

ANNICA HOLDINGS LIMITED

Condensed Interim Financial Statements For The Half-Year Financial Period Ended 30 June 2021

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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For the purpose of this announcement, "HY2021" refers to the six-month financial period ended 30 June 2021 whereas "HY2020" refers to the corresponding six-month financial period ended 30 June 2020. "FY2020" refers to the full financial year ended 31 December 2020.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Note	Group		Increase/ (Decrease)
		HY2021 S\$'000	HY2020 S\$'000	%
Revenue	4	3,849	5,560	(31)
Cost of sales		(2,849)	(4,303)	(34)
Gross profit		1,000	1,257	(20)
Other income		296	368	(20)
Interest income		113	110	3
Selling and distribution expenses		(27)	(105)	(74)
Administrative and general expenses		(1,914)	(1,990)	(4)
Other expenses		(5)	(1)	NM
Impairment losses on trade and other receivables		-	-	NM
Finance costs		(21)	(22)	(5)
Loss before tax	6	(558)	(383)	46
Tax expense	7	(32)	-	NM
Loss for the financial period		(590)	(383)	54
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(95)	3	NM
Other comprehensive (loss)/income for the financial period, net of tax		(95)	3	NM
Total comprehensive loss for the financial period		(685)	(380)	80
Loss attributable to:				
- Equity holders of the Company		(580)	(313)	85
- Non-controlling interests		(10)	(70)	(86)
Loss for the financial period		(590)	(383)	54
Total comprehensive loss attributable to:				
- Equity holders of the Company		(675)	(310)	NM
- Non-controlling interests		(10)	(70)	(86)
Total comprehensive loss for the financial period		(685)	(380)	80
Loss per share for loss attributable to the equity holders of the Company (cents per share)				
- Basic and diluted		(0.0035)	(0.0019)	85

NM: Not Meaningful

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

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	Group		Company	
		As at	As at	As at	As at
		HY2021	FY2020	HY2021	FY2020
		S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>					
Non-current assets					
Property, plant and equipment	12	497	593	113	135
Right-of-use assets		615	736	163	209
Intangible assets	11	41	36	-	-
Investments in subsidiaries		-	-	2,151	2,151
Investment in an associate		-	-	-	-
Financial assets at fair value through profit or loss	10	5	3	-	-
Trade and other receivables		-	33	284	330
		1,158	1,401	2,711	2,825
Current assets					
Cash and cash equivalents		1,279	1,393	125	110
Fixed deposits		530	552	-	-
Trade and other receivables		4,606	6,458	3,535	3,421
Inventories		707	536	-	-
Financial assets at fair value through profit or loss	10	5	5	101	101
		7,127	8,944	3,761	3,632
Total assets		8,285	10,345	6,472	6,457
<u>LIABILITIES</u>					
Non-current liabilities					
Trade and other payables		-	-	-	-
Borrowings	13	1,334	1,545	200	283
Provision for employee benefits		95	94	-	-
Deferred tax liabilities		40	42	-	-
		1,469	1,681	200	283
Current liabilities					
Trade and other payables		3,448	4,222	4,133	3,590
Contract liabilities		405	749	-	-
Borrowings	13	425	474	180	194
Tax payable		-	1	-	-
		4,278	5,446	4,313	3,784
Total liabilities		5,747	7,127	4,513	4,067
Net assets		2,538	3,218	1,959	2,390
<u>EQUITY</u>					
Share capital	14	67,801	67,801	67,801	67,801
Accumulated losses		(63,414)	(62,834)	(65,931)	(65,500)
Other reserves		(1,836)	(1,746)	89	89
Equity attributable to equity holders of the Company		2,551	3,221	1,959	2,390
Non-controlling interests		(13)	(3)	-	-
Total equity		2,538	3,218	1,959	2,390

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

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Note	Group	
		HY2021 S\$'000	HY2020 S\$'000
Cash flows from operating activities			
Loss before tax		(558)	(383)
Adjustments for:			
Depreciation of property, plant and equipment	6	95	35
Depreciation of right-of-use assets	6	118	134
Fair value gain on redeemable convertible bonds	6	-	(41)
Fair value (gain)/loss on financial assets at fair value through profit or loss	6	(2)	1
Loss/(Gain) on disposal of property, plant and equipment	6	4	(3)
Interest expense	6	21	22
Interest income	6	(113)	(110)
Operating cash flows before working capital changes		(435)	(345)
Changes in working capital:			
Inventories		(173)	(786)
Payables and contract liabilities		(1,092)	559
Receivables		1,919	808
Currency translation difference		(14)	(29)
Cash generated from operations		205	207
Income tax paid		(53)	(12)
Net cash generated from operating activities		152	195
Cash flows from investing activities			
Interest received		7	2
Purchase of property, plant and equipment		(14)	(49)
Proceeds from disposal of property, plant and equipment		-*	29
Net cash used in investing activities		(7)	(18)
Cash flows from financing activities			
Interest paid for bank loans		(16)	-
Interest paid for lease liabilities		(5)	(6)
Interest paid for third party		(12)	-
Loan from a third party		-	138
Withdrawal from fixed deposit pledged		18	-
Repayment of borrowings		(141)	(154)
Repayment of lease liabilities		(102)	(122)
Net cash used in financing activities		(258)	(144)
Net (decrease)/increase in cash and cash equivalents		(113)	33
Cash and cash equivalents at beginning of the financial period		1,313	1,206
Effects of foreign currency translation on cash and cash equivalents		(13)	14
Cash and cash equivalents at end of the financial period		1,187	1,253

*Amount less than S\$1,000

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

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Note	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Equity attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Group							
Balance as at 1 January 2021		67,801	(62,834)	(1,746)	3,221	(3)	3,218
Transfer to capital reserve		-	-	5	5	-	5
Loss for the financial period		-	(580)	-	(580)	(10)	(590)
Other comprehensive loss:							
Currency translation differences arising from consolidation		-	-	(95)	(95)	-	(95)
Total comprehensive loss for the financial period		-	(580)	(95)	(675)	(10)	(685)
Balance as at 30 June 2021		67,801	(63,414)	(1,836)	2,551	(13)	2,538
Balance as at 1 January 2020		67,801	(61,698)	(1,780)	4,323	60	4,383
Loss for the financial period		-	(313)	-	(313)	(70)	(383)
Other comprehensive income:							
Currency translation differences arising from consolidation		-	-	3	3	-	3
Total comprehensive (loss)/income for the financial period		-	(313)	3	(310)	(70)	(380)
Balance as at 30 June 2020		67,801	(62,011)	(1,777)	4,013	(10)	4,003

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

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (cont'd)**

	Note	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total equity S\$'000
Company					
Balance as at 1 January 2021		67,801	(65,500)	89	2,390
Loss and total comprehensive loss for the financial period		-	(431)	-	(431)
Balance as at 30 June 2021		67,801	(65,931)	89	1,959
Balance as at 1 January 2020		67,801	(63,755)	89	4,135
Loss and total comprehensive loss for the financial period		-	(406)	-	(406)
Balance as at 30 June 2020		67,801	(64,161)	89	3,729

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Annica Holdings Limited (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist board of the Singapore Exchange. These condensed interim consolidated financial statements as at 30 June 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”). The primary activity of the Company is that of investment holdings.

The principal activities of the Group are:

- (a) trading in oilfield equipment and related products;
- (b) designing of industrial plant engineering services systems and general wholesaler and trader;
- (c) provision of designing, engineering, procurement, construction and commissioning of solar photovoltaic system and related products;
- (d) operation of generation facilities that produce electric energy, manufacturing of any fabricated metal products and construction of utility project; and
- (e) investment holding.

2. Basis of preparation

The condensed interim financial statements for HY2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

On 1 January 2021, the Group adopted new and amended SFRS(I) and interpretations to SFRS(I) (“**INT SFRS(I)**”) that are mandatory for application for the financial period. The adoption of these new or amended SFRS(I) and INT SFRS(I) did not have a material effect on the financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 10 – Classification of equity investments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following note:

- Note 11 – impairment test of intangible assets

3. Seasonal operations

The Group’s businesses were not affected significantly by seasonal or cyclical factors during HY2021.

4. Segment and revenue information

The Group is organised into the following main business segments:

- Oil and Gas Equipment;
- Engineering Services; and
- Investments and Others

These operating segments are reported in a manner consistent with internal reporting provided to the Company’s Executive Director and Chief Executive Officer, Sandra Liz Hon Ai Ling and the Board of Directors who are responsible for allocating resources and assessing the performance of the operating segments.

4.1 Reportable segments

	Engineering services S\$'000	Oil and gas equipment S\$'000	Investments and others S\$'000	Elimination S\$'000	Total S\$'000
HY2021					
Revenue					
External sales	726	3,123	-	-	3,849
Inter-segment sales	-	-	-	-	-
Total revenue	726	3,123	-	-	3,849
Interest income	-	6	107	-	113
Other income	15	190	158	(67)	296
Total other income	15	196	265	(67)	409
Total revenue and other income	741	3,319	265	(67)	4,258
Depreciation of PPE	(7)	(61)	(27)	-	(95)
Depreciation of ROU assets	(13)	(58)	(47)	-	(118)
Interest expense	(5)	(14)	(2)	-	(21)
Segment profit	716	3,186	189	(67)	4,024
Unallocated expenses	(760)	(3,282)	(604)	64	(4,582)
Profit/(loss) before tax	(44)	(96)	(415)	(3)	(558)
Tax expense	(1)	(31)	-	-	(32)
(Loss)/Profit for the interim period	(45)	(127)	(415)	(3)	(590)
Assets					
Non-current assets	85	751	317	-	1,153
Other segment assets	887	4,657	6,616	(5,028)	7,132
Consolidated total assets	972	5,408	6,933	(5,028)	8,285
Expenditures for segment non-current assets					
Additions to PPE	4	6	4	-	14
Additions to ROU assets	-	3	-	-	3
	4	9	4	-	17
Liabilities					
Segment liabilities	605	1,260	4,490	(2,407)	3,948
Borrowings	356	1,239	542	(378)	1,759
Deferred tax liabilities	-	40	-	-	40
Tax payable	-	-*	-	-	-*
Consolidated total liabilities	961	2,539	5,032	(2,785)	5,747

4.1 Reportable segments (cont'd)

	Engineering services S\$'000	Oil and gas equipment S\$'000	Investments and others S\$'000	Elimination S\$'000	Total S\$'000
HY2020					
Revenue					
External sales	25	5,535	-	-	5,560
Inter-segment sales	-	-	-	-	-
Total revenue	25	5,535	-	-	5,560
Interest income	2	2	108	(2)	110
Other income	36	212	183	(63)	368
Total other income	36	214	291	(65)	478
Total revenue and other income	61	5,749	291	(65)	6,038
Depreciation of PPE	-	(22)	(16)	-	(38)
Depreciation of ROU assets	-	(89)	(45)	-	(134)
Interest expense	(12)	(5)	(7)	2	(22)
Segment profit	49	5,633	223	(63)	5,844
Unallocated expenses	(380)	(5,258)	(653)	64	(6,227)
Profit/(loss) before tax	(331)	375	(430)	1	(383)
Tax expense	-	-	-	-	-
(Loss)/Profit for the interim period	(331)	375	(430)	1	(383)
Assets					
Non-current assets	101	883	381	-	1,365
Other segment assets	1,409	5,575	6,534	(4,538)	8,980
Consolidated total assets	1,510	6,458	6,915	(4,538)	10,345
Expenditures for segment non-current assets					
Additions to PPE	35	322	146	-	503
Additions to ROU assets	81	286	241	-	608
	116	608	387	-	1,111
Liabilities					
Segment liabilities	930	2,037	3,963	(1,865)	5,065
Borrowings	520	1,289	641	(431)	2,019
Deferred tax liabilities	-	42	-	-	42
Tax payable	-	1	-	-	1
Consolidated total liabilities	1,450	3,369	4,604	(2,296)	7,127

4.2 Disaggregation of Revenue

	Group HY2021			Total \$'000
	Engineering services \$'000	Oil and gas equipment \$'000	Investments and others \$'000	
Types of goods or services:				
Sale of goods	726	2,918	-	3,644
Services rendered	-	205	-	205
	<u>726</u>	<u>3,123</u>	<u>-</u>	<u>3,849</u>
Timing of revenue recognition:				
At a point in time	726	2,064	-	2,790
Over time	-	1,059	-	1,059
	<u>726</u>	<u>3,123</u>	<u>-</u>	<u>3,849</u>
Geographical information:				
Singapore	-	442	-	442
Malaysia	673	1,953	-	2,626
Indonesia	-	233	-	233
Thailand	-	143	-	143
Vietnam	53	33	-	86
Brunei & Myanmar	-	311	-	311
Others	-	8	-	8
	<u>726</u>	<u>3,123</u>	<u>-</u>	<u>3,849</u>

	Group HY2020			Total \$'000
	Engineering services \$'000	Oil and gas equipment \$'000	Investments and others \$'000	
Types of goods or services:				
Sale of goods	25	5,528	-	5,553
Services rendered	-	7	-	7
	<u>25</u>	<u>5,535</u>	<u>-</u>	<u>5,560</u>
Timing of revenue recognition:				
At a point in time	25	5,535	-	5,560
Over time	-	-	-	-
	<u>25</u>	<u>5,535</u>	<u>-</u>	<u>5,560</u>
Geographical information:				
Singapore	25	529	-	554
Malaysia	-	4,024	-	4,024
Indonesia	-	690	-	690
Thailand	-	220	-	220
Vietnam	-	9	-	9
Brunei & Myanmar	-	60	-	60
Others	-	3	-	3
	<u>25</u>	<u>5,535</u>	<u>-</u>	<u>5,560</u>

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Note	Group		Company	
		HY2021	FY2020	HY2021	FY2020
Financial Assets					
Financial assets at fair value through profit or loss	10	10	8	101	101
Cash and bank balances and trade and other receivables (Amortised cost)		5,895	7,618	3,914	3,835
		5,905	7,626	4,015	3,936
Financial Liabilities					
Trade and other payables and borrowings (Amortised cost)		5,161	6,056	4,422	3,976

6. Profit before taxation

6.1 Significant items

	Group	
	HY2021 S\$'000	HY2020 S\$'000
Income		
Interest income from bank and deposits	7	2
Interest income from a third party	106	108
Commission income	-	1
Miscellaneous income	76	14
Government grant received	143	114
Extension fees on amount due from Ms Chong Shin Mun	25	25
Insurance claims	-	35
Fair value gain on redeemable convertible bonds	-	41
Bad debt recovered	31	-
Fair value gain/(loss) on financial assets at fair value through profit and loss	2	(1)
Foreign currency exchange gain, net	19	136
Expenses		
Interest expenses on borrowings	16	16
Interest expenses on lease liabilities	5	5
Loss/(Gain) on disposal of property, plant and equipment	4	(3)
Depreciation of property, plant and equipment	95	38
Depreciation of right of use assets	118	134

6.2 Related party transactions

There are no material related party transactions in the financial statements.

7. Taxation

	HY2021	HY2020
Current income tax expense	32	-
Deferred income tax expense	-	-
	32	-

8. Dividends

No dividend has been declared during HY2020 and HY2021.

9. Net Asset Value

	Group		Company	
	HY2021	FY2020	HY2021	FY2020
Net asset value per Share based on the issued Shares at the end of the financial period reported on (in cents)	0.015	0.019	0.012	0.014

Net asset value per ordinary share of the Group as at HY2021 was calculated by dividing the Group's net asset value attributable to equity holders as at HY2021 of S\$2,551,000 (FY2020: S\$3,221,000) by the number of ordinary shares of the Company as at HY2021 of 16,674,767,048 (FY2020: 16,674,767,048).

Net asset value per ordinary share of the Company as at HY2021 was calculated by dividing the Company's net asset value attributable to equity holders as at HY2021 of S\$1,959,000 (FY2020: S\$2,390,000) by the number of ordinary shares of the Company as at HY2021 of 16,674,767,048 (FY2020: 16,674,767,048).

10. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss comprise the following:

	Group	
	HY2021 S\$'000	FY2020 S\$'000
Quoted equity investments on the SGX-ST	10	8

10.1 Fair Value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets measured at fair value:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group – 30 June 2021				
Financial assets				
FVTPL investments (Quoted investments)	10	-	-	10
Group – 31 December 2020				
Financial assets				
FVTPL investments (Quoted investments)	8	-	-	8

11. Intangible assets

	Group Total S\$'000
Goodwill on consolidation	
At 31 December 2020	36
Acquisition of subsidiary	5
At 30 June 2021	41

The goodwill amount of S\$5,000 arose from the Company's increased shareholding interest in its indirect subsidiary, Cahya Suria Services Sdn. Bhd. (formerly known as Renosun International Sdn. Bhd.), as announced on 24 May 2021. No goodwill was allocated to other cash generating units and they were not tested for impairment because there were no impairment indicators at 30 June 2021.

12. Property, plant and equipment

During HY2021, the Group acquired assets amounting to S\$14,000 (30 June 2020: S\$48,000) and disposed of assets amounting to S\$6,000 (30 June 2020: S\$29,000).

13. Borrowings

	HY2021		FY2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	225	-	113	150
Amount repayable after one year	1,134	-	1,252	-

The secured bank borrowings and credit facilities of the Group are secured over the Group's leasehold properties, fixed deposits, corporate guarantee by the Company and personal guarantees from the directors of the Company's subsidiaries during HY2021 and FY2020.

14. Share Capital

	The Group and the Company			
	30 June 2021		31 December 2020	
	Number of shares '000	Amount S\$'000	Number of shares '000	Amount S\$'000
Beginning of interim period	16,674,767,048	67,801	16,674,767,048	67,801
Issuance of new ordinary shares	-	-	-	-
End of interim period	16,674,767,048	67,801	16,674,767,048	67,801

There were no changes in the Company's share capital for HY2021 since the end of FY2020, being the previous financial period reported on.

15. Acquisition of subsidiary

On 24 May 2021, Cahya Suria Energy Sdn. Bhd., a wholly owned subsidiary of the Company, had increased its shareholding interest in Cahya Suria Services Sdn. Bhd. ("CSS"), formerly known as Renosun International Sdn. Bhd., from 51% to 100%, for a cash consideration of RM4,900 (equivalent to S\$1,575). CSS is expected to be the primary vehicle for the Group's renewable energy-related projects, in anticipation of securing potential renewable energy projects currently in the pipeline.

The Group incurred acquisition related costs of S\$102 relating to administrative costs and these have been classified as 'general and administrative' expenses in the condensed consolidated statement of profit or loss.

Purchase consideration	S\$'000
Cash paid	2

Assets and liabilities recognised as a result of the acquisition

	S\$'000
Cash and cash equivalent	2
Inventories	11
Payables	(15)
Net identifiable liabilities acquired	(2)
Add: Goodwill	5
	<u>3</u>

16. Subsequent events

Change of Company Name of HT Energy (S) Sdn Bhd

With effect from 5 July 2021, the name of the Company's subsidiary, HT Energy (S) Sdn. Bhd. has been changed to "H2 Energy Sdn. Bhd." ("H2E"). H2E's principal activities are to build, construct, assemble, install, commission and operate power module systems.

OTHER INFORMATION

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

There were no changes in the Company's share capital for HY2021 since the end of FY2020, being the previous financial period reported on.

There are no shares that may be issued on conversion of any outstanding convertibles as at the end of the current financial period except as follows:

- Grant of Options pursuant to the Annica Employee Share Option Scheme:

Pursuant to the Annica Employee Share Option Scheme ("**Option Scheme**"), the Company had on 27 December 2018 granted employee share options ("**ESOS**") consisting of 42,500,000 Shares, the details of which are as follows:

(a) Date of grant of ESOS	27 December 2018
(b) Exercise Price of ESOS granted	S\$0.001 per Share
(c) Number of Shares comprised in the ESOS granted	42,500,000
(d) Number of Shares comprised in the ESOS granted to each Director and controlling shareholders (and each of their associates)	None
(e) Market Price of the Shares on the Date of Grant	S\$0.001
(f) Validity period of the ESOS	28 December 2019 – 27 December 2028 (both dates inclusive) ESOS shall only be exercisable after the 1 st anniversary from the Date of Grant and shall be exercised before the 10 th anniversary of the Date of Grant.

As at the date of this announcement, no ESOS has been exercised by the respective ESOS holders.

As at 30 June 2021, the number of shares that may be issued on conversion of all the outstanding convertible securities was 42,500,000 (30 June 2020: 42,500,000) which represented approximately 0.25% (30 June 2020: 0.25%) of the total issued shares excluding treasury shares and subsidiary holdings.

There were no treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 2020.

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

	As at HY2021	As at FY2020
Total number of issued shares excluding treasury shares ('000)	16,674,767	16,674,767

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

Not applicable. The Company does not hold any treasury shares as at 30 June 2021 and 30 June 2020.

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

Not applicable. The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 30 June 2020.

2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**
The figures have not been audited or reviewed by the auditors.
3. **Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**
Not applicable.

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

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

As disclosed in the Company's annual report for the financial year ended 31 December 2020, the Company's auditors were unable to obtain sufficient appropriate audit evidence that (i) no further allowance for impairment loss is required with respect to the remaining consideration receivable of S\$140,000 and (ii) no allowance for impairment loss is required with respect to receivables from a former subsidiary which amounted to S\$2,992,000. The Company's auditors were also unable to obtain sufficient appropriate audit evidence with respect to the cash flows that can be received by the Group and the Company in settlement of the said receivables mentioned in sub-point (ii) above.

For the purposes of this section, unless otherwise defined, all capitalised terms used herein shall bear the same meaning ascribed to them in the Company's announcements on 26 July 2018, 29 October 2018, 15 January 2019, 15 February 2019, 2 May 2019, 20 May 2019, 31 May 2019, 9 June 2019, 27 June 2019, 19 July 2019, 13 August 2019, 27 August 2019, 3 October 2019, 5 November 2019, 11 November 2019, 12 November 2019, 26 November 2019, 9 December 2019, 15 December 2019, 4 February 2020, 2 March 2020, 9 March 2020, 1 May 2020, 14 May 2020, 22 May 2020, 23 June 2020, 21 August 2020, 28 August 2020, 25 September 2020, 19 October 2020, 1 March 2021, 9 March 2021, 14 April 2021 and 20 April 2021.

In respect of audit issue (i) above, as disclosed in the Company's announcements on 19 October 2020 and 9 March 2021, the Company initially contemplated the appointment of a law firm to commence legal action against the Purchaser and the Guarantor for the purposes of recovering the outstanding Fourth Tranche Consideration as the amounts demanded under the Letters of Demand which had been served on the Purchaser and the Guarantor on 25 September 2020 (the "**Demanded Amounts**"), further details of which are provided in the Company's announcements dated 25 September 2020 and 19 October 2020, had not been received by the Company as of 19 October 2020 (and as of the date of this announcement).

As subsequently disclosed in the Company's announcements dated 1 March 2021, 9 March 2021, 14 April 2021 and 20 April 2021, on the advice of the Company's legal advisors, prior to the commencement of legal action, we had sought a written consent from the Purchaser to waive her jurisdictional rights in Singapore in favour of Malaysia, due to cost considerations. The waiver had been received by the Company from the Purchaser on 14 December 2020.

Following receipt of the waiver, the Purchaser informed the Company of a new offer for the proposed sale of her assets and requested for additional time to complete the sale, which proceeds have been assigned to the Company to satisfy the Demanded Amounts. As a result of this new development, the Board had deliberated at length during its meeting in December 2020 and decided to stay its earlier decision to commence legal action and grant the Purchaser reasonable time to settle the Demanded Amounts through the sale of her assets. In arriving at their decision, the Board has considered that:

- (a) the Purchaser had, in addition to the existing security, assigned the proceeds of the sale of the Purchaser's assets to the Company; and
- (b) the Purchaser has provided the Company with a total of 810,000,000 shares amounting to S\$810,000 to date. Save for the 140,000,000 shares amounting to S\$140,000 which have yet to be monetized, 670,000,000 shares amounting to S\$670,000 given to the Company as partial payment towards the Purchase Price had been monetized successfully without commencing legal action.

Furthermore, the Board has also weighed the legal costs, time and potential recoverability of the Demanded Amounts against any potential detriment to the Company for staying the legal action, and is of the view that there is no significant detriment to the Company in staying the legal action for a reasonable period, and any legal action may actually adversely impact any potential sale of the Purchaser's assets and the Purchaser's ability to satisfy the Demanded Amounts.

As at the date of this announcement, the total amount outstanding from the Purchaser is S\$1,131,070 (of which S\$933,000 has been impaired as disclosed in the audited consolidated financial statements in the Company's annual report for FY2020). The Company is actively engaging with the Purchaser on meeting her repayment obligation and the sale of the Purchaser's assets is still ongoing, albeit delayed due to the severe COVID-19 situation in Malaysia with resulting lockdowns and travel restrictions. The Company has been informed by the Purchaser that the target date to conclude the sale of assets is by September 2021.

In respect of audit issue (ii) above, on 15 January 2020, the Purchaser had granted 100,000,000 shares in the Company to the Company towards satisfying the outstanding scheduled payment of \$100,000 on behalf of GPE. On 31 March 2020, the Company received S\$30,000 in cash from GPE, being the scheduled payment specified under the loan restructuring agreement. On 11 June 2020, the Company had sold the 100,000,000 shares granted by Ms Chong Shin Mun for a cash consideration of S\$100,000 towards satisfying the outstanding scheduled payment of S\$100,000 on behalf of GPE. As at the date of this announcement, the outstanding scheduled payments due from GPE amount to S\$3,087,533 and the Company has not received the outstanding scheduled payments in full. Ms. Chong Shin Mun, in her capacity as the majority shareholder and director of GPE, has negotiated for the settlement of such outstanding scheduled payments together with the remaining outstanding Fourth Tranche Consideration via the sale of certain of her assets by end September 2021.

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

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed to date.

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

Except as disclosed in paragraph 5 below, the Group adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to the most recently audited financial statements for the financial year ended 31 December 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.
The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on 1 January 2021. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's accounting policies and has no material impact on the financial statements for the current financial reporting period.

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

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

	Group	
	HY2021	HY2020
Loss per share based on the weighted average number of shares on issue (in cents):		
- basic and diluted loss per share (Note (a))	(0.0035)	(0.0019)

(a) Basic and diluted loss per share for HY2021 were calculated by dividing the loss attributable to equity holders of the Company of S\$580,000 (HY2020: S\$313,000) by the weighted average number of shares for HY2021 of 16,674,767,048 (HY2020: 16,674,767,048).

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

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

Please refer to Note 9 disclosed in Condensed Interim Financial Statements HY2021 for further explanation.

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

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

Please refer to Appendix A for the review of the performance of the Group during HY2021.

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

The Group's HY2021 operating results were generally in line with the expectations as previously disclosed in the Company's FY2020 annual report.

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

The Directors remain cautious in the near term as the South East Asian market, which the Group operates in and which is dependent on the performance of the major world economies, remains highly volatile and is recovering from the COVID-19 pandemic. Furthermore, concerns over increasing trade protectionism among major nations still linger, and this may adversely impact the Group's businesses. The Group continues to monitor these developments and undertake measures to mitigate any potential negative impact. The Group's diversification to the renewable energy sector will provide the Company with a new revenue stream and broaden the Group's earning base. In addition, the Group is performing a reset on its engineering services segment and oil and gas equipment segment, reshaping their strategic direction to serve other markets along the value chain in the engineering services and oil and gas equipment segments. This expansion, if successful, will strengthen the Group's position along the value chain and improve the contribution from the engineering services and oil and gas equipment segments. The Directors are also actively evaluating various strategies, including fund raising, acquisitions of suitable business as well as restructuring the Group's existing business or assets to improve the existing business and earnings base of the Group.

11. If a decision regarding dividend has been made:-

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend has been declared.

- (b)(i) Amount per share

Not applicable.

- (b)(ii) Previous corresponding period

Not applicable. No dividend was declared for HY2020.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

- (d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been recommended or declared for the financial period under review as the Group is currently not profit-making.

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

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions pursuant to Rule 920 of the Catalist Rules.

There was no interested person transaction, as defined in Chapter 9 of the Catalist Rules, entered into by the Company or any of its subsidiaries during the financial period ended 30 June 2021.

14. Please disclose the use of the IPO proceeds and any proceeds arising from any offerings pursuant to Chapter 8 as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in the offer document or the announcement of the issuer. Where the proceeds are used for general working capital purposes, the issuer must announce a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of proceeds, the issuer must also announce the reasons for such deviation.

There were no outstanding proceeds during HY2021.

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

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

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month financial period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin
Independent and Non-Executive Chairman

Singapore
13 August 2021

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

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue and Gross Profit

The Group posted revenue of S\$3,849,000 in HY2021 which was a decrease of S\$1,711,000 or 31% from S\$5,560,000 in HY2020. This was primarily due to lower revenue contributions from the oil and gas equipment business segment during HY2021 as compared to HY2020.

Although the Group reported a gross profit margin of 26% in HY2021 which was an increase of 3% from 23% in HY2020, the Group's gross profit decreased by S\$257,000 or 20% from S\$1,257,000 in HY2020 to S\$1,000,000 in HY2021. This inverse relationship between gross profit margin and gross profit was mainly due to higher revenue associated with higher cost of sales incurred in a one-off lower margin project in the oil and gas equipment segment during HY2020.

Other income

There was a decrease of S\$72,000 in other income from S\$368,000 in HY2020 to S\$296,000 in HY2021. In HY2021, other income comprised mainly amounts received from the Singapore government under the Job Support Scheme, bad debt recovered, fee income received on rights granted and a gain on foreign currency exchange. The bad debt recovered concerned a related subsidiary which had fully recovered the bad debt of S\$31,000 from its trade receivable which had been written off during FY2020. By comparison, in HY2020, other income comprised mainly amounts received from the Singapore government under the Job Support Scheme, insurance claims received, fair value gain on redeemable convertible bonds and gain on currency exchange. Foreign exchange gain was higher in HY2020 as compared to HY2021 mainly due to the fluctuation of the Malaysian Ringgit and the Indonesian Rupiah against the United States Dollar in HY2020.

Interest income

The increase of S\$3,000 in interest income from S\$110,000 in HY2020 to S\$113,000 in HY2021 represents a marginal variance.

Selling and distribution expenses

The Group incurred selling and distribution expenses of S\$27,000 in HY2021, a decrease of S\$78,000 from S\$105,000 in HY2020, mainly due to lower travelling expenses and exhibition expenses during HY2021.

Administrative and general expenses

The Group incurred administrative and general expenses of S\$1,914,000 in HY2021, a decrease of S\$76,000 from S\$1,990,000 reported in HY2020, mainly due to lower professional fees incurred offset against higher employment expenses and depreciation charged on property, plant and equipment ("PPE") in HY2021 as compared to HY2020. The depreciation charged on PPE in HY2021 was mainly due to the addition of PPE in the fourth quarter of FY2020.

Other expenses

There was an increase of S\$4,000 in other expenses, from S\$1,000 in HY2020 to S\$5,000 in HY2021, and this was mainly due to losses incurred on the disposal of office equipment during HY2021.

Finance costs

Finance costs primarily arise from interest expenses on borrowings and lease liabilities. The finance costs incurred in HY2021 was S\$21,000, representing a marginal variance and a decrease of S\$1,000 from S\$22,000 in HY2020.

Income tax expense

The income tax expense was S\$32,000 in HY2021, arising from the oil and gas equipment segment.

Loss for the financial period

The Group reported a loss for the financial period of S\$590,000 in HY2021, which was an increase of S\$207,000 as compared to S\$383,000 in HY2020. The loss for the financial period was mainly due to lower revenue, gross profit and other income during HY2021 as compared to HY2020.

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

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

STATEMENTS OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets decreased by S\$243,000 from S\$1,401,000 as at FY2020 to S\$1,158,000 as at HY2021. This was mainly due to a decrease in other receivables and depreciation charged to property, plant and equipment and right-of-use assets. The decrease in non-current assets was offset against the addition of goodwill arising from an increased shareholding interest in an existing subsidiary.

Current assets

Current assets of the Group amounted to S\$7,127,000 as at HY2021, a decrease of S\$1,817,000 from S\$8,944,000 as at FY2020. This was primarily due to the decrease in cash and bank balances and trade and other receivables which were partially offset by higher inventories.

Non-current liabilities

There was a decrease in the Group's non-current liabilities of S\$212,000 from S\$1,681,000 as at FY2020 to S\$1,469,000 as at HY2021 mainly due to the reclassification of long-term borrowings to short term borrowings.

Current liabilities

The Group reported current liabilities of S\$4,278,000 as at HY2021, which was a decrease of S\$1,118,000 from S\$5,446,000 as at FY2020. This was mainly due to lower trade and other payables, lower contract liabilities and repayment of borrowings.

Shareholders' equity

The Group's capital and reserves attributable to equity holders of the Company was S\$2,551,000 as at HY2021. This represents a decrease of S\$670,000 from S\$3,221,000 as at FY2020 mainly as a result of losses incurred during HY2021.

STATEMENT OF CASH FLOWS

Net cash generated from operating activities amounted to S\$152,000 in HY2021. The net operating cash inflow was mainly due to operating loss before working capital changes of S\$435,000, adjusted for working capital inflows of S\$640,000, which were mainly attributable to an increase in inventories of S\$173,000, decrease in payables and contract liabilities of S\$1,092,000 and decrease in trade and other receivables of S\$1,919,000.

Net cash used in investing activities in HY2021 amounted to S\$7,000, mainly due to payments to acquire property, plant and equipment of S\$14,000 offset by interest income received of S\$7,000.

Net cash used in financing activities in HY2021 amounted to S\$258,000. These were mainly arising from interest expenses of S\$33,000, withdrawal from fixed deposit pledged of S\$18,000, repayment of borrowings of S\$141,000 and repayment of lease liabilities of S\$102,000.

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

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

MATTERS ARISING DURING 2021

Update on the Pilot Project

Pursuant to the announcements dated 5 June 2018, 24 September 2018, 31 January 2019, 25 April 2019, 23 June 2019, 6 September 2019, 9 June 2020, 13 August 2020, 1 March 2021 and 3 June 2021 in relation to the Pilot Project entered into between the Company's subsidiary, H2 Energy Sdn. Bhd. ("H2E"), formerly known as HT Energy (S) Sdn. Bhd., and the Sarawak State Health Department ("SSHD") under the Ministry of Health, Malaysia, the Board has progressively updated shareholders on the latest milestones of the Pilot Project.

By way of an update, the Company wishes to inform that the pilot module has been successfully installed at the pilot site. The pilot study which was initially scheduled to commence in July 2020 had been inadvertently affected by delays in the testing and commissioning ("T&C") of the pilot module, which required both our in-house technical team from Singapore and the Chinese technicians from our manufacturer to be present on-site in order to perform the T&C. Due to the COVID-19 situation, foreign nationals travelling into Malaysia has been banned. Similarly, our Kuching based project team also faced travel restrictions due to inter-district restrictions imposed. As a result, the Project team has sought alternative arrangements to overcome the situation by engaging and working with local engineers to perform the T&C under remote guidance. This new arrangement is time consuming as the local engineer would have been trained and guided remotely via video calls.

Although the Company plans to commence the Pilot Study around the second half of FY2021 (which will run for a three (3) month period), the Company recognises that this timeline may be affected as a result of the ongoing movement restrictions in Malaysia and/or should the COVID-19 situation persist or deteriorate during this period. As at the date of this announcement, the Company has commenced some initial studies albeit on a limited scope due to challenges arising from the prevailing COVID-19 movement restrictions in Malaysia. Notwithstanding the current COVID-19 situation in Malaysia which is highly uncertain and serious, the Company is hopeful that the Pilot Study would still be able to commence in full scale by the third quarter of FY2021 as the Company is constantly engaging with the relevant ministries and the Sarawak State government in allowing the Company to resume the project at site once the ground situation improves.

Non-Binding Memorandum of Understanding with Perbadanan Kemajuan Negeri Perak

The Group had, on 18 June 2019, entered into the following non-binding Memorandum of Understanding ("MOUs") with Perbadanan Kemajuan Negeri Perak ("PKNP"):

- (a) a tripartite MOU between PKNP, Majuperak Holdings Berhad ("MHB") and Cahya Suria Energy Sdn. Bhd ("CSE"), a wholly-owned subsidiary of the Company (the "CSE MOU"); and
- (b) a MOU between PKNP and P.J. Services Pte. Ltd. ("PJS"), a wholly-owned subsidiary of the Company (the "PJS MOU").

PKNP is the state economic development corporation entrusted to spearhead the economic development and socio-economic growth in the State of Perak. PKNP also has access to supplies of mining sand, granite, granite aggregates, minerals and other natural resources from Perak (the "Products").

MHB is an investment holding company listed on the Main Board of Bursa Malaysia and plays a leading role in property development focusing on the housing sector and realty business within the bigger PKNP Group. PKNP is also the largest shareholder in MHB. MHB has also diversified its business into the renewable energy sector.

The purpose of the CSE MOU is for the parties to collaborate on the development of 'Large Scale Solar Photovoltaic' Projects ("LSS Projects") in the State of Perak. For the purpose of implementing the co-operation under the CSE MOU, the parties may enter into legally binding definitive agreement(s), subject to terms and conditions to be mutually agreed upon by the parties.

Under the PJS MOU, PKNP shall endeavour to enter into supply contracts (the "Supply Contract(s)") with PJS and its customers (the "Customers"), under which PKNP shall source for and supply the Products to the Customers, subject to terms and conditions to be mutually agreed upon by the parties.

On 3 June 2020, CSE and Majuperak Energy Resources Sdn. Bhd. ("MERSB"), a wholly-owned subsidiary of MHB, had entered into a framework agreement to collaborate on the development of Large Scale Solar Photovoltaic projects in the State of Perak (the "Framework Agreement"). However, as the conditions precedent set out in the Framework Agreement had not been satisfied or waived by both parties by the agreed expiry date of 3 June 2021 (the "Expiry Date"), and having received MERSB's confirmation that it did not intend to extend the Expiry Date and agreed to mutually terminate the Framework Agreement with effect from the Expiry Date, the Framework Agreement has since terminated on 3 June 2021 in accordance with its terms.

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

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

MATTERS ARISING DURING 2021 (cont'd)

Recovery of Consideration Payable to the Company pursuant to the Disposal of GPE

Reference is made to the Company's announcements made on 26 July 2018, 29 October 2018, 15 January 2019, 15 February 2019, 2 May 2019, 20 May 2019, 31 May 2019, 9 June 2019, 27 June 2019, 19 July 2019, 13 August 2019, 27 August 2019, 3 October 2019, 5 November 2019, 11 November 2019, 12 November 2019, 26 November 2019, 9 December 2019, 15 December 2019, 4 February 2020, 2 March 2020, 9 March 2020, 1 May 2020, 14 May 2020, 22 May 2020, 23 June 2020, 21 August 2020, 28 August 2020, 25 September 2020, 19 October 2020, 1 March 2021, 9 March 2021, 14 April 2021 and 20 April 2021 in relation to, *inter alia*:

- (a) the Sale and Purchase Agreement entered into between the Company and Chong Shin Mun (the "**Purchaser**") on the disposal by the Company of its entire shareholding interest in GPE;
- (b) the Share Charge and Control Deed over the Controlled Shares entered into between the Company and the Purchaser;
- (c) the Power of Attorney granted by the Purchaser to the Company over the Controlled Shares; and
- (d) the service of the Letters of Demand on the Purchaser and Tan Yock Chew (the "**Guarantor**"),

(collectively, the "**Earlier Announcements**").

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning ascribed to them in the Earlier Announcements.

On 27 June 2019, the Company had entered into definitive agreements with the Purchaser under which the Purchaser granted certain rights of control and sale to the Company in respect of the 697,330,000 Controlled Shares. Subsequently, on 13 August 2019, 3 October 2019, 26 November 2019, 4 March 2020 and 21 August 2020, the Purchaser completed the transfer of a total of 620,000,000 Controlled Shares to Shamsol Jeffri Bin Zainal Abidin and an independent third party investor for a consideration of S\$620,000 (the "**Consideration**"). The Consideration has been fully paid to the Company and has been applied towards the discharge of the Third Tranche Outstanding Amount pursuant to the Share Charge and Control Deed. As such, the Third Tranche Consideration (together with all accrued interest) has been paid in full by the Purchaser with a remainder of 77,330,000 Controlled Shares.

The Company had on 23 June 2020 entered into the following Settlement Definitive Agreements:

- a) a Settlement Definitive Agreement entered into between the Company, the Purchaser and the Guarantor (the "**Definitive Settlement Agreement**"); and
- b) a Deed of Assignment executed by Seri Beskaya Sdn. Bhd. in favour of the Company.

Amongst other things, the Settlement Definitive Agreements provide the Purchaser up to 28 August 2020 to pay the outstanding amount to the Company and to procure Seri Beskaya Sdn. Bhd. ("**SBSB**") to assign unto the Company 50% of the right, title, interest, benefits, advantages and remedies which SBSB may have, in, under or arising out of the sale of all or any of the production lines owned by SBSB currently housed in the factory lot located at Lot No PT16944, Mukim of Hulu Bernam Timur, District of Batang Padang, Perak (including all sales proceeds thereof and monies payable or to become payable to SBSB under the sale). So long as the Company does not receive cash payment equivalent to the outstanding amounts in full under the Settlement Definitive Agreements or Security Documents, the Guarantor and the Purchaser shall grant to the Company a put option to require the Guarantor and/or the Purchaser to purchase from the Company, the Charged Shares transferred to and held by the Company following enforcement of the Share Charge.

On 19 October 2020, the Board has informed the shareholders that the Company has not received the Demanded Amounts to date and that the Company will proceed to appoint a law firm to commence legal action against the Purchaser and the Guarantor. On the advice of the Company's legal advisors, prior to the commencement of legal action, we had sought a written consent from the Purchaser to waive her jurisdictional rights in Singapore in favour of Malaysia, due to cost considerations. The waiver was received by the Company from the Purchaser on 14 December 2020.

Following receipt of the waiver, the Purchaser has informed the Company of a new offer for the proposed sale of her assets and requested for additional time to complete the sale, which proceeds have been assigned to the Company to satisfy the Demanded Amounts. As a result of this new development, the Board had deliberated at length during its meeting in December 2020 and decided to stay its earlier decision to commence legal action and grant the Purchaser reasonable time to settle the Demanded Amounts through the sale of her assets. In arriving at their decision, the Board has considered that:

- (a) the Purchaser had, in addition to the existing security, assigned the proceeds of the sale of the Purchaser's assets to the Company; and
- (b) the Purchaser has provided the Company with a total of 810,000,000 shares amounting to S\$810,000 to date. Save for the 140,000,000 shares amounting to S\$140,000 which have yet to be monetized, 670,000,000 shares amounting to S\$670,000 given to the Company as partial payment towards the Purchase Price had been monetized successfully without commencing legal action.

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

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

MATTERS ARISING DURING 2021 (cont'd)

Recovery of Consideration Payable to the Company pursuant to the Disposal of GPE (cont'd)

Furthermore, the Board has also weighed the legal costs, time and potential recoverability of the Demanded Amounts against any potential detriment to the Company for staying the legal action, and is of the view that there is no significant detriment to the Company in staying the legal action for a reasonable period, and any legal action may actually adversely impact any potential sale of the Purchaser's assets and the Purchaser's ability to satisfy the Demanded Amounts. The Company has been informed by the Purchaser that the sale of the Purchaser's assets is still ongoing, albeit delayed due to the severe COVID-19 situation in Malaysia with resulting lockdowns and travel restrictions. Nevertheless, the Company has been further informed by the Purchaser that the target date to conclude the sale of assets is by September 2021. The Company will make the necessary announcements as appropriate or when there are further developments on the same.

Subscription of Shares in H2 Energy Sdn. Bhd. by the Majority Shareholder

On 30 December 2018, the Company had entered into a conditional subscription agreement with its then associate company, H2 Energy Sdn. Bhd. ("H2E"), formerly known as HT Energy (S) Sdn, Bhd., for the subscription of up to 1,000,000 redeemable convertible non-cumulative preference shares in H2E.

Pursuant to a letter of undertaking provided by Muhammad Hatta Bin Sukarni (the "Majority Shareholder") to H2E and the Company on 18 March 2019 (the "Letter of Undertaking"), the Majority Shareholder had undertaken, *inter alia*:

- (a) to subscribe for 301,837 ordinary shares at RM1.00 each in the capital of H2E (the "Subscription Shares") for a total subscription price of RM301,837 (the "Subscription Price"); and
- (b) the Subscription Shares shall be fully subscribed, and the Subscription Price shall be paid by the Majority Shareholder to H2E in cash, on or before 31 December 2019 (the "Original Subscription Date").

As disclosed in the Company's announcement dated 6 January 2020, RM271,837 of the Subscription Price remained outstanding (the "Outstanding Subscription Price") from the Majority Shareholder as at the date of such announcement. The Company then entered into a supplemental letter agreement with the Majority Shareholder (the "Supplemental Letter") under which H2E and the Company agreed, *inter alia*, to extend the Original Subscription Date to 31 March 2020 (the "Extended Subscription Date"). The Majority Shareholder agreed to pay interest on the Outstanding Subscription Price from time to time outstanding for the period beginning on the day following the Original Subscription Date (i.e. 1 January 2020) and ending on the date H2E receives it, at a rate of 6% per annum, accruing on a daily basis. Interest accrued shall be immediately payable by the Majority Shareholder on demand by H2E, but:

- (a) if not previously demanded, shall be paid on the Extended Subscription Date together with the unpaid balance of the Outstanding Subscription Price; and
- (b) interest not paid when due may be added to the unpaid balance of the Outstanding Subscription Price and shall thereafter bear interest at the same rate.

On 31 March 2020, the Company and H2E had entered into a second supplemental letter agreement with the Majority Shareholder under which H2E and the Company agreed, *inter alia*, to further extend the Extended Subscription Date to 31 May 2020.

On 31 May 2020, the Majority Shareholder had informed the Company that he would require a further 4-5 months to fully settle the Outstanding Subscription Price. As at the date of this announcement, although the Majority Shareholder has been continually providing advances to H2E for its operations, he has yet to fully provide for the Outstanding Subscription Price which amounts to RM134,166 or 44% of the Subscription Price.

As at the date of this announcement, the Company has considered the Majority Shareholder's continuous efforts and his integral and key role in driving the business of H2E, as well as his good faith and commitment in meeting his obligations under the Letter of Undertaking. The Company also recognises that the impact of COVID-19 has also affected local and global economies which in turn has affected the Majority Shareholder's ability to meet his obligations. After due deliberation, the Company has taken the view to allow the Majority Shareholder further time to complete the settlement of the Outstanding Subscription Price.

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

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

MATTERS ARISING DURING 2021 (cont'd)

Term Sheet Between H2 Energy Sdn. Bhd. and H2U Power Tech Pty Ltd

The Company's subsidiary, H2 Energy Sdn. Bhd. ("**H2E**"), formerly known as HT Energy (S) Sdn. Bhd., had on 8 March 2021 entered into a binding term sheet with H2U Power Tech Pty Ltd ("**H2U**"), a company incorporated in Australia (the "**Licensee**"). Under the term sheet, H2E has agreed to grant the Licensee a perpetual (subject to termination for breach), sole, non-sublicensable license under the Licensed Know-how (as defined in the Company's 8 March 2021 announcement) to assemble, install, distribute, market and sell the Solar H-2 Power System ("**SH2PS**") worldwide, save for certain excluded territories.

In consideration for the rights granted by H2E under the term sheet (and the definitive licensing agreement to be entered into) but subject to the occurrence of certain events as set out in the 8 March 2021 Announcement, the Licensee is to pay or otherwise provide H2E with an aggregate cash consideration of A\$1,000,000 and such number of immediately tradeable, unrestricted shares of the potential listing vehicle of the Licensee worth A\$1,000,000. The Licensee shall further pay to H2E royalties of 1.5% on the gross revenue of the SH2PS that are (a) sold by the Licensee; (b) lent, leased, let on hire or sold on hire purchase by the Licensee; (c) supplied by the Licensee to any person; or (d) put into use by the Licensee in any way. The potential financial effect of the term sheet, particularly on the royalties payable by the Licensee to H2E cannot be reasonably estimated, as it is subject to the definitive licensing agreement to be entered into by the parties.

On 11 March 2021, the Company received the Initial Payment of A\$50,000 cash consideration.

The parties are currently working towards finalising and entering into the definitive licensing agreement. The Company will make the necessary announcements as appropriate or when there are further developments on the same.

Increase in Shareholding Interest and Change of Company Name of Renosun International Sdn. Bhd.

The Company had, on 24 May 2021, increased its shareholding interest in its indirect subsidiary, Renosun International Sdn. Bhd. ("**Renosun**") from 51% to 100%, following an acquisition by Cahya Suria Energy Sdn. Bhd. ("**CSE**"), a wholly-owned subsidiary of the Company, of 4,900 ordinary shares representing the remaining 49% shareholding in Renosun (the "**Acquisition**") held by Renosun (KL) Sdn. Bhd (the "**Seller**"). The consideration payable by CSE in cash in connection with the Acquisition was RM4,900 (equivalent to S\$1,575), and was paid to the Seller on 24 May 2021. Following the Acquisition, Renosun has become a wholly owned subsidiary of the Company.

On 16 June 2021, the Company also announced that the name of Renosun International Sdn. Bhd. has been changed to "Cahya Suria Services Sdn. Bhd."

OTHER MATTERS

Notices received from Commercial Affairs Department ("**CAD**")

Further to the Company's announcements on 4 April 2014 and 29 April 2014 relating to the CAD's investigations, on 14 January 2021, the CAD confirmed to our auditors that its investigations are on-going. The business and operations of the Group are not affected by the investigations and will continue as normal. However, the ongoing investigations have cast a negative outlook on the Company from the perspective of the financial institutions which are highly risk averse and this poses limitations to the Group's growth and expansion plans. The Company will make further announcements as and when there are material developments concerning this matter.