (where appropriate).

Information regarding loss allowance movement of trade receivables are disclosed in Note 20.

(ii) Intercompany receivables

The Group provides for ECLs based on the general approach and the extent of loss allowance is dependent on consideration of many factors, amongst others, the extent of credit deterioration since initial recognition, information and data that indicate the credit quality of the subsidiaries and the probability of default, amounts that are expected to be recovered in a default and adjustment for forward-looking information.

Information regarding loss allowance movement of intercompany receivables are disclosed in Notes 18 and 20.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets.
- corporate guarantees provided by the Company for bank facilities utilised by subsidiaries as at the end of the reporting period is $330,000 (2021: $251,000) (Note 30(b)).

35. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2022		2021	
	$'000	% of total	$'000	% of total
By country				
Singapore	2,078	13	1,094	10
Australia	301	2	795	7
United Kingdom	13	–*	6	–*
Saudi Arabia	9,684	59	5,394	46
Malaysia	2,106	13	1,330	12
Indonesia	368	2	515	4
United States	268	2	275	2
Bahrain	237	2	307	3
Brunei	465	3	240	2
United Arab Emirates	441	2	975	8
Japan	–	–*	9	–*
Dubai	4	–*	25	–*
Others	434	2	756	6
	16,399	100	11,721	100
By industry sectors				
Oil and gas	16,207	99	11,355	97
Marine and shipping	–	–*	5	–*
Mining	65	–*	110	1
Others	127	1	251	2
	16,399	100	11,721	100

* Less than 1%.

At the end of the reporting period, approximately 42% (2021: 52%) of the Group's trade receivables were due from five major customers who are leading providers of products and services to the global upstream oil and gas industry.

35. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 18 and 20.

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Australian Dollar ("AUD"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD"), AUD and SGD. The Group's trade and other receivables and trade and other payables balances at the end of the reporting period have similar exposures.

As at 31 March 2022, approximately 16% (2021: 22%) of the Group's trade and other receivables and 38% (2021: 36%) of the Group's trade and other payables are denominated in foreign currencies.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The currency mix of the cash and cash equivalents of the Group and Company as at the end of the reporting period are set out in Note 21.

The Group enters into foreign exchange forward contracts and holds foreign currencies where necessary, to hedge against its foreign exchange risk in anticipated purchase or sale transactions denominated in foreign currencies. The Group's treasury policy prescribes only "plain vanilla" or treasury hedging instruments with limited downside risk, namely foreign exchange spot and forward contracts, or holder of options (the "Permitted Transactions"). These instruments are generic in nature with no embedded or leverage features and any deviation from these instruments would require specific approval from the Board. Any complex foreign exchange or derivatives transactions involving any combination of the Permitted Transactions or any combination of the Permitted Transactions and other derivatives transactions are prohibited.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading nor any of the treasury transactions for profit purpose. It is not in the interest of the Group to engage in trading for profit or to speculate or trade in treasury instruments. The purpose of engaging in treasury transactions is solely for hedging.

In addition to transactional exposure, the Group is also exposed to foreign currency exchange movements arising from its net investment in foreign operations. The Group does not have any formal policy with respect to such foreign currency exposure as its investments are long term in nature, and management of such foreign currency exposure is considered on a case-by-case basis.

35. Financial risk management objectives and policies (cont'd)

(b) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax and equity to a reasonably possible change in the USD, AUD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group			
	2022		2021	
	Effect on profit/(loss) before tax	Effect on equity	Effect on profit/(loss) before tax	Effect on equity
	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)	Increase/ (decrease)
	$'000	$'000	$'000	$'000
USD				
- strengthened 3% (2021: 3%)	(21)	462	8	459
- weakened 3% (2021: 3%)	21	(462)	(8)	(459)
AUD				
- strengthened 3% (2021: 3%)	21	28	(1)	26
- weakened 3% (2021: 3%)	(21)	(28)	1	(26)
SGD				
- strengthened 3% (2021: 3%)	4	(60)	(8)	(155)
- weakened 3% (2021: 3%)	(4)	60	8	155

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility by monitoring its net operating cash flow through the review of its working capital requirements regularly, and maintaining an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions.

35. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The tables below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period, based on contractual undiscounted repayment obligations:

	Total contractual cash flows $'000	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000
Group				
2022				
Non-derivative financial liabilities				
Trade and other payables	(11,464)	(11,464)	–	–
Bank borrowings	(10,978)	(1,837)	(9,141)	–
Lease liabilities	(33,731)	(2,313)	(6,907)	(24,511)
Contractual undiscounted financial liabilities	(56,173)	(15,614)	(16,048)	(24,511)
2021				
Non-derivative financial liabilities				
Trade and other payables	(8,613)	(8,613)	–	–
Bank borrowings	(15,425)	(1,490)	(13,935)	–
Lease liabilities	(16,317)	(919)	(3,142)	(12,256)
Contractual undiscounted financial liabilities	(40,355)	(11,022)	(17,077)	(12,256)
Company				
2022				
Non-derivative financial liabilities				
Trade and other payables	(2,018)	(2,018)	–	–
Bank borrowings	(5,242)	(1,159)	(4,083)	–
Lease liabilities	(25,531)	(1,697)	(5,866)	(17,968)
Contractual undiscounted financial liabilities	(32,791)	(4,874)	(9,949)	(17,968)
2021				
Non-derivative financial liabilities				
Trade and other payables	(3,864)	(1,223)	–	(2,641)
Bank borrowings	(9,488)	(1,223)	(8,265)	–
Lease liabilities	(8,106)	(523)	(2,092)	(5,491)
Contractual undiscounted financial liabilities	(21,458)	(2,969)	(10,357)	(8,132)

35. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below shows the contractual expiry by maturity of the Group's and the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Total contractual cash flow	1 year or less
	$'000	**$'000**
Group		
2022		
Issued financial guarantees to external parties	1,074	1,074
2021		
Issued financial guarantees to external parties	1,164	1,164
Company		
2022		
Issued guarantees for bank facilities utilised by subsidiaries	330	330
Issued financial guarantees to external parties	628	628
2021		
Issued guarantees for bank facilities utilised by subsidiaries	251	251
Issued financial guarantees to external parties	797	797

35. Financial risk management objectives and policies (cont'd)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its bank borrowings and fixed deposits. Bank borrowings are contracted with the objectives of minimising interest burden by carefully evaluating the relative benefits between fixed rate and variable rate whilst maintaining an acceptable debt maturity profile.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the interest rates, with all other variables held constant:

	Effect on Group's profit/(loss) before tax (decrease)/increase	
	2022	**2021**
	$'000	**$'000**
50 basis points increase (2021: 50 basis points increase)	(43)	58
50 basis points decrease (2021: 50 basis points decrease)	43	(58)

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's cash and cash equivalents and bank borrowings where applicable. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

36. Classification of financial assets and liabilities

	Note	Group		Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Financial assets measured at FVOCI					
Other investment	16	3,635	1,961	–	–
Financial assets measured at amortised cost					
Receivables	18	44	90	6,461	7,681
Trade and other receivables	20	17,100	12,929	16,006	15,123
Cash and cash equivalents	21	8,329	22,468	1,859	6,728
Total financial assets		29,108	37,448	24,326	29,532
Total non-financial assets		73,491	52,025	54,158	41,899
Total assets		102,599	89,473	78,484	71,431
Financial liabilities measured at amortised cost					
Trade and other payables	22	11,464	8,613	2,018	3,864
Lease liabilities	23	22,714	9,907	18,269	5,632
Bank borrowings	24	10,555	14,643	5,034	9,022
Total financial liabilities		44,733	33,163	25,321	18,518
Total non-financial liabilities		709	780	134	143
Total liabilities		45,442	33,943	25,455	18,661

37. Fair value of assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

There have been no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 March 2022 and 31 March 2021.

37. Fair value of assets and liabilities (cont'd)

(b) Assets measured at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group					
2022					
Financial asset:					
Other investment	16	3,635	–	–	3,635
2021					
Financial asset:					
Other investment	16	1,961	–	–	1,961

The fair value of the other investment (Note 16) is determined by reference to its quoted closing prices at the balance sheet date.

(c) Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amount of cash and cash equivalents (Note 21), trade and other receivables (other than non-current amounts due from subsidiaries) (Notes 18 and 20), trade and other payables (other than non-current amounts due from subsidiaries) (Note 22), lease liabilities (Note 23) and bank borrowings (Note 24) based on their notional amounts, reasonably approximate their fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of non-current amounts due from/(to) subsidiaries (Notes 18 and 22) reasonably approximate their fair values as their discounted expected future cash flows are not materially different from their notional amounts.

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings, sell assets or reduce borrowings. No changes were made to the objectives, policies or processes during the financial years ended 31 March 2022 and 31 March 2021.

38. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt/(cash) divided by net capitalisation. The Group includes within its net debt/(cash), bank borrowings, less cash and cash equivalents. Net capitalisation refers to net debt/(cash) plus shareholders' funds and non-controlling interests.

	Note	Group 2022 $'000	Group 2021 $'000
Bank borrowings	24	10,555	14,643
Less: Cash and cash equivalents	21	(8,329)	(22,468)
Net debt/(cash)		2,226	(7,825)
Shareholders' funds		57,313	55,464
Add: Non-controlling interests		(136)	66
Net capitalisation		59,403	47,705
Net debt gearing ratio		4%	N.A[1]

[1] As at 31 March 2021, the Group's cash exceeded its gross debt.

39. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Directors on 17 June 2022.

STATISTICS OF SHAREHOLDINGS

As at 15 June 2022

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	S$49,492,579.82
Number of Issued Shares (excluding Treasury Shares)	:	216,160,080
Number/ Percentage of Treasury Shares	:	188,303 (0.087%)
Class of Shares	:	Ordinary Share
Voting Rights	:	One Vote Per Share

There is no subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	73	6.18	3,354	0.00
100 - 1,000	88	7.45	44,761	0.02
1,001 - 10,000	445	37.68	2,431,416	1.13
10,001 - 1,000,000	555	47.00	42,118,012	19.48
1,000,001 AND ABOVE	20	1.69	171,562,537	79.37
TOTAL	**1,181**	**100.00**	**216,160,080**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	KUAH KOK KIM	54,313,010	25.13
2	CITIBANK NOMINEES SINGAPORE PTE LTD	35,920,229	16.62
3	TAI TAK SECURITIES PTE LTD	22,606,217	10.46
4	SINGAPORE WAREHOUSE COMPANY (PRIVATE) LTD	11,843,570	5.48
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,806,159	5.00
6	DBS NOMINEES (PRIVATE) LIMITED	6,959,256	3.22
7	OCBC SECURITIES PRIVATE LIMITED	4,605,581	2.13
8	PHILLIP SECURITIES PTE LTD	3,871,363	1.79
9	RAFFLES NOMINEES (PTE) LIMITED	2,983,783	1.38
10	YEO SIEW CHANG	2,425,000	1.12
11	TOH ONG TIAM	1,926,900	0.89
12	WONG SIEW KEONG	1,830,000	0.85
13	PETER LOCK HONG CHEONG	1,766,611	0.82
14	STUART GEORGE MONTGOMERY	1,752,040	0.81
15	TAN KAH BOH ROBERT@ TAN KAH BOO	1,542,074	0.71
16	TAN KIM SENG	1,521,739	0.70
17	ABN AMRO CLEARING BANK N.V.	1,439,617	0.67
18	CHAN WING TO	1,250,260	0.58
19	KEPPEL INVESTMENT LTD	1,169,128	0.54
20	JOHN REGINALD STOTT KIRKHAM	1,030,000	0.48
	TOTAL	**171,562,537**	**79.38**

SUBSTANTIAL SHAREHOLDERS AS AT 15 JUNE 2022

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	**%**	**No. of Shares**	**%**
Kuah Kok Kim	54,313,010	25.13	–	–
Maclean Investments Limited	26,831,478[1]	12.41	–	–
Tai Tak Securities Pte Ltd	22,606,217	10.46	–	–
Singapore Warehouse Company (Private) Ltd	11,843,570	5.48		
BOS Trustee Limited	–	–	26,831,478[2]	12.41
Kurt Robert Malkolm Lindblad	–	–	26,831,478[2]	12.41
Tai Tak Estates Sdn Bhd	–	–	22,606,217[3]	10.46
SG Investments Pte Ltd	–	–	22,606,217[4]	10.46
Ho Han Leong Calvin	23,000	0.01	22,606,217[5]	10.46
Hwa Hong Corporation Limited	–	–	11,843,570[6]	5.48

[1] Maclean Investments Limited ("Maclean") through its custodian, Citibank Nominees Singapore Pte Ltd, holds 26,831,478 Shares in the Company.

[2] BOS Trustee Limited ("BOSTL") (formerly known as "OCBC Trustee Limited") is the trustee of a trust known as The Limpa Trust ("the Trust") constituted by the Settlor, Mr. Kurt Robert Malkolm Lindblad. Maclean, a company incorporated in British Virgin Islands, is the investment holding vehicle of the Trust and is 100% owned by BOSTL in its capacity as trustee of the Trust. BOSTL is deemed to be interested in the Shares held by Maclean. Under the terms of the Trust, Mr. Kurt Robert Malkolm Lindblad is deemed to be interested in the Shares that are held by Maclean.

[3] Tai Tak Estates Sdn Bhd is deemed to be interested in the Shares held by Tai Tak Securities Pte Ltd by virture of Section 4 of the Securities and Futures Act.

[4] SG Investments Pte Ltd is deemed to be interested in the Shares held by Tai Tak Securities Pte Ltd by virture of Section 4 of the Securities and Futures Act.

[5] Mr. Ho Han Leong Calvin is deemed to be interested in the Shares held by Tai Tak Securities Pte Ltd by virtue of Section 4 of the Securities and Futures Act.

[6] Hwa Hong Corporation Limited is deemed to be interested in the Shares held by Singapore Warehouse Company (Private) Ltd by virtue of Section 4 of the Securities and Futures Act.

Note:

The above percentage is calculated based on the Company's issued share capital (excluding treasury shares and subsidiary holdings) of 216,160,080 Shares.

PUBLIC FLOAT

Based on information available to the Company as at 15 June 2022, approximately 42.44% of the issued shares of the Company are held by the public and accordingly, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

STATISTICS OF WARRANTHOLDINGS

As at 15 June 2022

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	32	7.10	1,133	0.01
100 - 1,000	118	26.16	71,181	0.46
1,001 - 10,000	213	47.23	760,073	4.92
10,001 - 1,000,000	86	19.07	8,251,527	53.48
1,000,001 AND ABOVE	2	0.44	6,345,659	41.13
TOTAL	**451**	**100.00**	**15,429,573**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1	KUAH KOK KIM	4,004,207	25.95
2	TAI TAK SECURITIES PTE LTD	2,341,452	15.18
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	987,059	6.40
4	MAYBANK SECURITIES PTE. LTD.	635,158	4.12
5	CITIBANK NOMINEES SINGAPORE PTE LTD	554,994	3.60
6	LIEW CHEE KONG	500,000	3.24
7	RAMESH S/O PRITAMDAS CHANDIRAMANI	440,700	2.86
8	UOB KAY HIAN PRIVATE LIMITED	355,312	2.30
9	OCBC SECURITIES PRIVATE LIMITED	349,894	2.27
10	ROMIEN CHANDRASEGARAN	300,000	1.94
11	WONG SIEW KEONG	271,500	1.76
12	YEO SIEW CHANG	264,300	1.71
13	ANG HAO YAO (HONG HAOYAO)	247,700	1.61
14	DBS NOMINEES (PRIVATE) LIMITED	244,741	1.59
15	GOH HAN PENG (WU HANPING)	188,000	1.22
16	MANOHAR P SABNANI	150,000	0.97
17	NG SOON HOCK (HUANG SHUNFU)	144,350	0.94
18	TAN BOON PIANG	122,445	0.79
19	TAN KAH BOH ROBERT@ TAN KAH BOO	110,148	0.71
20	NICHOLAS CAMPBELL COCKS	101,714	0.66
	TOTAL	**12,313,674**	**79.82**

As at 15 June 2022

Exercise Price	:	S$0.22 in cash at which a Warrant may be subscribed for upon the exercise of a Warrant, subject to certain adjustments in accordance with the terms and conditions of the Warrants set out in the Deed Poll.
Exercise Period	:	The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding five (5) years from the date of issue of the Warrants, unless such date is a date on which the Register of Members is closed or is not a Market Day, in which case the Exercise Period shall end on the date prior to the closure of the Register of Members or on the immediate preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Warrantholders may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.
Warrant Agent	:	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632

OVERVIEW OF REPORT

This Sustainability Report is prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and the SGX-ST Listing Rule 711(A), 711(B) and the guidance set out in the Practice Note 7.6. We have adopted the GRI for its robust regime and detailed guidance on the disclosure and also a globally recognised sustainability reporting framework. Our data is reported in good faith and to the best of our knowledge.

The Group has not obtained any independent assurance of the information being reported. Feedback from all stakeholders is welcome and can be sent to sustainability@mtq.com.sg.

BOARD STATEMENT

Sustainability is a part of Group's wider strategy to create long term value for all its stakeholders. This year's report addresses the activities and measurements in the financial year ended 31 March 2022 (the "reporting period") and tracks progress against prior's where applicable.

The key material environmental, social and governance factors for MTQ have been identified by the management and reviewed by the Board of Directors of the Group (the "Board"). The Board oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group's strategic direction and policies.

SUSTAINABILITY APPROACH

Our approach to sustainability remains as set out in our FY2021's report: guided by the overall MTQ's mission to provide our customers service quality, our employees job satisfaction and our shareholders return on their investment at a level which meets and surpasses their expectations. The Group manages its sustainability issues as an integral part of the risk management and good business practices. In striving to achieve this, MTQ adopts 4 core STAR values:

Be **S**incere in all our intentions
Be **T**ransparent in all that we do
Be **A**lert to the needs of others
Be **R**esponsible in delivering

Our core values comprise principles which employees can observe in all aspects of our business and in our dealings with customers, suppliers, contractors and other stakeholders. This approach takes a balanced holistic goal from the economic, environmental and social perspectives and aligns itself with MTQ's sustainability goals.

The Group also has a risk management framework which is based upon the underlying principles of corporate governance addressing the financial, operational, compliance and information technology risks that are material and relevant to the Group. More information on the Group's corporate governance can be found on pages 12 to 29.

REPORTING PROCESS

In identifying and prioritising topics to be reported, we applied the Principle of Materiality on the topics which are relevant to the businesses of the Group, taking into consideration the significance of impacts and the availability of the reporting information required. An executive meeting attended by certain senior management of the Group and headed by the Group CEO was convened to determine the key topics. A conclusive meeting was held with the Board of Directors to finalise the key topics thereafter.

The material topics identified are:

Economic Performance
Employment
Diversity and Equal Opportunity
Occupational Health and Safety
Socioeconomic Compliance
Energy

The information presented under the above topics takes into account significant operating subsidiaries of the Group and excluded associated companies in which the Group does not have control of.

MEMBERSHIPS, EXTERNAL CHARTERS AND CERTIFICATIONS

Apart from those disclosed in page 1, the list of memberships, external charters and certifications maintained by the subsidiaries of the Group also includes:

Singapore Business Federation
Singapore Chinese Chamber of Commerce & Industry
Association of Singapore Marine Industries
LowCarbonSG Accredition (Partner of Carbon Pricing Leadership Coalition Singapore)
Singapore Institution of Safety Officers
International Association of Drilling Contractors – South-East Asia Chapter

OUR STAKEHOLDERS

Below are the groups of stakeholders identified based on their level of influence and impact in sustainability issues together with the potential impact these stakeholders can have on our activities.

Stakeholders	Mode of engagement	Key topics raised
Customers	Customers satisfaction surveys Site and office visits Phone calls and e-mails	Quality of products and services and delivery Customer satisfaction Payments and credit terms
Suppliers	Suppliers visits and meetings Phone calls and e-mails Periodic review meetings	Quality assurance and compliance Supply chain management
Investors/ Shareholders	Shareholders' meetings Investor forums Corporate website	Economic performance Corporate governance Business and growth strategies
Employees	Town hall meetings Periodic safety meetings Scheduled meetings with Trade Union[1] representatives	Outlook of the Group Employees' welfare and benefits Health and safety
Principal Bankers	Scheduled meetings	Financial health Regulatory compliance Banking matters
Regulators	Formal modes and channels of communication	Compliance with applicable rules and regulations Health and Safety reporting Employment related matters

[1] About 33% (2021: 34%) of the employees in Singapore are covered by a collective agreement with a certain trade union. The collective bargaining arrangement serves to form a joint decision-making concerning working conditions, performance, rewards, re-employment and other employment related matters within the Group.

ECONOMIC PERFORMANCE

Direct Economic Value Generated and Distributed

Creating wealth and the levels of economic value generated and distributed (EVG&D) are fundamental for a sustainable business. For MTQ, the components of how historical EVG&D performed are summed up in the Financial Profile and Financial Review sections (read together with the rest of the financial statements). The following tables provide a summary of EVG&D in the current reporting period based on GRI's reporting requirements.

	2022 S$'000	2021 S$'000
Direct economic value/Revenue generated	52,043	49,052
Other income	1,527	3,714
Direct economic value distributed:		
Operating costs, employee wages and benefits:		
Costs of sales	(37,374)	(36,613)
Staff costs	(8,368)	(8,463)
Other operating costs	(5,589)	(5,358)
Payments to providers of capital:		
Dividends	(1,081)[1]	(2,161)
Finance costs	(833)	(966)
Payments to government:		
Income and withholding taxes	(39)	44
	(53,284)	(53,517)
Net economic value generated/(distributed)	286	(751)
Reconciliation to Net Profit/(Loss) for the year:		
Profit/(Loss) for the year	1,283	(7,637)
Items in profit or loss not included in the above:		
Deferred tax expense/(credit)	112	(167)
Impairments of goodwill and intangible assets	–	5,091
(Reversal of allowance)/allowance for inventory obsolescence and stock written-off, net	(28)	1,518
Provision on loans due from a joint venture	–	2,605
Items not included in profit or loss:		
Dividends	(1,081)[1]	(2,161)
Net economic value generated/(distributed)	286	(751)

Note: For direct economic value/revenue generated by segments and countries, please refer to pages 104 to 107 in the segment information.

[1] Includes proposed final dividend of approximately S$1.08 million (0.5 Singapore cents per share) which is subject to shareholders' approval in the forthcoming Annual General Meeting.

Defined benefit plan obligations and other retirement plans

The Group makes monthly mandatory contributions to defined benefit and contribution plans as required by the local regulations in the countries the Group operates in. In providing a retirement plan for our employees, the Group relies on its general resources to fulfil its obligations. The Group's obligations and liabilities have been recognised within Accrual for Staff-related Costs within Trade and Other Payables in the balance sheets. Contribution rates for employers and employees depend on the schemes in the jurisdictions where our companies are set up such as Central Provident Fund in Singapore, Superannuation in Australia and General Organisation for Social Insurance in Kingdom of Bahrain.

Financial assistance received from governments

The Group receives assistance from governments in terms of financial and non-financial initiatives. Financial assistance received from governments in FY2021-22 were mainly related to COVID-19 reliefs in the forms of cash grants and rebates. These benefits, although has tapered-off during FY2022, aided the Group in defraying a significant portion of the costs and helped in retaining our key employees amid the pandemic.

Other ongoing initiatives included productivity grants, subsidies, tax deductions as well as financial assistance for re-employment of experienced older and retired workers, developing and training employees. Total government grants received during the reporting period was S$0.9 million (2021: S$3.4 million).

EMPLOYMENT; DIVERSITY AND EQUAL OPPORTUNITY

Employees are our most valuable assets and the ability to attract and retain talent is key to our business. The Group complies with local labour laws where we operate in as well as minimum wage laws where such regulations exist.

In the past 2 years, MTQ spared no effort in helping our direct and foreign workers who have borne the brunt of COVID-19 whenever we can. This included allowing certain groups of employees to work offsite from their home countries, providing accommodation for some who used to travel into Singapore every day, and increasing the number of dormitory units to reduce the number of workers per unit. As COVID-19 restrictions ease towards the end of FY2022, more workers can return to work on-site. Nevertheless, the Group continues to adopt flexible work arrangements for suitable roles/functions.

New employee hires and employee turnover

The Group's turnover rate did not vary significantly from a year ago and was mainly due to natural attrition. New employee hire rate increased from 8% to 20% as the Group gears itself up for higher activities in the near term. Also, as part of the strategic collaboration with Cameron, MTQ took the opportunity to strengthen our workforce by employing some of the experienced ex-Cameron workers, thereby retaining their competencies within this business and partnership with Cameron.

	2022	2021
Number of leavers	48	50
Turnover rate	14%	14%
Number of new hires	70	30
New employee hire rate	20%	8%

In developing general competencies, the Group actively engage and cultivate our employees to their fullest potential via initiatives such as vocational trainings, course sponsorship, Education Assistance Programme leading to formal qualifications.

Diversity of employees

To preserve talents and experience, apart from engaging in standard retention initiatives, the Group embrace a non-discrimination policy particularly among older workers which represent a facet of our diverse workforce. We encourage employees to work beyond the retirement age as far as health and job requirements permit. As at the end of the reporting periods, the older workers demographic are as follows:

Workers above 50 years old	2022	2021
Above 50 – retirement age	14.4%	15.3%
Above retirement age	5.7%	4.0%

The statistics for the Group's employees who serve more than 5 years continued to be ahead of many peers in this competitive environment.

Length of service	2022	2021
5 – 10 years	23%	25%
10 – 15 years	14%	10%
> 15 years	14%	12%

The challenges surrounding labour market in the countries where the Group operates in is perennial and will impact the Group's workforce demographics continually. The Group, not only will have to continue its efforts to maintain an attractive employment environment, but also have to be ready and transform itself to tackle new challenges in the current labour dynamics with the view of long term sustainability.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety management system
Hazard identification, risk assessment and incident investigation

Health and safety is of utmost importance to the Group and is central to its business culture as a safe and healthy workforce builds business success. Our commitment to the health, safety and wellbeing is underpinned by the philosophy that no job is worth an injury and the belief that all injuries and work related diseases are preventable. To implement our health and safety policy and maintain our commitment, we:

- Establish and maintain a Health and Safety Management System[1] with measurable objectives and targets;
- Provide and maintain safe workplaces, systems, plant and equipment;
- Maintain effective Stop Work Authority process which allows employees to stop unsafe work;
- Apply procedures and systems that identify hazards and assess and manage risks through elimination or where this is not practical, other appropriate control measures;
- Assess and continuously review the safety management and safety performance of external providers to ensure our employees are not exposed to unacceptable risks;
- Comply with all applicable laws, standards and regulations and, where practicable, apply the higher of our own standards, the customer's or industry best practice;
- Report, investigate, analyse and share all incidents, including near misses, to maximise learning and prevent similar events in the future;

- Plan and conduct regular audits, inspections and reviews to measure compliance with this policy and our standards and to facilitate and communicate continuous improvement; and

- Foster a culture that encourages and rewards frank and fearless participation, reporting and consultation in the management of health and safety.

[1] The Group's Occupational Health and Safety Management System conforms to the ISO 45001:2018.

The table below shows a brief statistics of the scope of incidents, according to the severity, occurred during the reporting period. Management takes every injury seriously and has taken every measure possible to prevent its re-occurrence. While 2022's AFR and ASR improved considerably, MTQ will continue to focus on its occupational health and safety environment as activities increase and as more workers, including the administrative workforce, are returning to work on-site. MTQ continues to meet our target of zero fatalities.

	2022	2021
Fatal	–	–
Major injuries	–	1
Minor injuries	2	5
Total number of accidents	2	6
Man-days lost ("MDL")	6	29
Accident frequency rate("AFR")[1]	2.4	1.5
Accident severity rate ("ASR")[2]	7.22	37.8

[1] Computed as number of accidents per million of work hours.
[2] Computed as MDL per million of work hours.

<u>Promotion of worker health</u>

The workplace is an important aspect of many employees' lives and on average, employees will spend about one third of their waking hours at work. MTQ understands how many of the issues in the modern workplace can contribute to inactive lifestyles, stress and alarmingly high rates of preventable disease. Prior to the COVID-19 restrictions, MTQ has the programmes below to promote its workers health. While some of these have resumed during the year, the Group will look to continue all of the initiatives as soon as possible.

- Annual employee health screening exercise

- Daily morning exercise

- Exercise-by-your-own programme

- Wellbeing seminars from internal and visiting speakers

- Selected corporate sporting events

- Weekly fruit day

<u>COVID-19 Compliance and Safety Measures</u>

Following their introduction in FY2021, MTQ continued to step up its workplace safety and health protocols in compliance with health authorities' guidelines by putting in place a Business Continuity Plan to implement a sustainable safe management measures, including regular temperature checks for all employees and visitors, promotion and encouragement of good personal hygiene practices and seeking medical attention should employees feel unwell. In addition, workshop facilities, office and high-contact surfaces are cleaned and disinfected regularly to prevent the spread of germs and diseases. MTQ also adopts safe distancing measures at the workplaces and continue to observe regulations stipulated by public health authorities. Regular briefings and trainings were also conducted to maintain high level of awareness of these safety measures that have been put in place. Beyond standard practices, MTQ also encourages its employees to take up vaccinations whenever possible. We will continue to review these protocols in view of the recent relaxation of guidelines by the authorities.

SOCIOECONOMIC COMPLIANCE

Non-compliance with laws and regulations in the social and economic area

MTQ is governed by a number of laws and regulations in the social and economic area and any non-compliance can result in significant impacts to the Group such as significant fines, loss of licenses/certifications, loss of customers as well as damage of reputation.

Regulatory and compliance risks are managed as one of the fundamental parts of the Group's risks management system and policy. We are also subjected to audits by organisations/bodies/customers/auditors on a periodic basis. The Group also has an internal control and system in place to ensure that any non-compliance is promptly highlighted, followed-up and rectified. For the reporting period, we are glad to report that the Group has not received any fines or sanctions, nor has any significant open or unresolved non-compliance or audit issues (2021: None). The Group aims to maintain this track record in future years.

ENERGY

Recently, SGX introduced a phased approach to mandatory climate reporting in response to increasing international recognition of the needs to urgently fight climate change. MTQ is committed to support efforts by local and international community in mitigating climate-related risks as well as look to provide climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures in the future.

We have started tracking key metrics and will progressively expand monitoring and reporting them where possible. In May 2022, our Singapore operations were awarded the LowCarbonSg logo as recognition for our progress in reinforcing the habits of measuring and monitoring our carbon footprints with the aim of reporting it in the future.

Energy consumption within the organisation

Like many organisations, MTQ's primary energy demand comes from the electricity purchased from external suppliers. Since FY2021, MTQ started working with major energy providers to explore and utilise the rooftop spaces of our facilities for the deployment of solar systems. We are glad to report that the solar solutions have been successfully deployed in 2 of our facilities in Singapore towards the end of FY2022. From preliminary sets of data, the renewable electricity sources are expected to fulfil a significant portion of our energy needs.

The Group will look to deploy similar solutions in our new facility in Tuas as well as in Bahrain in the near future.

	FY2022	**FY2021**
Electricity consumed (in MWh)		
Singapore		
- from non-renewable sources	1,370	1,301
- from renewable sources (solar)	120[1]	–
Bahrain		
- from non-renewable sources	4,380	4,340[2]
Total electricity consumed for the Group	5,870	5,641
Electricity intensity (kWh per S$ revenue)	0.11	0.12

[1] 82% were generated/consumed in the last 2 months of the financial year.
[2] Pro-rated from 9 months actual to 12 months due to unavailability of data during Apr-Jun'21 when utilities were covered by government grants.

Other energy sources, which form a small portion of the Group's energy demand, comprised direct sources consumed on site for our operations e.g. diesel used for forklifts. We will look to include these to arrive at the total energy consumed for future reporting.

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE & DESCRIPTION	REFERENCE
GRI 102: GENERAL DISCLOSURES 2016	**ORGANISATION PROFILE**	
	102-1 Name of the organisation	Cover page
	102-2 Activities, brands, products, and services	Page 1
	102-3 Location of headquarters	Page 10
	102-4 Location of operations	Pages 10 and 107-110
	102-5 Ownership and legal form	Pages 5 and 107-110
	102-6 Markets served	Pages 104 and 107-110
	102-7 Scale of the organisation	Pages 3, 6-7, 107-110 and 126
	102-8 Information on employees and other workers	Pages 3 and 133-134
	102-9 Supply Chain	Page 1
	102-10 Significant changes to the organisation and its supply chain	No significant changes
	102-11 Precautionary Principle or approach	Pages 24-26, 50 and 130
	102-12 External initiatives	Pages 1 and 131
	102-13 Membership of associations	Pages 1 and 131
	STRATEGY	
	102-14 Statement from senior decision-maker	Pages 2-3
	ETHICS AND INTEGRITY	
	102-16 Values, principles, standards, and norms of behaviour	Page 130
	GOVERNANCE	
	102-18 Governance structure	Pages 12-29
	STAKEHOLDER ENGAGEMENT	
	102-40 List of stakeholder groups	Page 131
	102-41 Collective bargaining agreements	Page 131
	102-42 Identifying and selecting stakeholders	Page 131
	102-43 Approach to stakeholder engagement	Pages 131 and 27-29
	102-44 Key topics and concerns raised	Page 131
	REPORTING PRACTICE	
	102-45 Entities included in the consolidated financial statements	Pages 5 and 107-110
	102-46 Defining report content and topic Boundaries	Page 130
	102-47 List of material topics	Page 130
	102-48 Restatements of information	No
	102-49 Changes in reporting	No
	102-50 Reporting period	Page 130
	102-51 Date of most recent report	29 June 2021
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	Page 130
	102-54 Claims of reporting in accordance with the GRI Standards	Page 130
	102-55 GRI content index	Pages 137-138
	102-56 External assurance	No assurance obtained

GRI STANDARD	DISCLOSURE & DESCRIPTION	REFERENCE
GRI 201: ECONOMIC PERFORMANCE 2016	103-1 Explanation of the material topic and its Boundary	Pages 132-133, 43 and its relevant explanatory notes
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	201-1 Direct economic value generated and distributed	
	201-3 Defined benefit plan obligations and other retirement plans	
	201-4 Financial assistance received from government	
GRI 401: EMPLOYMENT 2016 GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	103-1 Explanation of the material topic and its Boundary	Pages 3 and 133-134
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	401-1 New employee hires and employee turnover	
	405-1 Diversity of governance bodies and employees	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	103-1 Explanation of the material topic and its Boundary	Pages 134-135
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-6 Promotion of worker health	
GRI 419: SOCIOECONOMIC COMPLIANCE 2016	103-1 Explanation of the material topic and its Boundary	Page 136
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	419-1 Non-compliance with laws and regulations in the social and economic area	
GRI 302: ENERGY 2016	103-1 Explanation of the material topic and its Boundary	Page 136
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	302-1 Energy consumption within the organisation	

This Notice has been made available on SGXNet and the Company's website. A printed copy of this Notice will NOT be despatched to members.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or the "**Meeting**") of MTQ Corporation Limited (the "**Company**") will be convened and held by way of electronic means on Thursday, 28 July 2022 at 10.00 a.m. (Singapore time), for the following purposes:

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 March 2022 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a one-tier tax exempt final dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 March 2022. (2021: A one-tier tax exempt final dividend of 0.5 Singapore cents per ordinary share) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Company's Constitution:

   Mr. Kuah Kok Kim *[See Explanatory Note (i)]* **(Resolution 3)**
   Mr. Nicholas Campbell Cocks *[See Explanatory Notes (i) and (ii)]* **(Resolution 4)**

4. To re-appoint Ernst & Young LLP as the Company's Auditor and to authorise the Directors to fix its remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

6. To approve the payment of Directors' fees of up to S$320,000 (2022: S$290,000) for the year ending 31 March 2023, to be paid quarterly in arrears. **(Resolution 6)**
   [See Explanatory Note (iii)]

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

7. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of 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, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force, 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) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares 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) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

(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, provided the options and awards were granted in compliance with the Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

provided such adjustment in sub-paragraph 2(a) and (b) above are 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 passing of this Resolution;

(3) in exercising the authority conferred by this 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 Company's Constitution; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force 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, whichever is earlier. **(Resolution 7)**
[See Explanatory Note (iv)]

8. **Authority to issue shares under The MTQ Corporation Limited Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to The MTQ Corporation Limited Scrip Dividend Scheme from time to time set out in the Circular to Shareholders dated 10 June 2004 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 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, whichever is earlier. **(Resolution 8)**
[See Explanatory Note (v)]

9. **Authority to issue shares under The MTQ Share Plan**

That:

(1) pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be authorised to grant awards ("**Awards**") in accordance with the provisions of the prevailing MTQ Share Plan ("**the Share Plan**") and to allot and issue and/or transfer and/or deliver from time to time such number of fully paid-up shares as may be required to be issued and delivered pursuant to the vesting of Awards under the Share Plan, provided that the aggregate number of new shares allotted and issued and/or to be allotted and issued pursuant to the Share Plan, when added to the aggregate number of shares issued or issuable under any other share schemes which may be implemented by the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and

(2) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution; and

(3) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force 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, whichever is earlier. **(Resolution 9)**
[See Explanatory Note (vi)]

10. **Proposed Renewal of the Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act 1967, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire ordinary shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix to this Notice of Annual General Meeting dated 27 June 2022 (the "**Appendix**"), in accordance with the terms of the Share Buyback Mandate set out in the Appendix, and the Share Buyback Mandate shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of (i) the next Annual General Meeting of the Company, (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) the date on which Share Purchases are carried out to the full extent mandated, whichever is earliest.
[See Explanatory Note (vii)] **(Resolution 10)**

11. **Approval for the continued appointment of Mr. Nicholas Campbell Cocks as an Independent Director for the purposes of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST by all shareholders**

That contingent upon the passing of Ordinary Resolution 4, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, all shareholders to approve the continued appointment of Mr. Nicholas Campbell Cocks as an Independent Director and that this Resolution to remain in force until the earlier of his retirement or resignation as Director or at the conclusion of the third AGM following the passing of this Resolution. **(Resolution 11)**
[See Explanatory Note (ii)]

12. **Approval for the continued appointment of Mr. Nicholas Campbell Cocks as an Independent Director for the purposes of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST by shareholders, excluding the directors and chief executive officer of the company and their associates**

That contingent upon the passing of Ordinary Resolution 11, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, shareholders (excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer) to approve the continued appointment of Mr. Nicholas Campbell Cocks as an Independent Director and that this Resolution to remain in force until the earlier of his retirement or resignation as Director or at the conclusion of the third AGM following the passing of this Resolution.
[See Explanatory Note (ii)] **(Resolution 12)**

By Order of the Board

Tan Lee Fang
Company Secretary

Singapore, 27 June 2022

Explanatory Notes:

(i) Ordinary Resolution 3 – Detailed information about the Directors of the Company can be found in the "Board of Directors" and "Corporate Governance" section of this Annual Report. Please also refer to the section titled "Additional Information on Directors seeking Re-Election" appended to this Notice of Annual General Meeting for additional information on the retiring Directors.

Mr. Kuah Kok Kim will, upon re-election as a Director of the Company, remain as Chairman of the Board, and will be considered non-independent.

Mr. Nicholas Campbell Cocks will, upon re-election as a Director of the Company, remains as Chairman of the Nomination and Remuneration Committee and as a member of the Audit Commitee. He will be considered independent subject to the passing of Resolutions 11 and 12.

(ii) Ordinary Resolutions 4, 11 and 12 – Detailed information about the Directors of the Company can be found in the "Board of Directors" and "Corporate Governance" section of this Annual Report. Please also refer to the section titled "Additional Information on Directors seeking Re-Election" appended to this Notice of Annual General Meeting for additional information on the retiring Directors.

With effect from 1 January 2022, Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST provided that a director will not be independent if he has been a director for an aggregate period of more than nine years and his continued appointment as an Independent Director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors and the chief executive officer of the Company and their respective associates (as defined in the Listing Manual of the SGX-ST). The Company is seeking to obtain shareholders' approval for Mr. Nicholas Campbell Cocks's continued appointment as an Independent Director, as he has served for more than nine years on the Board of the Company and will be retiring pursuant to Article 91 of the Company's Constitution at the forthcoming AGM. If such requisite approval is not obtained at the forthcoming AGM, Mr. Nicholas Campbell Cocks will be regarded as non-independent and will be re-designated as Non-Independent Director. In such circumstances then, the Board will take steps to ensure that the Board has the appropriate number of Independent Directors. The requisite approval, if obtained, would remain in force until the earlier of the following: (i) the retirement or resignation of Mr. Nicholas Campbell Cocks; or (ii) the conclusion of the third Annual General Meeting following the passing of the relevant Ordinary Resolutions. Subject to passing of Resolutions 4, 11 and 12, Mr. Nicholas Campbell Cocks will, upon re-election as an Independent Director of the Company, remain as the Chairman of the Nomination and Remuneration Committee and as a member of the Audit Committee.

(iii) Ordinary Resolution 6 proposed in item 6, if passed, will authorise the Directors of the Company to pay Directors' fees for the year ending 31 March 2023 to Directors quarterly in arrears.

(iv) Ordinary Resolution 7 in item 7 above, 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.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising (a) the conversion or exercise of any convertible securities; (b) share options or vesting of share awards, provided the options and awards were granted in compliance with the Listing Manual; and (c) any subsequent bonus issue, consolidation or subdivision of shares, provided such adjustments in sub-paragraphs (a) and (b) above are 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.

(v) Ordinary Resolution 8 proposed in item 8 above, 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 when varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the MTQ Corporation Limited Scrip Dividend Scheme to shareholders who, in respect of a qualifying dividend, have elected to receive shares in lieu of the cash amount of that qualifying dividend.

(vi) Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting, to grant awards under the MTQ Share Plan in accordance with the provisions of the MTQ Share Plan and to issue or transfer from time to time such number of fully-paid shares pursuant to the vesting of the awards under the MTQ Share Plan subject to the maximum number of shares prescribed under the terms and conditions of the MTQ Share Plan. The aggregate number of ordinary shares which may be issued pursuant to the MTQ Share Plan, all other share option scheme and any other shares scheme is limited to 15% of the total issued shares capital (excluding treasury shares and subsidiary holdings) of the Company from time to time.

(vii) Ordinary Resolution 10 proposed in item 10 above, if passed, will authorise the Directors of the Company from the date of this Annual General Meeting until 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 the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Company in a general meeting or the date on which Share Purchases are carried out to the full extent mandated, whichever is the earliest, to purchase or otherwise acquire ordinary shares in the capital of the Company by way of market purchases or off-market purchases on an equal access scheme of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the price of up to but not exceeding the Maximum Price as defined in the Appendix. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Company for the financial year ended 31 March 2022 are set out in greater detail in the Appendix.

Important Notes:

1. **Pre-Registration:**

The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance, submission of questions in advance, "live" Q&A and/or voting by proxy at the AGM are set out in the Company's announcement dated 27 June 2022 which has been uploaded together with this Notice of AGM on SGXNet and the Company's website on the same day. The announcement and this Notice of AGM may also be accessed at the Company's website at the URL http://www.mtq.com.sg/investor.html.

A member will be able to participate at the AGM by watching the AGM proceedings via a "live" audio-visual webcast via mobile phones, tablets or computers or listening to the proceedings through a "live" audio-only stream via telephone. In order to do so, a member must pre-register by **10.00 a.m. on 25 July 2022** ("**Pre-Registration Deadline**"), at the URL https://go.lumiengage.com/mtqagm2022 for the Company to authenticate his/her/its status as members. Authenticated members will receive email instructions on how to access to the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings by **12.00 p.m. on 27 July 2022** (the "**Confirmation Email**").

Members who do not receive the Confirmation Email by **12.00 p.m. on 27 July 2022**, but have registered by the Pre-Registration Deadline, should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at +65 6230 9586 / +65 6230 9580 or email to SRS.TeamD@boardroomlimited.com.

Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001) and wish to watch the "live" audio-visual webcast or listen to the "live" audio-only stream of the AGM proceedings must approach their respective depository agents to pre-register by **5.00 p.m. on 18 July 2022** in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

2. **Submission of Questions in advance and/or "live" Q&A during the AGM proceedings:**

A member who pre-registers to watch the "live" audio-visual webcast or listen to the "live" audio-only stream may also:

(a) Submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by **5.00 p.m. on 18 July 2022**:

(i) via the pre-registration website at the URL https://go.lumiengage.com/mtqagm2022; or

(ii) via email to the Company at mtqagm@mtq.com.sg.

When sending in the questions via email, please provide full name, identification/registration number and the manner in which the shares in the Company are held (e.g. via CDP, CPF or SRS), for verification purposes, failing which the submission will be treated as invalid.

(b) Submit any questions related to the resolutions to be tabled for approval at the AGM through "live" chat function at the AGM, by typing and submitting questions via the audio-visual webcast platform.

The Company will endeavour to address all substantial and relevant questions received from members in advance relating to the agenda of Meeting prior to the AGM by publishing the responses to those questions via SGXNet and on the Company's website at the URL http://www.mtq.com.sg/investor.html on **22 July 2022**. The Company will address any substantial and relevant questions which have not been addressed prior to the AGM, as well as those received during the AGM through the "live" chat function, on the "live" audio-visual webcast platform, at the AGM proceedings. However, members will not be able to ask questions "live" at the AGM on the "live" audio-only stream" of the AGM proceedings. Where substantially similar questions are received from members, the Company will consolidate such questions and consequently not all questions may be individually addressed.

3. **Submission of Proxy Form:**

A member will not be able to vote through the "live" audio-visual webcast or "live" audio-only stream and voting is only through submission of proxy form. 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 vote on his/her/its behalf at the AGM. The instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**") can be accessed at the Company's website at the URL http://www.mtq.com.sg/investor.html and the pre-registration website at the URL https://go.lumiengage.com/mtqagm2022, and is made available with this Notice of AGM on SGXNet on the same day.

Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including CPF investors, SRS investors and holders under depository agent) and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceeding through "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS Approved Banks or depository agents) through which they hold such Shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM, including the submission of their voting instructions by **5.00 p.m. on 18 July 2022** in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf by **10.00 a.m. on 26 July 2022**.

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 proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

The Chairman of the Meeting, as proxy, need not be a member of the Company.

The Proxy Form must be submitted to the Company in the following manner:

(a) If by email, be received by the Company at mtqagm@mtq.com.sg; or

(b) if in hard copy by post, be lodged at the registered address of the Company, 182 Pandan Loop, Singapore 128373.

in either case, the Proxy Form shall be received by the Company not less than forty-eight (48) hours before the time appointed for the Meeting, that is no later than **10.00 a.m. on 26 July 2022**.

A member who wishes to submit the Proxy Form must first **download, complete and sign the Proxy Form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed Proxy Forms electronically via email.

The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

The Company shall be entitled to reject the Proxy Form 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 Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one Proxy Form).

In the case of a member whose Shares are entered against his/her name in the depository register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such member is not shown to have Shares entered against his/her/its name in the depository register as at 72 hours before the time appointed for the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

4. **Annual Report and other documents**

The Annual Report for the financial year ended 31 March 2022 (the "**Annual Report 2021/2022**") made available on 27 June 2022 can be accessed via SGXNet and the Company's website at the URL http://www.mtq.com.sg/investor.html.

The following documents are also made available to the members on 27 June 2022 together with this Notice of AGM via SGXNet and the Company's website at the URL http://www.mtq.com.sg/investor.html:

(a) Appendix dated 27 June 2022 in relation to the proposed renewal of the share buyback mandate; and

(b) AGM Proxy Form.

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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-ELECTION

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

The following additional information on Mr. Kuah Kok Kim and Mr. Nicholas Campbell Cocks, both of whom are seeking re-election as Directors at this Annual General Meeting, is to be read in conjunction with their respective biographies in this Annual Report.

	Kuah Kok Kim	**Nicholas Campbell Cocks**
Date of Appointment	1 January 1997	1 October 2010
Date of last re-appointment (if applicable)	24 July 2019	24 July 2019
Age	77	56
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment	The Board has considered the Nomination and Remuneration Committee's recommendation and assessment of Mr. Kuah Kok Kim's experience and commitment in the discharge of his duties as Chairman of the Company, *inter alia*, and is satisfied that he will continue to contribute to the Board.	The Board has considered the Nomination and Remuneration Committee's recommendation and assessment of Mr. Nicholas Campbell Cocks's qualifications, experience, independent and commitment in the discharge of his duties as Independent Director of the Company, *inter alia*, and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman	Lead Independent Director / Chairman of Nomination and Remuneration Committee / Member of Audit Committee
Professional qualifications	Please refer to the Directors' respective biographies on page 4.	
Working experience and occupation(s) during the past 10 years	Please refer to the Directors' respective biographies on page 4.	
Shareholding interest in the listed issuer and its subsidiaries	Please refer to Directors' Statement on page 31 of this Annual Report.	
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	Father of Mr. Kuah Boon Wee, Group Chief Executive Officer of the Company	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to MTQ Corporation Limited	Yes	Yes
Other Principal Commitments* Including Directorships	Please refer to the Directors' respective biographies in the Corporate Governance Section on page 20 of this Annual Report.	
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative Confirmation for both Mr. Kuah Kok Kim and Mr. Nicholas Campbell Cocks.	

MTQ CORPORATION LIMITED
(Company Registration No. 196900057Z)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:
1. The Annual General Meeting ("**AGM**" or the "**Meeting**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM and the Company's announcement dated 27 June 2022 which have been uploaded together with Notice of AGM on SGXNet and Company's website on the same day. The announcement and this proxy form may also be accessed at the URL http://www.mtq.com.sg/investor.html.
3. 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 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 of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
4. Members who hold shares through the relevant intermediaries as defined in Section 181 of the Companies Act 1967 (including CPF or SRS investors) and who wish to appoint the Chairman of the Meeting as proxy should approach their respective relevant intermediary (including CPF Agent Banks or SRS Operators) to submit their votes by 5.00 p.m. on 18 July 2022.
5. 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 27 June 2022.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM.**

This form of proxy has been made available on SGXNet and the Company's website at the URL http://www.mtq.com.sg/investor.html and the online registration website at the URL https://go.lumiengage.com/mtqagm2022. A printed copy of this proxy form will NOT be despatched to members.

*I/We, ____________________ NRIC/Passport/Company Registration No. ____________

of ____ (Address)

being *a member/members of **MTQ Corporation Limited** (the "**Company**"), hereby appoint the **Chairman of the Meeting**, as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**" or the "**Meeting**") of the Company to be held by way of electronic means on Thursday, **28 July 2022 at 10.00 a.m.** (Singapore time) and at any adjournment thereof.

Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a tick (✓) in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a tick (✓) 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 to abstain from voting. **In the absence of specific instructions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid**.

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2022 together with the Independent Auditor's Report			
2	Payment of proposed one-tier tax exempt final dividend			
3	Re-election of Mr. Kuah Kok Kim as a Director			
4	Re-election of Mr. Nicholas Campbell Cocks as a Director			
5	Re-appointment of Ernst & Young LLP as the Company's Auditor and authorising Directors to fix its remuneration			
6	Approval of Directors' fees for FY2023 amounting up to S$320,000			
7	Authority to issue shares			
8	Authority to issue shares under The MTQ Corporation Limited Scrip Dividend Scheme			
9	Authority to issue shares under The MTQ Share Plan			
10	Proposed renewal of the Share Buyback Mandate			
11	Approval of Mr. Nicholas Campbell Cocks's continued appointment as an Independent Director by all shareholders			
12	Approval of Mr. Nicholas Campbell Cocks's continued appointment as an Independent Director by shareholders (excluding directors, chief executive officer and their associates)			

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

**Delete where appropriate*

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 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. **A member will not be able to vote through the "live" audio-visual webcast or "live" audio-only stream, and voting is only through submission of proxy form. 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 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 of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. CPF/SRS investors who wish to appoint the Chairman as proxy to attend, speak, vote on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by **5.00 p.m. on 18 July 2022**, being at least seven (7) working days before the date of the AGM.

   Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act 1967 (other than CPF/SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries through which they hold such shares as soon as possible in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to vote on their behalf.

4. The Chairman of the Meeting, as a proxy, need not be a member of the Company.

Fold along this line and glue overleaf

Affix
postage
stamp

The Company Secretary
MTQ Corporation Limited
182 Pandan Loop
Singapore 128373

Fold along this line and glue overleaf

5. The instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**") must be submitted to the Company in the following manner:
   (a) if by email, be received by the Company at mtqagm@mtq.com.sg; or
   (b) if in hard copy submitted by post, be lodged at the registered office of the Company, 182 Pandan Loop, Singapore 128373.

   in either case, the Proxy Form shall be received by the Company not less than forty-eight (48) hours before the time appointed for the Meeting, that is no later than **10.00 a.m. on 26 July 2022**.

   A member who wishes to submit the Proxy Form must first **download, complete and sign the Proxy Form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed Proxy Forms electronically via email.

6. The Proxy Form must be signed by the appointor or his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

   Where the Proxy Form is submitted by email, it must be authorised in the following manner:
   (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the Proxy Form under hand and submitting a scanned copy of the signed Proxy Form by email.

   Where a Proxy Form is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

7. The Company shall be entitled to reject a Proxy Form 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 Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one Proxy Form). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

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 Annual General Meeting dated 27 June 2022.

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MTQ CORPORATION LIMITED
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