

ANNICA HOLDINGS LIMITED

Unaudited Financial Statements And Dividend Announcement For The Financial Year Ended 31 December 2019

This announcement has been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd.

It has not been examined or approved by the Singapore Exchange Securities Trading Limited ("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, **FY2019** refers to the full financial year ended 31 December 2019 whereas **FY2018** refers to the corresponding full financial year ended 31 December 2018.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Group		Increase/ (Decrease)
	FY2019 S\$'000	FY2018 S\$'000	%
<u>Continuing Operations</u>			
Revenue	9,081	6,077	49
Cost of sales	(5,542)	(3,986)	39
Gross profit	3,539	2,091	69
Other income	556	136	NM
Interest income	205	37	NM
Selling and distribution expenses	(291)	(282)	3
Administrative and general expenses	(3,973)	(5,210)	(24)
Other expenses	(194)	(526)	(63)
Finance costs	(28)	(163)	(83)
Share of loss on associate	-	(2)	NM
Loss before income tax from continuing operations	(186)	(3,919)	(95)
Income tax expense	(55)	(119)	(54)
Loss from continuing operations, net of tax	(241)	(4,038)	(94)
<u>Discontinued Operation</u>			
Profit from discontinued operation, net of tax	-	193	NM
Total loss for the financial year	(241)	(3,845)	(94)
<u>Other comprehensive income/(loss)</u>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	6	(44)	NM
Reclassification of currency translation differences from equity on disposal of subsidiary to profit or loss	-	40	NM
Other comprehensive income/(loss) for the financial year, net of tax	6	(4)	NM
Total comprehensive loss for the financial year	(235)	(3,849)	(94)

1(a)(i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Group		Increase/ (Decrease) %
	FY2019 S\$'000	FY2018 S\$'000	
Total (loss)/profit attributable to:			
- Equity holders of the Company	(329)	(3,967)	(92)
- Non-controlling interests	88	122	(28)
	<u>(241)</u>	<u>(3,845)</u>	<u>(94)</u>
Total (loss)/profit attributable to equity holders of the Company:			
- from continuing operations	(329)	(4,047)	(92)
- from discontinued operation	-	80	NM
	<u>(329)</u>	<u>(3,967)</u>	<u>(92)</u>
Total profit attributable to non-controlling interests:			
- from continuing operations	88	9	NM
- from discontinued operation	-	113	NM
	<u>88</u>	<u>122</u>	<u>(28)</u>
Total comprehensive (loss)/income attributable to:			
- Equity holders of the Company	(323)	(3,968)	(92)
- Non-controlling interests	88	119	(26)
	<u>(235)</u>	<u>(3,849)</u>	<u>(94)</u>
Total comprehensive (loss)/income attributable to equity holders of the Company:			
- from continuing operations	(323)	(4,091)	(92)
- from discontinued operation	-	123	NM
	<u>(323)</u>	<u>(3,968)</u>	<u>(92)</u>
Total comprehensive income attributable to non-controlling interests:			
- from continuing operations	88	9	NM
- from discontinued operation	-	110	NM
	<u>88</u>	<u>119</u>	<u>(26)</u>

NM: Not meaningful

1(a)(ii) Loss before taxation arrived at after charging/(crediting) the following:

Loss from continuing operations

	Group		Increase/ (Decrease)
	FY2019	FY2018	(Decrease)
	S\$'000	S\$'000	%
Interest income from bank and deposits	(8)	(3)	NM
Interest income from a third party	(197)	(29)	NM
Interest income from an associate	-	(5)	NM
Amortisation expenses on redeemable convertible bonds	4	93	(96)
Interest on loans from holdings company of a former corporate shareholder of IPT	-	39	NM
Interest expenses on redeemable convertible bonds	12	28	(57)
Interest expenses on bank loans	3	3	NM
Interest expenses on leases	9	-	NM
Gain on disposal of property, plant and equipment	(77)	(18)	NM
Commission income	(177)	(1)	NM
Miscellaneous income	(12)	(57)	(79)
Fair value gain on redeemable convertible bonds	(22)	(60)	(63)
Gain on write off loan	(268)	-	NM
Depreciation of property, plant and equipment	67	59	14
Depreciation of right of use asset	256	-	NM
Fair value loss on financial assets at fair value through profit and loss	1	13	(92)
Foreign currency exchange (gain)/loss	129	(33)	NM
Write-off of redeemable convertible bonds expenses	-	520	NM
Impairment loss on trade receivables	8	-	NM
Provision for legal expenses	54	-	NM
Issuance of Performance Shares	-	1,530	NM
Miscellaneous expenses	2	26	(92)

NM: Not meaningful

Profit from discontinued operation

An analysis of the results of discontinued operation is as follows:

	Group FY2018 S\$'000
Revenue	9,330
Cost of sales	(8,248)
Gross profit	1,082
Expenses	(338)
Profit before tax from discontinued operation	744
Income tax expense	(119)
Profit after tax from discontinued operation	625
Loss on disposal of the discontinued operation	(432)
Profit from discontinued operation, net of tax	193

Profit from discontinued operation is arrived at after charging the following:

	Group FY2018 S\$'000
Interest expenses on borrowings	138
Depreciation of property, plant and equipment	196

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

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Group		Company	
	As at FY2019 S\$'000	As at FY2018 S\$'000	As at FY2019 S\$'000	As at FY2018 S\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	1,286	2,067	54	54
Fixed deposits	324	274	-	-
Trade and other receivables	4,542	4,187	1,908	2,468
Inventories	275	84	-	-
Financial assets at fair value through profit or loss	7	8	7	8
	6,434	6,620	1,969	2,530
Non-current assets				
Trade and other receivables	2,446	2,400	2,611	2,400
Investments in subsidiaries	-	-	2,151	2,151
Investment in an associate	-	-	-	-
Financial assets at fair value through profit or loss	2	97	96	96
Right of use assets	161	-	56	-
Property, plant and equipment	440	347	20	47
Intangible assets	36	-	-	-
Deferred income tax assets	-	1	-	-
	3,085	2,845	4,934	4,694
Total assets	9,519	9,465	6,903	7,224
<u>LIABILITIES</u>				
Current liabilities				
Trade and other payables	3,473	2,064	1,795	1,164
Borrowings	599	950	791	940
Lease liabilities	128	-	53	-
Current income tax liabilities	38	115	-	-
Contract liabilities	644	1,466	-	-
	4,882	4,595	2,639	2,104
Non-current liabilities				
Borrowings	61	604	-	537
Deferred income tax liabilities	31	22	-	-
Lease liabilities	35	-	3	-
	127	626	3	537
Total liabilities	5,009	5,221	2,642	2,641
Net assets	4,510	4,244	4,261	4,583
<u>EQUITY</u>				
Share capital	67,801	67,301	67,801	67,301
Accumulated losses	(61,572)	(61,243)	(63,629)	(62,768)
Other reserves	(1,779)	(1,824)	89	50
Equity attributable to equity holders of the Company	4,450	4,234	4,261	4,583
Non-controlling interests	60	10	-	-
Total equity	4,510	4,244	4,261	4,583

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	As at FY2019		As at FY2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	8	591	10	940
Amount repayable after one year	61	-	67	537

As at FY2019, the Group's secured borrowings were secured on the Group's leasehold properties and fixed deposits. As at FY2018, the Group's secured borrowings were secured on the Group's leasehold properties, fixed deposits and personal guarantees of directors of subsidiaries.

The Group's unsecured borrowings as at FY2019 were mainly due to the remaining LionGold Loan of S\$50,000 and the Unconverted RCBs (as defined on page 19 of this announcement), the redemption date of which was extended to 31 March 2020. Please refer to the note entitled "2% redeemable convertible bonds ("RCBs") with an aggregate principal amount of up to S\$60,000,000" on page 19 of this announcement for further details. As at FY2018, the Group's unsecured borrowings comprised of advances from the subscriber of the RCBs and remaining LionGold Loan.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	FY2019	FY2018
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before income tax from continuing operations	(186)	(3,919)
Profit before income tax from discontinued operation	-	312
	(186)	(3,607)
Adjustments for:		
Depreciation of property, plant and equipment	67	255
Depreciation of right of use asset	256	-
Fair value gain on redeemable convertible bonds	(22)	(60)
Fair value loss on financial assets at fair value through profit or loss	1	13
Interest expense	28	301
Interest income	(205)	(37)
Gain on disposal of property, plant and equipment	(77)	(18)
Gain on write off loan	(268)	-
Loss on disposal of a subsidiary	-	432
Bad debt recovered	-	(108)
Write off of redeemable convertible bonds expenses	-	520
Impairment loss on trade receivables	8	-
Issuance of Performance Shares	-	1,530
Provision for legal expenses	54	-
Capital reserve on ESOS	39	-
Operating cash flows before working capital changes	(305)	(779)
Changes in working capital:		
Inventories	(191)	(591)
Payables and contract liabilities	459	5,356
Receivables	(103)	(4,616)
Currency translation difference	24	(60)
Cash used in operations	(116)	(690)
Income tax paid	(150)	(103)
Net cash used in operating activities	(266)	(793)
Cash flows from investing activities		
Interest received	8	37
Net cash inflow from disposal of a subsidiary	-	388
Purchase of financial assets at fair value through profit or loss	-	(46)
Purchase of property, plant and equipment	(159)	(198)
Proceeds from disposal of property, plant and equipment	77	18
Net cash used in investing activities	(74)	199
Cash flows from financing activities		
Contribution from NCI of a subsidiary incorporated	-	-*
Interest paid	(2)	(82)
Release of deposit in cash margin account	133	-
Increase in fixed deposit pledged	(48)	-
Issuance of shares	500	-
Proceeds of borrowings	1	-
Repayment of borrowings	(609)	(175)
Repayment of lease liabilities	(263)	-
Net cash used in financing activities	(288)	(257)

*The amount is less than S\$1,000

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

	Group	
	FY2019 S\$'000	FY2018 S\$'000
Net decrease in cash and cash equivalents	(628)	(851)
Cash and cash equivalents at beginning of the financial year	1,842	2,683
Effects of foreign currency translation on cash and cash equivalents	(8)	10
Cash and cash equivalents at end of the financial year	1,206	1,842
Cash and cash equivalents at end of the financial year were made up of:		
Cash and cash equivalents	1,286	2,067
Deposit placed in cash margin account	(80)	(225)
	1,206	1,842

Major non-cash items:

During FY2019, there was a one-off gain of S\$268,000 arising from the settlement of the remaining LionGold Loan and S\$256,000 of depreciation of right-of-use asset arising from the adoption of SFRS(I) 16 Leases.

During FY2018, the LionGold Loan of S\$2,505,000 was settled through the issuance of Debt Conversion Shares. The Group acquired plant and equipment for a total consideration of S\$1,074,000, out of which S\$198,000 was paid by cash and S\$876,000 was financed under a finance lease arrangement. The Group issued shares pursuant to the Annica Performance Share Plan ("**Performance Shares**") amounting to S\$1,530,000 (as announced on 27 December 2018) and written off prepayment for redeemable convertible bond in FY2018.

Acquisition of subsidiaries/associates

During FY2019:

- (a) On 25 June 2019, the Group had obtained control over the financial and operating policies of HT Energy (S) Sdn Bhd ("**HTES**") through the control of HTES' board of directors, and is consolidating HTES' financial results as one of the Group's subsidiaries.
- (b) On 5 December 2019, the Group, through its wholly-owned subsidiary Industrial Engineering Systems Pte Ltd ("**IES**"), incorporated IES Engineering Systems Sdn. Bhd. ("**IESM**") for a cash consideration of S\$336 (RM1,000 with the foreign exchange rate of RM1.00 to S\$0.3365), comprising 1,000 ordinary shares (of RM1.00 each) representing 100% of the total issued and paid up capital of IESM. The net liability value represented by such shares in IESM is S\$672 (RM2,000, with the foreign exchange rate of RM1.00 to S\$0.3365) as at the date of incorporation due to the incorporation fee.

During FY2018:

- (a) The Group, through its wholly-owned subsidiary P.J. Services Pte Ltd ("**PJS**"), incorporated Panah Jaya Makmur Sdn. Bhd. ("**PJM**") for a cash consideration of S\$600 (B\$600, with the foreign exchange rate of B\$1.00 to S\$1.00), comprising 600 ordinary shares (of B\$1.00 each) representing 60% of the total issued and paid up capital of PJM. The net asset value represented by such shares in PJM is S\$600 (B\$600, with the foreign exchange rate of B\$1.00 to S\$1.00) as at the date of incorporation. The non-controlling interests of PJM paid S\$400 (B\$400) for its 40% interest in PJM.
- (b) The Group subscribed for 290,000 preference shares in HTES amounting to S\$95,536 (RM290,000, with the foreign exchange rate of RM1.00 to S\$0.3294). As at the date of the subscription, the net asset value represented by such shares is RM290,000 as the Company will be able to redeem the preference shares at RM290,000.
- (c) The Group subscribed for 4,851 ordinary shares in HTES at a subscription price of RM1.00 per share (i.e. amounting to S\$1,600 or RM4,851, with the foreign exchange rate of RM1.00 to S\$0.3293) via its wholly-owned subsidiary Cahya Suria Energy Sdn. Bhd. ("**CSE**"). The net liability value represented by such shares is S\$26,200 (RM80,000 with the foreign exchange rate of RM1.00 to S\$0.3293) as at the date of subscription.

Note: The exchange rates stated above were the prevailing exchange rates at the relevant points in time.

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

Disposal of a subsidiary

The effects of the disposal of a former subsidiary, GPE Power Systems (M) Sdn. Bhd. ("GPE"), on the cash flows of the Group is as follows:

	Group FY2018 S\$'000
<hr/>	
Non-current assets	
Property, plant and equipment	2,064
Current assets	
Cash and bank balances	12
Trade and other receivables	5,929
Inventories	731
Total current assets	<u>6,672</u>
Non-current liabilities	
Trade and other payables	1,696
Borrowings	964
Deferred tax liabilities	92
Total non-current liabilities	<u>2,752</u>
Current liabilities	
Trade and other payables	3,600
Borrowings	234
Tax payable	256
Total current liabilities	<u>4,090</u>
Foreign currency reserve	40
Net assets derecognised	<u>1,934</u>
Loss on disposal of a subsidiary	
Consideration received	2,000
Net assets derecognised	(1,934)
Non-controlling interests derecognised	522
Goodwill arising on consolidation	(1,020)
Loss on disposal of a subsidiary	<u>(432)</u>
Net cash inflow arising on disposal:	
Consideration received	2,000
Consideration receivable from disposal	(1,600)
Cash and bank balances disposed of	(12)
Net cash flow on disposal of a subsidiary	<u>388</u>

1(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.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	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 2019	67,301	(61,243)	(1,824)	4,234	10	4,244
Issuance of ordinary shares of the Company	500	-	-	500	-	500
Transfer to capital reserve	-	-	39	39	-	39
(Loss)/income for the financial year	-	(329)	-	(329)	88	(241)
Other comprehensive income:						
Currency translation differences arising from consolidation	-	-	6	6	-	6
Total comprehensive (loss)/income for the financial year	-	(329)	6	(323)	88	(235)
Changes in ownership interests in a subsidiary:						
Consolidation of an associate	-	-	-	-	(38)	(38)
	-	-	-	-	(38)	(38)
Balance as at 31 December 2019	67,801	(61,572)	(1,779)	4,450	60	4,510

1(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)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (ont'd)**

	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 2018	63,274	(57,193)	(1,906)	4,175	413	4,588
Issuance of ordinary shares of the Company	4,027	-	-	4,027	-	4,027
Transfer to capital reserve	-	(83)	83	-	-	-
(Loss)/income for the financial year	-	(3,967)	-	(3,967)	122	(3,845)
Other comprehensive (loss)/income:						
Currency translation differences arising from consolidation	-	-	(41)	(41)	(3)	(44)
Reclassification of currency translation reserve upon disposal of a subsidiary	-	-	40	40	-	40
Total comprehensive (loss)/income for the financial year	-	(3,967)	(1)	(3,968)	119	(3,849)
<i>Changes in ownership interests in a subsidiary</i>						
Disposal of ownership interest in a subsidiary	-	-	-	-	(522)	(522)
	-	-	-	-	(522)	(522)
Balance as at 31 December 2018	67,301	(61,243)	(1,824)	4,234	10	4,244

1(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)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

	Share capital S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Company				
Balance as at 1 January 2019	67,301	50	(62,768)	4,583
Issuance of ordinary shares of the Company	500	-	-	500
Transfer to capital reserve	-	39	-	39
Total comprehensive loss for the financial year	-	-	(861)	(861)
Balance as at 31 December 2019	67,801	89	(63,629)	4,261
Balance as at 1 January 2018	63,274	50	(59,538)	3,786
Issuance of ordinary shares of the Company	4,027	-	-	4,027
Total comprehensive loss for the financial year	-	-	(3,230)	(3,230)
Balance as at 31 December 2018	67,301	50	(62,768)	4,583

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 company, 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.

	Number of Shares '000	Share Capital S\$'000
Issued and fully paid:		
As at 31 December 2018	16,174,767	67,301
Issuance of shares		
- Allotted and issued at the share price of S\$0.001 per new share upon the exercise of 500,000,000 Transferred Options under the Option Agreement by the Transferee (as defined below)	500,000	500
Net share capital as at 31 December 2019	16,674,767	67,801

Convertible Securities

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

- RCB Conversion Shares:

	Number of Shares '000	Estimated Proceeds S\$'000
New RCB Conversion Shares to be allotted and issued upon conversion of redeemable convertible bonds issued as at FY2019, assuming conversion at the minimum conversion price of S\$0.0009 per RCB Conversion Share	555,556	500

As at the date of this announcement, Premier Equity Fund Sub Fund F ("**Subscriber**") has not exercised its conversion right in respect of the outstanding RCBs in the principal amount of S\$500,000 (the "**Unconverted RCBs**"). The Extended Redemption Date of the outstanding Unconverted RCBs of S\$500,000 is 31 March 2020. (Please refer to the note entitled "2% redeemable convertible bonds ("**RCBs**") with an aggregate principal amount of up to S\$60,000,000" on page 19 of this announcement and the Company's announcement dated 24 December 2018 for further details.)

- 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 were exercised by the respective ESOS holders.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 company, 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. (cont'd)

Convertible Securities (cont'd)

• **Option Shares:**

Under the option agreement dated 11 February 2016, the Company had issued transferable share options to Lim In Chong (the "Investor") with such options carrying the right to subscribe for up to 5,000,000,000 option shares ("Option Shares") in the Company at a minimum exercise price of S\$0.001, of which the Company will raise an amount of up to S\$5,000,000.

The Company had on 1 April 2019 received notice of the transfer by the Investor of 500,000,000 Options (the "Transferred Options") to Shamsol Jeffri Bin Zainal Abidin (the "Transferee"). Following the transfer of the Transferred Options, the Investor holds 4,500,000,000 remaining Options. The Company had on the same day received notice from the Transferee of his intention to exercise all of the Transferred Options for the total sum of S\$500,000 (the "Exercise Price" or "Option Proceeds").

The Company had, on 19 April 2019, received the Exercise Price in full from the Transferee and accordingly, the Company had allotted and issued 500,000,000 new shares ("New Shares"), representing 2.99% of the Enlarged Share Capital of the Company, to the Transferee on 22 April 2019 pursuant to the exercise of the Transferred Options under the Option Agreement. (Please refer to the note entitled "Grant of Options Shares to an Investor" on page 20 of this announcement for further details.)

The Company did not have any treasury shares or subsidiary holdings 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.

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

	As at FY2019	As at FY2018
Total number of issued shares excluding treasury shares ('000)	16,674,767	16,174,767

The Company has no treasury shares as at the end of the current financial year and as at the end of the immediately preceding financial year.

1(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. There are no treasury shares.

1(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. There are no subsidiary holdings.

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 qualifications or emphasis of 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 2018, the Company's auditors were unable to obtain sufficient appropriate evidence with respect to the amounts of cash flows that can be received by the Group and the Company from the shares pledged and the personal guarantee on the consideration due to the Company from the disposal of GPE Power Systems (M) Sdn. Bhd. which amounted to \$1,600,000 as at 31 December 2018.

In respect of the above, the Company sought to address the auditors' concerns by obtaining an additional form of security in the Controlled Shares from Chong Shin Mun (the "**Purchaser**") in lieu of cash payment, and applied as payment in accordance with the agreed payment schedule. On 27 June 2019, the Company had entered into the 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. On 13 August 2019, 3 October 2019 and 26 November 2019, the Company had completed the transfer a total of 420,000,000 Controlled Shares to Shamsol Jeffri Bin Zainal Abidin for a consideration of S\$420,000 (the "**Consideration**"). The Consideration has been fully paid to the Company and shall be applied towards the partial discharge of the amount outstanding under the Third Tranche Consideration of S\$600,000 plus accrued interest of S\$17,556.14 ("**Third Tranche Outstanding Amount**") pursuant to the Share Charge and Control Deed. As at the date of this announcement, the Third Tranche Outstanding Amount is S\$199,726.

With regards to the Fourth Tranche Consideration, the Company had on 4 February 2020 received the proposed final settlement plan ("**Proposed Final Settlement Plan**") from the Purchaser to the Board for its consideration. The Board is currently reviewing and deliberating the Proposed Final Settlement Plan and the Company will be closely monitoring the outcome of the negotiations. Total outstanding from the Purchaser as at the date of this announcement is S\$1,219,919.

(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.

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 2018 except for the adoption of Financial Reporting Standards ("**FRS**") and Interpretations to FRS ("**INT FRS**") that are effective for annual periods beginning on or after 1 January 2019, as further disclosed in Note 5 below.

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 adopted the SFRS(I) 16 Leases that are effective for annual periods beginning on or after 1 January 2019.

Adoption of SFRS(I) 16 Leases

SFRS(I) 16 Leases is effective for financial years beginning on or after 1 January 2019. The Group has applied the modified retrospective approach and will not restate comparative amounts.

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

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

The Group adopted to measure the right of use assets to an amount equal to the lease liabilities related to that leases recognized in the statement of financial position as at 1 January 2019. On the adoption of SFRS(I) 16 Leases, the Group has recognised right of use assets and lease liabilities of S\$291,000 as at 1 January 2019.

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.

	Group	
	FY2019	FY2018
(Loss)/profit per share based on the weighted average number of shares on issue (in cents):		
- from continuing operations – basic and fully diluted (Note (a))	(0.002)	(0.029)
- from discontinued operation – basic and fully diluted (Note (b))	-	0.001
Total	(0.002)	(0.028)

The basic and diluted loss per share are the same as the outstanding RCB Conversion Shares are anti-dilutive for the respective financial year.

Notes:

- (a) Basic and fully diluted loss per share from continuing operations for FY2019 were calculated by dividing the loss from continuing operations attributable to equity holders of the Company of S\$329,000 (FY2018: S\$4,047,000) by the weighted average number of Shares for FY2019 of 16,526,821,843 (FY2018: 14,171,940,548).
- (b) Basic and fully diluted profit per Share from discontinued operation for FY2018 were calculated by dividing the profit from discontinued operation attributable to equity holders of the Company of S\$80,000 by the weighted average number of Shares for FY2018 of 14,171,940,548.

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.

	Group		Company	
	FY2019	FY2018	FY2019	FY2018
Net asset value per ordinary share based on the issued share capital at the end of the year (in cents)	0.027	0.026	0.026	0.028

Net asset value per ordinary share of the Group as at FY2019 was calculated by dividing the Group's net asset value attributable to equity holders as at FY2019 of S\$4,450,000 (FY2018: S\$4,234,000) divided by the number of ordinary shares of the Company as at FY2019 of 16,674,767,048 (FY2018: 16,174,767,048).

Net asset value per ordinary share of the Company as at FY2019 was calculated by dividing the Company's net asset value attributable to equity holders as at FY2019 of S\$4,261,000 (FY2018: S\$4,583,000) divided by the number of ordinary shares of the Company as at FY2019 of 16,674,767,048 (FY2018: 16,174,767,048).

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.

STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS

Revenue and Gross Profit

The Group posted revenues of S\$9,081,000 in FY2019 which was an increase of S\$3,004,000 or 49% from S\$6,077,000 in FY2018, primarily due to certain orders which were delayed in the preceding period (under the oil and gas equipment and engineering services segments) which were later recognised in the current financial year under review. Geographically, the Group operates in Singapore and the Asia Pacific region including Malaysia, Indonesia, Thailand, Vietnam, and Brunei, with the oil and gas equipment and engineering segments each having contributed 84% and 16%, respectively, to the Group's revenue in FY2019.

The Group reported a gross profit margin of 39% in FY2019 which was an increase of 5% from 34% in FY2018 due to the higher gross profit margin contributed by the oil and gas equipment segment in FY2019. The Group's gross profit increased by S\$1,448,000 or 69% from S\$2,091,000 in FY2018 to S\$3,539,000 in FY2019 due to higher revenue generated from both oil and gas equipment and engineering services segments.

Other income

The increase of S\$420,000 in other income from S\$136,000 in FY2018 to S\$556,000 in FY2019 was primarily due to one-off gain of S\$268,000 arising from the settlement of remaining LionGold Loan, commission income received from the oil and gas equipment segment amounted to S\$177,000 and gain on disposal of motor vehicle of S\$77,000.

Interest income

Interest income increased by of S\$168,000 from S\$37,000 in FY2018 to S\$205,000 in FY2019 mainly due to interest income from former subsidiary, GPE, in FY2019.

Selling and distribution expenses

The increase in selling and distribution expenses in FY2019 of S\$9,000, from S\$282,000 in FY2018 to S\$291,000 in FY2019, which the variance is marginal as compared to FY2018.

Administrative and general expenses

The Group incurred administrative and general expenses of S\$3,973,000 in FY2019, a decrease of S\$1,237,000 from S\$5,210,000 reported in FY2018, mainly due to the issuance of Performance Shares in FY2018 offset against higher employment expenses during FY2019. The Group continues to closely monitor its expenses.

Other expenses

Other expenses decreased by S\$332,000 from S\$526,000 in FY2018 to S\$194,000 in FY2019 as there is a write-off of redeemable convertible bonds expenses of S\$520,000 in FY2018 offset against exchange losses incurred and provision for legal expenses in FY2019.

Finance costs

Finance costs was primarily arising from interest expenses on borrowings and leases during FY2019. The decrease of S\$135,000 from S\$163,000 in FY2018 to S\$28,000 in FY2019 was mainly due to the reduction of interest expenses arising from the LionGold Loan and Redeemed RCBs, which was settled on 12 March 2018 and 28 February 2019, respectively.

Share of loss on associate

The share of loss of an associate of S\$2,000 in FY2018 was arising from HTES. The Company now has control over the financial and operating policies of HTES through the control of HTES' board of directors (as announced on 26 June 2019), and is consolidating HTES' financial results as one of the Group's subsidiaries.

Income tax expense

The decrease of S\$64,000 from S\$119,000 in FY2018 to S\$55,000 in FY2019 mainly due to lower income tax expense arose from oil and gas equipment segment during FY2019. The adjustment for underprovision of tax expense for prior years amounted to S\$10,244.

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 (Cont'd).**

STATEMENT OF COMPREHENSIVE INCOME (cont'd)

CONTINUING OPERATIONS (cont'd)

Loss for the financial year

The Group reported a loss for the financial year of S\$241,000 in FY2019, which was a decrease of S\$3,797,000 from losses of S\$4,038,000 in FY2018, a significant reduction as compared to FY2018.

STATEMENT OF FINANCIAL POSITION

Current assets

Current assets of the Group amounted to S\$6,434,000 as at FY2019, a decrease of S\$186,000 from S\$6,620,000 as at FY2018, primarily due to the decrease in cash and bank balances, partially offset by higher trade and other receivables and inventories. The investments in the financial assets, comprising listed equity securities, were stated at quoted market price as at the respective financial years.

Non-current assets

The Group's non-current assets increased by S\$240,000 from S\$2,845,000 as at FY2018 to S\$3,085,000 as at FY2019 mainly due to addition of right of use assets based on the adoption of SFRS(I) 16 Leases as well as purchase of new plant and equipment.

Current liabilities

The Group reported current liabilities of S\$4,882,000 as at FY2019 which was an increase of S\$287,000 from S\$4,595,000 as at FY2018 mainly arising from the increase in trade and other payables, offset against the reduction in contract liabilities, reduction in current income tax liabilities and settlement of the remaining LionGold Loan and Redeemed RCBs.

Non-current liabilities

There was a decrease in the Group's non-current liabilities of S\$499,000 from S\$626,000 as at FY2018 to S\$127,000 as at FY2019 due to reclassification of Unconverted RCBs to short term borrowing, offset against the recognition of the Group's lease liabilities based on the adoption of SFRS(I) 16 Leases, which was effective from 1 January 2019.

Shareholders' equity

The Group's capital and reserves attributable to equity holders of the Company was S\$4,450,000 as at FY2019. This was an increase of S\$216,000 from S\$4,234,000 as at FY2018 mainly arising from the allotment and issuance of new shares through the exercise of Transferred Options under the Option Agreement offset against the Group's losses.

STATEMENT OF CASH FLOWS

Net cash used in operating activities amounted to S\$266,000 in FY2019. The net operating cash outflow was mainly due to operating cash flows before working capital changes of S\$305,000, adjusted for working capital inflows of S\$39,000, which were mainly attributable to the increase in inventories of S\$191,000, increase in payables and contract liabilities of S\$459,000, increase in receivables of S\$103,000, and income tax paid of S\$150,000.

Net cash used in investing activities in FY2019 amounted to S\$74,000, comprising payments to acquire property, plant and equipment and proceeds from the sales of motor vehicle, which amounted to S\$159,000 and S\$77,000 respectively.

Net cash used in financing activities in FY2019 amounted to S\$288,000, mainly arising from the S\$500,000 proceeds from the issuance of New Shares pursuant to the exercise of Transferred Options under the Option Agreement, and release of deposit in cash margin account of S\$133,000, offset against fixed deposit pledged of S\$48,000, repayment of borrowings of S\$609,000 and repayment of monthly leases of S\$263,000.

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 (Cont'd).

MATTERS ARISING DURING 2019

Proposed acquisition of shares in Horizon Greentech Resources Sdn. Bhd. ("HGR" or "the "Proposed HGR Acquisition")

On 23 December 2016, the Company announced that it had entered into a conditional sale and purchase agreement (as varied by a variation letter dated 19 July 2017) to acquire 2,450,000 ordinary shares from the vendors (the "**HGR Vendors**"), representing approximately 49% of the issued and paid-up share capital of HGR for a consideration of S\$4,200,000 (the "**HGR Consideration**"). In addition, upon completion of the Proposed HGR Acquisition, the Company will benefit from the transfer of an amount of S\$2,400,000 (equivalent to RM 7,497,000) from the HGR Vendors by way of novation to the Company, which is a proportionate part of a loan owing by HGR to the HGR Vendors.

HGR is principally engaged in the business of extrusion and recycling of end-of-life waste tyres for the production of tyre derived fuel, carbon black and scrap metal and it owns a waste tyre pyrolysis plant. The proposed acquisition of HGR is in line with the Company's diversification.

The HGR Consideration shall be satisfied by:

- (i) S\$2,600,000 through promissory notes repayable within six (6) months from the completion date (or such other later date as may be mutually agreed in writing between the Company the vendors), bearing an interest of 8% per annum; and
- (ii) S\$1,600,000 by way of the allotment and issue to the vendors of newly paid up Shares of the Company ("the "**HGR Consideration Shares**") upon the completion date at S\$0.001 per HGR Consideration Shares.

On 31 August 2017, the Company received the listing and quotation notice ("**LQN**") from the SGX-ST for the listing and quotation of the HGR Consideration Shares on the Catalyst, subject to compliance with SGX-ST's listing requirements.

Subsequently, the Company wishes to refer to its announcements dated 22 March 2017, 31 August 2017, 25 September 2017, 30 October 2017 and 21 December 2017 on HGR. On the last announcement date of 21 December 2017, the Parties have mutually agreed to extend the Long Stop Date for Completion of the Proposed Acquisition for a further three (3) months from 23 December 2017 to 23 March 2018.

On 26 March 2018, the Company and the HGR Vendors have mutually agreed to terminate the Proposed HGR Acquisition pursuant to a deed of termination. On the same day, the Company announced that it had entered into a non-binding memorandum of understanding with each of the HGR Vendors, being Awang Ahmad Sah and Kok Mun Keong, to acquire an aggregate of 4,023,300 ordinary shares representing approximately 25.79% of the issued and paid-up share capital of Green PlusLink Sdn Bhd for a total consideration of S\$4,200,000 ("**MOU**").

As at the latest practicable date, there has been no further material development on this matter. The Company will continue to review this matter from time to time and make the necessary announcements as appropriate or when there are further developments on the same.

Update on the Pilot Project

Pursuant to the announcements dated 5 June 2018, 24 September 2018, 31 January 2019, 25 April 2019 and 23 June 2019 in relation to the Pilot Project entered into between the Company's subsidiary, HT Energy (S) Sdn. Bhd. ("**HTES**") and Sarawak State Health Department ("**SSHD**") under the Ministry of Health, Malaysia, the Board has progressively updated the shareholders on the latest milestones of the Pilot Project.

The project team had conducted a Factory Acceptance Test ("**FAT**") in June 2019. The FAT was concluded in early July 2019 and the results were generally positive. The project team had requested to retrofit additional components to mitigate potential operational issues arising from tropical climate conditions. The second FAT, which was an extension of the previous FAT ended early July 2019, had been successfully conducted on 16 August 2019.

By way of an update, the Company wishes to inform that the pilot module has arrived on-site in mid February 2020, after clearance from the Malaysian customs authority and the passing of adverse weather conditions which had rendered passage to the site inaccessible for vehicular transport. Meanwhile, wet weather conditions at the site continue to persist and this has resulted in installation delays. We are now hopeful to complete the installation by early March 2020.

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 (Cont'd).

MATTERS ARISING DURING 2019 (Cont'd)

2% redeemable convertible bonds ("RCBs") with an aggregate principal amount of up to S\$60,000,000

As announced on the SGXNet on 24 December 2018 and 2 January 2019, the Parties have agreed under a second supplemental agreement (the "**Second Supplemental Agreement**") that the date(s) for redemption of the outstanding RCBs under Conditions 10.2 and 10.4 of Schedule 4 (Terms and Conditions of the Bonds) will be further extended in accordance with the following schedule in order to improve the short-term cash flow of the Company:

- (a) the first tranche in the principal amount of S\$250,000 up to 28 February 2019; and
- (b) the second tranche in the principal amount of S\$500,000, up to 31 March 2020,

(each an "**Extended Redemption Date**").

Accordingly, unless previously redeemed or purchased, converted or cancelled by the Company, the Company shall, by each of the Extended Redemption Dates, redeem the stipulated principal amounts of the outstanding RCBs together with unpaid accrued interest thereon (calculated up to, but excluding, the date of redemption).

Under the Subscription Agreement, the last day of the conversion period of the RCBs is on 24 December 2018. The Parties have further agreed under the Second Supplemental Agreement that the conversion period of the RCBs and the conversion right of the Subscriber under Condition 8.1 of Schedule 4 (Terms and Conditions of the Bonds) in relation to the outstanding RCBs will be extended up to 31 March 2020.

Under the Subscription Agreement, the RCB Conversion Price for each RCB that is converted into Shares, shall be not less than 85% of the average of the traded volume weighted average price per share for any three (3) consecutive Trading Days (for the avoidance of doubt, may include one or more intervening Market Days on which there are no trades in the Shares of the Company), determined at the sole and absolute discretion of the Subscriber, on which trades are done during the 30 Trading Days immediately preceding the relevant conversion date of the RCBs.

The Parties have further agreed under the Second Supplemental Agreement that the RCB Conversion Price for each RCB that is converted into Shares, shall be amended such that the said RCB Conversion Price shall be not less than 90% of the average of the traded volume weighted average price per share for any three (3) consecutive Trading Days (for the avoidance of doubt, may include one or more intervening Market Days on which there are no trades in the Shares of the Company), determined at the sole and absolute discretion of the Subscriber, on which trades are done during the 30 Trading Days immediately preceding the relevant conversion date of the RCBs.

As announced on 24 December 2018, the first tranche with the principal amount of S\$250,000 (the "**Redeemed RCBs**") was extended to 28 February 2019. However, the Company had redeemed the Redeemed RCBs in full on 28 February 2019 as the Subscriber did not exercise its conversion right in respect of the same. The Extended Redemption Date of the outstanding second tranche of RCBs of S\$500,000 (the "**Unconverted RCBs**") is 31 March 2020. As at the date of this announcement, the Subscriber has not exercised its conversion right in respect of the outstanding Unconverted RCBs in the principal amount of S\$500,000.

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:

(g) Date of grant of ESOS	27 December 2018
(h) Exercise Price of ESOS granted	S\$0.001 per Share
(i) Number of Shares comprised in the ESOS granted	42,500,000
(j) Number of Shares comprised in the ESOS granted to each Director and controlling shareholders (and each of their associates)	None
(k) Market Price of the Shares on the Date of Grant	S\$0.001
(l) 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.

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 (Cont'd).

MATTERS ARISING DURING 2019 (Cont'd)

Receipt of Writ of Summons

On 22 February 2019, the Company received a demand letter from the Company subsidiary's former employee, Mr. Edwin Sugiarto ("Mr. Sugiarto") represented by his solicitors for the sum of S\$416,784, made up of several items, being wages, medical and expenses claims and a payment for a non-compete undertaking claim arises out of his cessation of employment with the Company (Please refer to Annual Report 2018 Note 36 - Contingent Liabilities). Subsequently, the Company had on 12 June 2019 been served with a writ of summons, endorsed with a statement of claim. Mr. Sugiarto is claiming for an amount of S\$416,784, together with costs and interests up the date of full settlement.

The Company fully intends to vigorously defend its position in these ongoing proceedings. However, the Company remains open to, and is taking active steps in pursuing an amicable resolution of this dispute and will work with its legal advisors to safeguard the Company's best interests. The Company will make the relevant announcements as and when material developments in this regard occur.

Grant of Options Shares to an Investor

Under an Option Agreement, and for a cash consideration of S\$50,000 paid to the Company, the Company granted the Investor an aggregate of 5,000,000,000 transferable share options ("Options", and each an "Option"), with each Option carrying the right to subscribe for one (1) new ordinary Share ("Option Share") at a minimum exercise price of S\$0.001 to raise an amount of up to S\$5,000,000 in aggregate (the "Grant of Options"). The Options shall be exercisable by April 2020 (which is within thirty-six (36) months after the issue of the Options) and the total value of each duly executed notice of exercise of Options shall not be less than S\$50,000. The Option Shares, when allotted and issued upon exercise of the Options, shall be fully paid and shall rank pari passu in all respects with the existing Shares, save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the date of allotment of the Option Shares.

The Company had on 1 April 2019 received notice of the transfer by the Investor of 500,000,000 Options (the "Transferred Options") to Shamsol Jeffri Bin Zainal Abidin (the "Transferee"). Following the transfer of the Transferred Options, the Investor holds 4,500,000,000 remaining Options. The Company had on the same day received notice from the Transferee of his intention to exercise all of the Transferred Options for the total sum of S\$500,000 (the "Exercise Price" or "Option Proceeds").

On 19 April 2019, the Company had received the Exercise Price in full from the Transferee and accordingly, the Company had allotted and issued 500,000,000 new shares ("New Shares"), representing 2.99% of the Enlarged Share Capital of the Company, to the Transferee on 22 April 2019 pursuant to the exercise of the Transferred Options under the Option Agreement.

As at the date of this announcement, the utilisation of the above Option Proceeds is as follows:

Purpose	Amount S\$'000	Percentage of Option Proceeds %
Funding for new business expansions and development	59	12
Group's general working capital (Note (a))	441	88
Total	500	100

Notes:

- (a) Funds used for the Group's general working capital were for payments to suppliers and operating expenses including staff salaries and professional fees.

The use of the above Option Proceeds is consistent with the use of proceeds for the Option Shares as disclosed in the Company's circular to Shareholders dated 12 July 2016.

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 (Cont'd).

MATTERS ARISING DURING 2019 (Cont'd)

Consolidation of an Associate, HT Energy (S) Sdn. Bhd. ("HTES")

On 25 June 2019, Mr. Adnan Bin Mansor, a non-executive and independent director of the Company, was inducted and appointed as a director of the board of directors of HTES.

With the appointment of Mr. Adnan Bin Mansor, the board of directors of HTES now comprises Mr. Muhammad Hatta Bin Sukarni, who is also the majority 51% shareholder of HTES, and Ms. Sandra Liz Hon Ai Ling and Mr. Adnan Bin Mansor, who represent the Company's current 49% interest in HTES.

The Company now has control over the financial and operating policies of HTES through the control of HTES' board of directors, and is consolidating HTES' financial results as one of the Group's subsidiaries.

Non-Binding Memorandum of Understanding with Perbadanan Kemajuan Negeri Perak

The Group has, 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. The parties have identified an initial site suitable for a proposed 35MW capacity LSS Project (approximately 3.3 acres/MW), and will continue to collaborate in the future to identify and evaluate other potential sites for the development of other LSS Projects. 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. PKNP has also agreed to arrange all necessary export permits for such Products.

The collaboration between the parties under the MOUs is intended to boost the Group's business in the renewable energy sector and also allow the Group to gain a valuable toehold, and to explore other business opportunities, such as the supply of the Products, in the State of Perak.

As at the date of this announcement, PJS is negotiating the supply contract with PKNP. Cahya Suria Energy Sdn. Bhd. is in the midst of evaluating additional potential sites proposed by MHB for the LSS Projects.

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 and 4 February 2020 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**"), (the "**Earlier Announcements**").

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

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 (Cont'd).**

MATTERS ARISING DURING 2019 (Cont'd)

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

On 27 June 2019, the Company had entered into the definitive agreements with the Purchaser under which the Purchaser has 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 and 26 November 2019 the Purchaser has completed the transfer of a total 420,000,000 Controlled Shares to Shamsol Jeffri Bin Zainal Abidin for a consideration of S\$420,000 (the "**Consideration**"). The Consideration has been fully paid to the Company and shall be applied towards the discharge of the Third Tranche Outstanding Amount pursuant to the Share Charge and Control Deed. As at the date of this announcement, the Third Tranche Outstanding Amount is S\$199,726.

As announced on 5 November 2019, the Company has not received the fourth tranche consideration in aggregate amount of S\$1,000,000 (the "Fourth Tranche Consideration") and is currently in negotiations with the Purchaser on her proposed plans to fulfil the payment. In this regard, the Company had on 4 February 2020 received the proposed final settlement plan ("**Proposed Final Settlement Plan**") from the Purchaser to the Board for its consideration in relation to the Fourth Tranche Consideration for the Board's consideration. The Board is currently reviewing and deliberating the Proposed Final Settlement Plan and the Company will make the necessary announcements as appropriate or when there are further developments on the same.

The Company will make further announcements as appropriate or when the remainder of the Controlled Shares have been disposed of, whether in part or in full.

Incorporation of IES Engineering Systems Sdn. Bhd. ("**IESM**")

The Company, through its wholly-owned subsidiary Industrial Engineering Systems Pte Ltd ("**IES**"), has incorporated a further wholly-owned subsidiary in Malaysia, IES Engineering Systems Sdn. Bhd. ("**IESM**") on 5 December 2019. IESM has an issued and paid-up share capital of RM1,000.00, comprising of 1,000 ordinary shares of RM1.00 each. The principal activities of IESM are the process and industrial plant engineering design and consultancy services and the wholesale trade of a variety of goods without a dominant product.

IES is a control systems integrator that specialises in the supply, design & engineering, manufacturing, assembly, testing and commissioning of custom-made solutions for offshore industries. IESM will act as the local arm of IES for the supply and installation of these solutions, and also to provide better sale and after sales services, to our clients in Malaysia.

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 3 February 2020, 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. The Company will make further announcements as and when there are material developments concerning this matter.

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 FY2019 operating results were generally in line with the expectations as previously disclosed in the Company's FY2018 annual report and the FY2018 results announcement dated 1 March 2019.

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 reporting 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 of which is dependent on the performance of the major world economies, remains highly volatile. Furthermore, concerns over trade protectionism among major nations still lingers and coupled with the severe economic fallout risks emanating from the ongoing Covid-19 epidemic may adversely impact the Group's businesses. In the short term, we do not reasonably foresee any tangible impact from the epidemic on the operations and earnings of the Group as (i) our oil and gas segment supply chain are predominantly in USA and Europe, which have not been significantly affected to-date; and (ii) while the supply chain for our engineering services segment includes China-based suppliers, these suppliers are based in South China which are removed from the epidemic epicentre and not on lockdown. As the epidemic situation is still fluid and uncertain, our views may change as a result of new developments. Meanwhile, there is a material uncertainty arising from the current political developments in Malaysia which is the Group's key markets. While we do not foresee any short term impact for our oil and gas segment's existing business in Malaysia, there are risks that certain government related projects in our renewable energy sector and engineering services segment which may be delayed with the current political development in Malaysia. While the said political uncertainties may remain in the short to medium term, the Group is of the view that the current situation is transient and should normalise without significant long-term impact on the Group's planned or existing projects. As previously disclosed, the Group continues to monitor these developments and undertake measures to mitigate any potential negative impact including, *inter alia*, diversifying its supply chain to include multiple source suppliers from different geographic areas and/or jurisdictions. Meanwhile, the Group's diversification to the renewable energy sector is intended to provide the Company with a new revenue stream and broaden the Group's earning base.

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 year

Not applicable. No dividend was declared for FY2018.

(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 current financial year as the Group is currently not profit-making.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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 Company has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

There was no interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into by the Group or the Company during the financial year ended 31 December 2019.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmental revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Primary segment

Analysis by Business Segments

In FY2019, the Group operates in three product segments – engineering services, oil and gas equipment, and investments and others. The energy services segment was disposed in FY2018. The new business segments approved by shareholders at the EGM on 18 August 2016 (including the renewable energy sector) have yet to register maiden contributions.

	Engineering services S\$'000	Oil and gas equipment S\$'000	Investments and others S\$'000	Elimination S\$'000	Total S\$'000
For the financial year ended 31 December 2019					
Revenue					
External sales	1,476	8,988	-	(1,383)	9,081
Inter-segment sales	-	(1,383)	-	1,383	-
Total revenue	1,476	7,605	-	-	9,081
Results					
Segment results	97	608	(1,068)	-	(363)
Interest income	7	8	197	(7)	205
Interest expense	-	(9)	(26)	7	(28)
(Loss)/profit before income tax	104	607	(897)	-	(186)
Income tax	-	(55)	-	-	(55)
(Loss)/profit for the financial year	104	552	(897)	-	(241)
Other information					
Capital expenditure	-	155	4	-	159
Depreciation of property, plant and equipment					67
Depreciation of right of use asset					256
Fair value loss on financial assets at fair value through profit or loss					1
Fair value gain on redeemable convertible bonds					(22)
Gain on write off loan					(268)
Provision for legal expenses					54
					<u>88</u>
Assets					
Non-current assets	-	525	112	-	637
Other segment assets	991	3,880	7,195	(3,184)	<u>8,882</u>
Consolidated total assets					<u>9,519</u>
Liabilities					
Segment liabilities	559	2,177	2,116	(572)	4,280
Borrowings	-	70	955	(365)	660
Current income tax liabilities	-	38	-	-	38
Deferred tax liabilities	-	31	-	-	<u>31</u>
Consolidated total liabilities					<u>5,009</u>

14. Segmental revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Cont'd)

Primary segment (Cont'd)

Analysis by Business Segments (Cont'd)

	Engineering services S\$'000	Oil and gas equipment S\$'000	Investments and others S\$'000	Elimination S\$'000	Continuing operations S\$'000	Discontinued operation S\$'000	Total S\$'000
For the financial year ended 31 December 2018							
Revenue							
External sales	19	6,715	-	(657)	6,077	9,330	15,407
Inter-segment sales	-	(657)	-	657	-	-	-
Total revenue	19	6,058	-	-	6,077	9,330	15,407
Results							
Segment results	(389)	270	(3,250)	(424)	(3,793)	450	(3,343)
Interest income	17	3	176	(159)	37	-	37
Interest expense	-	(3)	(176)	16	(163)	(138)	(301)
(Loss)/profit before income tax	(372)	270	(3,250)	(567)	(3,919)	312	(3,607)
Income tax	-	(119)	-	-	(119)	(119)	(238)
(Loss)/profit for the financial year	(372)	151	(3,250)	(567)	(4,038)	193	(3,845)
Other information							
Capital expenditure	-	36	4	-	40	1,034	1,074
Depreciation	-	23	36	-	59	196	255
Fair value loss of financial assets at fair value through profit or loss					13	-	13
Fair value gain on redeemable convertible bonds					(60)	-	(60)
Bad debt recovered					(24)	(84)	(108)
Issuance of Performance Shares					1,530	-	1,530
Write-off of redeemables convertible bonds expenses					520	-	520
					2,038	112	2,150
Assets							
Non-current assets	-	300	47	-	347	-	347
Other segment assets	877	3,443	7,408	(2,610)	9,118	-	9,118
Consolidated total assets					9,465	-	9,465
Liabilities							
Segment liabilities	550	1,996	1,441	(457)	3,530	-	3,530
Borrowings	-	77	1,477	-	1,554	-	1,554
Current income tax liabilities	-	115	-	-	115	-	115
Deferred tax liabilities	-	22	-	-	22	-	22
Consolidated total liabilities					5,221	-	5,221

14. Segmental revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Cont'd)

Secondary segment

Analysis by Geographical Segments

The Group's activities are primarily based in Singapore, Malaysia, Indonesia and Brunei.

The following table shows the revenue, the carrying amounts of segment assets and additions to property, plant and equipment, analysed by geographical information:

	Revenue		Segment assets		Capital additions	
	FY2019 S\$'000	FY2018 S\$'000	FY2019 S\$'000	FY2018 S\$'000	FY2019 S\$'000	FY2018 S\$'000
<u>Continuing operations</u>						
Singapore	4,764	2,105	6,849	6,901	6	4
Malaysia	2,602	3,213	1,790	2,156	18	1
Indonesia	236	534	300	152	-	35
Brunei	1,479	225	580	256	135	-
	9,081	6,077	9,519	9,465	159	40
<u>Discontinued operation</u>						
Malaysia	-	9,330	-	-	-	1,034
	9,081	15,407	9,519	9,465	159	1,074

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8.

16. A breakdown of sales as follows:

	Group		Increase/ (Decrease) %
	FY2019 S\$'000	FY2018 S\$'000	
Revenue reported for first half year	4,591	7,737	(41)
Operating income/(loss) after tax before deducting non-controlling interest reported for first half year	23	(879)	NM
Revenue reported for second half year	4,490	7,670	(41)
Operating loss after tax before deducting non-controlling interest reported for second half year	(264)	(2,966)	(91)

NM: Not meaningful

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

- (a) Ordinary : Not Applicable
- (b) Preference : Not Applicable
- (c) Total : Not Applicable

No dividend was declared for FY2019 and FY2018.

18. 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 Officer in the format set out in Appendix 7H of the Catalist Rules.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10) of the Catalist Rules.

20. 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.

Please refer to the note entitled "Grant of Options Shares to an Investor" on page 20 of this announcement for further details. Except as already disclosed in this announcement, there were no other outstanding proceeds.

**BY ORDER OF THE BOARD
ANNICA HOLDINGS LIMITED**

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer
28 February 2020