

ANNICA HOLDINGS LIMITED

Unaudited Financial Statements And Dividend Announcement For The Financial Year Ended 31 December 2020

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

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.

The contact person for the Sponsor is Mr. Bernard Lui:

Telephone number: (65) 6389 3000

Email address: bernard.lui@morganlewis.com

*For the purpose of this announcement, **FY2020** refers to the full financial year ended 31 December 2020 whereas **FY2019** refers to the corresponding full financial year ended 31 December 2019.*

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

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 December 2020

	Group		Increase/ (Decrease)
	FY2020 S\$'000	FY2019 S\$'000	%
Revenue	10,906	9,081	20
Cost of sales	(7,408)	(5,542)	34
Gross profit	3,498	3,539	(1)
Other income	433	562	(23)
Interest income	225	205	10
Selling and distribution expenses	(121)	(291)	(58)
Administrative and general expenses	(4,065)	(3,973)	2
Other expenses	(58)	(311)	(81)
Impairment losses on financial assets	(957)	(9)	NM
Finance costs	(41)	(34)	21
Loss before income tax	(1,086)	(312)	NM
Income tax expense	(113)	(55)	NM
Loss after tax	(1,199)	(367)	NM
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation	34	5	NM
Other comprehensive income for the financial year, net of tax	34	5	NM
Total comprehensive loss for the financial year	(1,165)	(362)	NM
Total (loss)/profit attributable to:			
- Equity holders of the Company	(1,136)	(455)	NM
- Non-controlling interests	(63)	88	NM
	(1,199)	(367)	NM
Total comprehensive (loss)/income attributable to:			
- Equity holders of the Company	(1,102)	(450)	NM
- Non-controlling interests	(63)	88	NM
	(1,165)	(362)	NM

NM: Not meaningful

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

Loss from operations

	Group		Increase/ (Decrease)
	FY2020 S\$'000	FY2019 S\$'000	%
Interest income from bank and deposits	(8)	(8)	-
Interest income from a third party	(217)	(197)	10
Interest expenses on redeemable convertible bonds	6	12	(50)
Interest expenses on borrowings	27	3	NM
Interest expenses on lease liabilities	8	9	(11)
Amortisation of interest expense on RCBs	-	10	NM
Loss/(Gain) on disposal of property, plant and equipment	4	(77)	NM
Commission income	(3)	(177)	(98)
Miscellaneous income	(165)	(12)	NM
Grant received from Job Support Scheme	(224)	-	NM
Fair value gain on redeemable convertible bonds	(41)	(28)	46
Interest on loans from holding company of a former corporate shareholder of Industrial Power Technology Pte Ltd ("IPT") waived	-	(268)	NM
Bad debt written off	24	-	NM
Allowance for impairment loss on other receivables	933	-	NM
Depreciation of property, plant and equipment	98	62	58
Depreciation of right-of-use assets	194	260	(25)
Rental expenses	88	-	NM
Foreign currency exchange losses, net	36	128	(72)

NM: Not meaningful

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 2020**

	Group		Company	
	As at FY2020 S\$'000	As at FY2019 S\$'000	As at FY2020 S\$'000	As at FY2019 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	1,393	1,286	110	54
Fixed deposits	552	324	-	-
Trade and other receivables	6,628	4,542	3,484	1,908
Lease receivables	-	-	102	-
Inventories	371	275	-	-
Financial assets at fair value through profit or loss	5	7	100	7
	8,949	6,434	3,796	1,969
Non-current assets				
Trade and other receivables	-	2,446	-	2,611
Lease receivables	-	-	165	-
Investments in subsidiaries	-	-	2,151	2,151
Financial assets at fair value through profit or loss	3	2	-	96
Property, plant and equipment	593	223	136	20
Right-of-use assets	736	378	209	56
Intangible assets	36	36	-	-
	1,368	3,085	2,661	4,934
Total assets	10,317	9,519	6,457	6,903
LIABILITIES				
Current liabilities				
Trade and other payables	4,209	3,101	3,590	1,750
Borrowings	474	727	194	844
Income tax payable	1	37	-	-
Contract liabilities	734	868	-	-
	5,418	4,733	3,784	2,594
Non-current liabilities				
Trade and other payables	-	171	-	171
Borrowings	1,545	96	283	3
Provision	94	105	-	-
Deferred income tax liabilities	42	31	-	-
	1,681	403	283	174
Total liabilities	7,099	5,136	4,067	2,768
Net assets	3,218	4,383	2,390	4,135
EQUITY				
Share capital	67,801	67,801	67,801	67,801
Accumulated losses	(62,834)	(61,698)	(65,500)	(63,755)
Other reserves	(1,746)	(1,780)	89	89
Equity attributable to equity holders of the Company	3,221	4,323	2,390	4,135
Non-controlling interests	(3)	60	-	-
Total equity	3,218	4,383	2,390	4,135

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 FY2020		As at FY2019	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	113	150	8	591
Amount repayable after one year	1,252	-	61	-

As at FY2020, the Group's secured borrowings were secured on the Group's leasehold properties, fixed deposits and personal guarantees. As at FY2019, the Group's secured borrowings were secured on the Group's leasehold properties and fixed deposits.

The Group's unsecured borrowings as at FY2020 were mainly due to additional bank loan and loan from third party offset against full redemption of RCBs. As at FY2019, the Group's unsecured borrowings were mainly due to the outstanding amount under the LionGold Loan of S\$50,000 and the Second Tranche RCBs. Please refer to page 14 on "2% redeemable convertible bonds ("RCBs") with an aggregate principal amount of up to S\$60,000,000" for further details.

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
FOR THE FINANCIAL YEAR ENDED 31 December 2020**

	Group	
	FY2020	FY2019
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before income tax	(1,086)	(312)
Adjustments for:		
Depreciation of property, plant and equipment	98	62
Depreciation of right-of-use assets	194	260
Fair value gain on redeemable convertible bonds	(41)	(28)
Fair value loss on financial assets at fair value through profit or loss	1	1
Loss/(Gain) on disposal of property, plant and equipment	4	(77)
Interest on loans from holding company of a former corporate shareholder of IPT waived	-	(268)
Allowance for impairment loss on trade receivables	-	8
Interest expense	41	34
Interest income	(225)	(205)
Lease modification	10	-
Bad debt written off	24	-
Allowance for impairment loss on other receivables	933	-
ESOS expenses	-	39
Operating cash flows before working capital changes	(47)	(486)
Changes in working capital:		
Inventories	(96)	(191)
Payables and contract liabilities	786	630
Receivables	(345)	(103)
Currency translation difference	4	26
Cash used in operations	302	(124)
Income tax paid	(138)	(142)
Net cash generated from/(used in) operating activities	164	(266)
Cash flows from investing activities		
Interest received	8	8
Purchase of property, plant and equipment	(504)	(159)
Proceeds from disposal of property, plant and equipment	32	77
Net cash generated used in investing activities	(464)	(74)
Cash flows from financing activities		
Interest paid for term loan	(5)	(2)
Interest paid for bank loan	(11)	-
Interest paid for RCBs	(6)	-
Interest paid for lease liabilities	(7)	(9)
Loan from a third party	138	1
Issuance of ordinary shares	-	500
Placement in fixed deposit pledged	(228)	(48)
Release of deposit in cash margin account	-	133
Proceeds of borrowings	1,300	-
Repayment of borrowings	(555)	(610)
Repayment of lease liabilities	(219)	(253)
Net cash generated from/(used in) financing activities	407	(288)

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 2020 (Cont'd)**

	Group	
	FY2020	FY2019
	S\$'000	S\$'000
Net decrease in cash and cash equivalents	107	(628)
Cash and cash equivalents at beginning of the financial year	1,206	1,842
Effects of foreign currency translation on cash and cash equivalents	(12)	(8)
Cash and cash equivalents at end of the financial year	1,301	1,206
Cash and cash equivalents at end of the financial year were made up of:		
Cash and cash equivalents	1,393	1,286
Deposit placed in cash margin account	(92)	(80)
	1,301	1,206

Major non-cash items:

During FY2020, there was a bad debt written off of S\$24,000, allowance for impairment loss on other receivables of S\$933,000 and fair value gain on redeemable convertible bonds of S\$41,000.

During FY2019, there was a one-off gain of S\$268,000 arising from the settlement of the outstanding amount under the LionGold Loan, gain on sales of motor vehicles of S\$77,000 and S\$260,000 of depreciation of right-of-use asset arising from the adoption of SFRS(I) 16.

Acquisition of subsidiaries/associates

There are no acquisition of subsidiaries or associates during FY2020.

During FY2019:

- (a) 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 consolidated HTES' financial results as one of the Group's subsidiaries.
- (b) 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), representing 100% of the total issued and paid up capital of IESM.

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 2020**

Equity attributable to equity holders of the Company

	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Group						
Balance as at 1 January 2020	67,801	(61,698)	(1,780)	4,323	60	4,383
Loss for the financial year	-	(1,136)	-	(1,136)	(63)	(1,199)
Other comprehensive income:						
Currency translation differences arising from consolidation	-	-	34	34	-	34
Total comprehensive (loss)/income for the financial year	-	(1,136)	34	(1,102)	(63)	(1,165)
Balance as at 31 December 2020	67,801	(62,834)	(1,746)	3,221	(3)	3,218
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
ESOS expenses	-	-	39	39	-	39
(Loss)/Profit for the financial year	-	(455)	-	(455)	88	(367)
Other comprehensive income:						
Currency translation differences arising from consolidation	-	-	5	5	-	5
Total comprehensive (loss)/income for the financial year	-	(455)	5	(450)	88	(362)
<i>Changes in ownership interests in a subsidiary:</i>						
Consolidation of an associate	-	-	-	-	(38)	(38)
	-	-	-	-	(38)	(38)
Balance as at 31 December 2019	67,801	(61,698)	(1,780)	4,323	60	4,383

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 2020 (Cont'd)**

	Share capital S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Company				
Balance as at 1 January 2020	67,801	89	(63,755)	4,135
Loss and total comprehensive loss for the financial year	-	-	(1,745)	(1,745)
Balance as at 31 December 2020	67,801	89	(65,500)	2,390
Balance as at 1 January 2019	67,301	50	(62,768)	4,583
Issuance of ordinary shares of the Company	500	-	-	500
ESOS expenses	-	39	-	39
Loss and total comprehensive loss for the financial year	-	-	(987)	(987)
Balance as at 31 December 2019	67,801	89	(63,755)	4,135

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.

	Number of Shares '000	Share Capital S\$'000
Issued and fully paid: Net share capital as at 30 June 2020 and 31 December 2020	16,674,767	67,801

There were no changes in the Company's share capital for the financial year ended 31 December 2020 since the end of the previous financial period reported on.

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:

- 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 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 31 December 2020, the number of shares that may be issued on conversion of all the outstanding convertible securities was 42,500,000 (31 December 2019: 5,098,055,556) which represented approximately 0.25% (31 December 2019: 30.57%) of the total issued shares excluding treasury shares and subsidiary holdings.

There were no treasury shares or subsidiary holdings as at 31 December 2019 and 31 December 2020.

1(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 FY2020	As at FY2019
Total number of issued shares excluding treasury shares ('000)	16,674,767	16,674,767

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 2019, the Company's auditors were unable to obtain sufficient appropriate audit evidence with respect to (i) 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 S\$1,212,000 as at 31 December 2019 and (ii) no allowance for impairment loss required with respect to the receivables, from a former subsidiary which amounted to S\$2,666,000.

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, which are to be sold and the proceeds applied as payment for the outstanding consideration 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, 26 November 2019, 4 March 2020 and 21 August 2020, the Company had completed the transfer of a total of 620,000,000 Controlled Shares to Shamsol Jeffri Bin Zainal Abidin and an independent investor for a consideration of S\$620,000 (the "**Consideration**"). The Consideration has been fully paid to the Company and shall be applied towards the full discharge of the amount outstanding under the Third Tranche Consideration. 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.

With regard to the Fourth Tranche Consideration, the Company had on 23 June 2020 entered into Settlement Definitive Agreements to, *inter alia*, 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 rights, 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 line 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.

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 total amount outstanding from the Purchaser as at the date of this announcement is S\$1,092,174.

(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 2019.

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.

There are no changes in the accounting policies and methods of computation during FY2020.

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	
	FY2020	FY2019
Loss per share based on the weighted average number of shares on issue (in cents):		
- basic loss per share (Note (a))	(0.0068)	(0.0028)
- diluted loss per share (Note (b))	(0.0068)	(0.0022)

ESOS Options of 42,500,000 were included in the weighted average number of diluted shares for FY2020.

Notes:

- (a) Basic loss per share for FY2020 were calculated by dividing the loss from operations attributable to equity holders of the Company of S\$1,136,000 (FY2019: S\$455,000) by the weighted average number of Shares for FY2020 of 16,674,767,048 (FY2019: 16,526,821,843).
- (b) Diluted loss per share for FY2020 was calculated by dividing the loss attributable to equity holders of the Company of S\$1,136,000 (FY2019: S\$455,000) by the weighted average number of shares for FY2020 of 16,717,267,048 (FY2019: 21,026,821,843). The FY2020 diluted loss per share differs from the disclosure in the FY2019 financial results announcement dated 28 February 2020 due to an inadvertent omission of the share options held by Lim In Chong in the calculation.

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	
	FY2020	FY2019	FY2020	FY2019
Net asset value per ordinary share based on the issued share capital at the end of the year (in cents)	0.019	0.026	0.014	0.025

Net asset value per ordinary share of the Group as at FY2020 was calculated by dividing the Group's net asset value attributable to equity holders as at FY2020 of S\$3,221,000 (FY2019: S\$4,323,000) divided by the number of ordinary shares of the Company as at FY2020 of 16,674,767,048 (FY2019: 16,674,767,048).

Net asset value per ordinary share of the Company as at FY2020 was calculated by dividing the Company's net asset value attributable to equity holders as at FY2020 of S\$2,390,000 (FY2019: S\$4,135,000) divided by the number of ordinary shares of the Company as at FY2020 of 16,674,767,048 (FY2019: 16,674,767,048).

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

Revenue and Gross Profit

The Group posted revenue of S\$10,906,000 in FY2020 which was an increase of S\$1,825,000 or 20% from S\$9,081,000 in FY2019, primarily due to certain orders which were delayed in the preceding period in oil and gas equipment and engineering services segments, and which were 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 services segments each having contributed 93% and 7%, respectively, to the Group's revenue in FY2020.

The Group reported a gross profit margin of 32% in FY2020 which was a decrease of 7% from 39% in FY2019 due to the lower gross profit margin contributed by the oil and gas equipment segment in FY2020. The Group's gross profit decreased by S\$41,000 or 1% from S\$3,539,000 in FY2019 to S\$3,498,000 in FY2020 due to higher cost of sales incurred in a one-off lower margin project in the oil and gas equipment segment.

Other income

There was a decrease of S\$129,000 in other income from S\$562,000 in FY2019 to S\$433,000 in FY2020. In FY2020, other income comprised mainly amounts under the Job Support Scheme received from the Singapore government and fair value gain on RCBs. By comparison, in FY2019, other income comprised mainly a gain from the disposal of a motor vehicle, a one-off gain arising from the settlement of the outstanding amount under the LionGold Loan, and commission income received. There was a decrease in commission income in FY2020 as compared to FY2019 as commission income in FY2019 were mainly ad hoc and non-recurring in nature.

Interest income

The increase of S\$20,000 in interest income from S\$205,000 in FY2019 to S\$225,000 in FY2020 mainly due to interest income arising from amounts due from the Purchaser of GPE Power Systems (M) Sdn. Bhd. ("GPE") in FY2020.

Selling and distribution expenses

The Group incurred selling and distribution expenses of S\$121,000 in FY2020, a decrease of S\$170,000 from S\$291,000 in FY2019, which was mainly due to lower travelling expenses and courier fees during FY2020.

Administrative and general expenses

The Group incurred administrative and general expenses of S\$4,065,000 in FY2020, an increase of S\$92,000 from S\$3,973,000 reported in FY2019, representing a marginal variance. Depreciation on property, plant and equipment ("PPE") was increased due to addition of PPE offset against lower depreciation charged on right-of-use assets ("ROU") due to lower ROU assets in FY2020. The Group continues to closely monitor its expenses.

Other expenses

There was a decrease of S\$253,000 in other expenses, from S\$311,000 in FY2019 to S\$58,000 in FY2020. In FY2020, other expenses were mainly due to foreign currency loss. By comparison, in FY2019, other expenses comprised mainly provision for legal expenses of S\$181,000. Foreign exchange loss was higher in FY2019 as compared to FY2020 mainly due to the fluctuation of Singapore Dollars against United States Dollars.

Impairment losses on financial assets

There was an increase of S\$948,000 in impairment losses on financial assets, from S\$9,000 in FY2019 to S\$957,000 in FY2020. The increase is mainly due to allowance for impairment loss on other receivables of S\$933,000 and bad debt written off of S\$24,000 incurred in FY2020.

Finance costs

Finance costs was primarily arising from interest expenses on borrowings and leases. The finance costs incurred in FY2020 was S\$41,000, an increase of S\$7,000 from S\$34,000 in FY2019 was mainly due to interest expenses incurred on third party loan and bank loans.

Income tax expense

The income tax expense was S\$113,000 in FY2020, an increase of S\$58,000 from S\$55,000 in FY2019, mainly due to higher income tax expense arising from oil and gas equipment segment during FY2020.

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)

Loss for the financial year

The Group reported a loss for the financial year of S\$1,199,000 in FY2020, which was an increase of S\$832,000 from losses of S\$367,000 in FY2019. The operational losses were well maintained as compared to FY2019, with the exception of the extraordinary expense arising from the allowance for impairment loss on other receivables.

STATEMENT OF FINANCIAL POSITION

Current assets

Current assets of the Group amounted to S\$8,949,000 as at FY2020, an increase of S\$2,515,000 from S\$6,434,000 as at FY2019, primarily due to the increase in cash and bank balances and inventories, and reclassification of trade and other receivables from non-current assets. 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 decreased by S\$1,717,000 from S\$3,085,000 as at FY2019 to S\$1,368,000 as at FY2020 mainly due to reclassification of trade and other receivables to current assets, offset against addition of right-of-use assets and purchase of new property, plant and equipment.

Current liabilities

The Group reported current liabilities of S\$5,418,000 as at FY2020 which was an increase of S\$685,000 from S\$4,733,000 as at FY2019 mainly due to the increase in trade and other payables, offset against the reduction in contract liabilities and income tax payable.

Non-current liabilities

There was an increase in the Group's non-current liabilities of S\$1,278,000 from S\$403,000 as at FY2019 to S\$1,681,000 as at FY2020 due to drawdown of new bank and third party loans, and deferred income tax liabilities, offset against reduction in provision of employee benefit.

Shareholders' equity

The Group's capital and reserves attributable to equity holders of the Company was S\$3,221,000 as at FY2020. This was a decrease of S\$1,102,000 from S\$4,323,000 as at FY2019 mainly as a result of the Group's losses.

STATEMENT OF CASH FLOWS

Net cash generated from operating activities amounted to S\$164,000 in FY2020. The net operating cash inflow was mainly due to operating profit before working capital changes of S\$1,039,000, adjusted for working capital inflows of S\$211,000, which were mainly attributable to an increase in payables and contract liabilities of S\$786,000, offset against the increase in inventories of S\$96,000, increase in receivables of S\$345,000 and income tax paid of S\$138,000.

Net cash used in investing activities in FY2020 amounted to S\$464,000, comprising cash used to acquire property, plant and equipment amounting to S\$504,000, offset against cash proceeds from the sales of property, plant and equipment of S\$32,000.

Net cash generated from financing activities in FY2020 amounted to S\$407,000, mainly arising from loan drawdown from third party of S\$138,000 and bank loans drawdown of S\$1,300,000 which were offset against interest expenses of S\$29,000, fixed deposit pledged of S\$228,000, repayment of borrowings of S\$555,000 and repayment of monthly leases of S\$219,000.

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 2020

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 and 1 March 2021 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.

As updated by the Company in its HY2020 results announcement, the pilot module has been successfully installed at the pilot site. As further updated by the Company on 1 March 2021, since the installation of the Pilot Module, the MCO has been further tightened from 1 August 2020 and inter-zone travel within Sarawak together with international travel into and within Malaysia have been severely restricted. As such, the Pilot Study which was initially scheduled to commence in July 2020 was affected by delays in the testing and commissioning ("**T&C**") and on-site calibration of the Pilot Module, which required the on-site presence of both our in-house technical team from Singapore and the Chinese technicians from our manufacturer in China. Despite these challenges and unstable on-site communications (weak internet access), our in-house technical team together with the local support team, were able to bring the Pilot Module up to 70% of operational capacity in October 2020.

At present, subject to easing of movement restrictions and/or receipt of travel approval, the Company's in-house technical team is scheduling to return to the site to complete the final optimization to full operational capacity and commissioning of the Pilot Module, with guidance from the Chinese manufacturer remotely through online means. Although the Company plans to commence the Pilot Study around second half of FY2021 (which will run for a three (3) month period), the Company recognises that this timeline may be affected due to the ongoing movement restrictions and/ or should the COVID-19 situation persist or deteriorate during this period.

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) of the Subscription Agreement dated 31 July 2015 would 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 (the "**First Tranche RCBs**") up to 28 February 2019; and
- (b) the second tranche in the principal amount of S\$500,000 (the "**Second Tranche RCBs**") 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).

The Company subsequently redeemed the First Tranche RCBs in full on 28 February 2019 as the Subscriber had not exercised its conversion right in respect of the same.

On 31 March 2020, the Company entered into a letter agreement with the Subscriber and the Manager to further amend the Subscription Agreement by, *inter alia*, further extending the redemption date of the Second Tranche RCBs to 31 May 2020. On 3 June 2020, the Subscriber further agreed to allow the Company until 12 June 2020 to redeem the outstanding Second Tranche RCBs. On 12 June 2020, the Company redeemed a portion of the outstanding Second Tranche RCBs in principal amount of S\$100,000.

On 16 June 2020, the Company, Subscriber and Manager, via a letter agreement, further agreed that the redemption date for the outstanding Second Tranche RCBs in principal amount of S\$400,000 would be further extended as follows:

- a) on or before 30 June 2020, the Company shall redeem the principal amount of S\$150,000; and
- b) on or before 31 July 2020, the Company shall redeem the principal amount of S\$250,000.

The Company has fully redeemed the remaining Second Tranche RCBs in principal amount of S\$400,000 as at the date of this announcement and no RCBs remain outstanding.

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 2020 (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"), who was 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 arising out of his cessation of employment with the Company (please refer to Annual Report 2019 Note 38 - Contingent Liabilities for further details). Subsequently, the Company had on 12 June 2019 been served with a writ of summons, endorsed with a statement of claim, under which Mr. Sugiarto claimed for an amount of S\$416,784, together with costs and interests up the date of full settlement (the "Suit").

On 1 April 2020, the Company had entered into a settlement agreement (the "Settlement Agreement") with Mr. Sugiarto for the full and final settlement of the Suit commenced by Mr. Sugiarto in relation to his employment agreement dated 1 January 2016 and shall, pursuant to the Settlement Agreement, pay him a sum of S\$300,000 by way of equal monthly instalments, over a period of 21 months, with the first instalment in the sum of S\$14,285.71 commencing 1 April 2020.

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 Lim In Chong (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 were 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 held 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 allotted and issued 500,000,000 new shares ("New Shares"), representing 2.99% of the enlarged share capital of the Company on the date of allotment, to the Transferee on 22 April 2019 pursuant to his exercise of the Transferred Options.

The above Option Proceeds were utilised in FY2019 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 was consistent with the use of proceeds for the Option Shares as disclosed in the Company's circular to Shareholders dated 12 July 2016. As announced by the Company on 25 April 2020, the 4,500,000,000 outstanding Options which were remained unexercised as at the expiry date have become null and void pursuant to the Option Agreement.

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 2020 (Cont'd)

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. 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 recent movement restrictions in Malaysia have delayed the negotiation process for a definitive agreement. As at the date of this announcement, PJS is still in the midst of negotiating the supply contract with PKNP. The Company will make the necessary announcements as appropriate or when there are further developments on the same.

The collaboration between the parties under the MOU and Framework Agreement 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.

On 3 June 2020, CSE and Majuperak Energy Resources Sdn. Bhd., a wholly-owned subsidiary of Majuperak Holdings Berhad, have entered into a framework agreement to collaborate on the development of Large Scale Solar Photovoltaic projects in the State of Perak totalling up to 100MW capacity (the "Framework Agreement"). The Company will make the necessary announcements as appropriate or when there are further developments on the same.

Subscription of Shares in HT Energy (S) Sdn Bhd by the Majority Shareholder

Reference is made to:

- (i) the Company's announcements dated 26 February 2019 and 26 March 2019 in relation to, *inter alia*, the Company's subscription of redeemable convertible non-cumulative preference shares ("RCNCPS") in HT Energy (S) Sdn. Bhd. ("HTES"); and
- (ii) the Company's announcements dated 6 January 2020 and 7 January 2020 in relation to, *inter alia*, the proposed subscription of 301,837 ordinary shares at RM1.00 each in the capital of HTES (the "Subscription Shares") for a total subscription price of RM301,837 (the "Subscription Price") by Muhammad Hatta Bin Sukarni (the "Majority Shareholder") pursuant to the Letter of Undertaking provided by the Majority Shareholder to HTES and the Company on 18 March 2019,
- (iii) the Company's announcements made on 31 March 2020, 1 June 2020 and 1 March 2021 in relation to the proposed subscription of 301,837 ordinary shares at RM1.00 each in the capital of HTES for a total subscription price of RM301,837 by the Majority Shareholder pursuant to the Letter of Undertaking provided by the Majority Shareholder to HTES and the Company; and

(collectively, the "Prior Announcements").

All capitalised terms used and not defined herein shall have the same meanings given to them in the Prior 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 2020 (Cont'd)

Subscription of Shares in HT Energy (S) Sdn Bhd by the Majority Shareholder (Cont'd)

Pursuant to the Letter of Undertaking, the Majority Shareholder had undertaken, *inter alia*, that the Subscription Shares shall be fully subscribed, and the Subscription Price shall be paid by the Majority Shareholder to HTES in cash, on or before 31 December 2019 (the "**Original Subscription Date**"). In the Company's announcement dated 6 January 2020, it was disclosed that the Company and HTES had on the same day entered into a supplemental letter agreement with the Majority Shareholder (the "**Supplemental Letter**") under which HTES and the Company agreed, *inter alia*, to extend the Original Subscription Date to 31 March 2020 (the "**Extended Subscription Date**").

On 31 March 2020, the Company and HTES had entered into a second supplemental letter agreement with the Majority Shareholder (the "**Second Supplemental Letter**") under which HTES and the Company agreed, *inter alia*, to extend the Extended Subscription Date to 31 May 2020 (the "**New Extended Date**").

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. To date, the Majority Shareholder has yet to fully provide for the Outstanding Subscription Price although he has been continually providing advances to HTES for its operations, which currently amounts to RM154,500 or 51% of the Subscription Price.

As updated by the Company on 1 March 2021, the Board has considered the Majority Shareholder's continuous efforts and his integral and key role in driving the business of HTES, as well as his good faith and commitment on meeting his Undertaking. The Board 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 Board has taken the view to allow the Majority Shareholder further time to complete the settlement of the Outstanding Subscription Price.

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 and 1 March 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**") ,
- (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 has 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 shall be 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.

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 2020 (Cont'd)

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

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.

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 will make the necessary announcements as appropriate or when there are further developments on the same.

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.

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 FY2020 operating results were generally in line with the expectations as previously disclosed in the Company's FY2019 annual report and the HY2020 results announcement dated 13 August 2020.

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 which is dependent on the performance of the major world economies, remains highly volatile and is recovering from the COVID19 pandemic. Furthermore, the concerns over increasing trade protectionism among major nations still linger, which may adversely impact the Group's businesses. As previously disclosed, 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 segment. 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.

11. If a decision regarding dividend has been made:

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

No ordinary dividend has been recommended or declared.

(b)(i) Amount per share

Not applicable

(b)(ii) Previous corresponding period

Not applicable

(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 year under review 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 Section B: Rules of Catalist of the SGX-ST (“**Catalist Rules**”).

There was no interested person transaction, as defined in Chapter 9 of the Catalist Rules, entered into by the Group or the Company during the financial year ended 31 December 2020.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented 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

The Group operates in three product segments – engineering services, oil and gas equipment, and investments and others segment.

	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 2020					
Revenue					
External sales	732	10,174	-	-	10,906
Inter-segment sales	-	-	-	-	-
Total revenue	<u>732</u>	<u>10,174</u>	<u>-</u>	<u>-</u>	<u>10,906</u>
Results					
Segment results	(359)	1,089	(2,005)	5	(1,270)
Interest income	2	8	219	(4)	225
Interest expense	(15)	(18)	(12)	4	(41)
(Loss)/profit before income tax	(372)	1,079	(1,798)	5	(1,086)
Income tax	-	(113)	-	-	(113)
(Loss)/profit for the financial year	<u>(372)</u>	<u>966</u>	<u>(1,798)</u>	<u>5</u>	<u>(1,199)</u>
Other information					
Capital expenditure	115	609	388	-	1,112
Depreciation of property, plant and equipment					98
Depreciation of right-of-use assets					194
Fair value gain on share					1
Allowance for impairment loss on other receivables					933
Fair value gain on redeemable convertible bonds					(41)
Grant received from Job Support Scheme					(224)
					<u>961</u>
Assets					
Non-current assets	101	884	380	-	1,365
Other segment assets	1,409	5,547	6,534	(4,538)	8,952
Consolidated total assets					<u>10,317</u>
Liabilities					
Segment liabilities	930	2,009	3,963	(1,865)	5,037
Borrowings	520	1,289	641	(431)	2,019
Income tax payable	-	1	-	-	1
Deferred tax liabilities	-	42	-	-	42
Consolidated total liabilities					<u>7,099</u>

14. Segmented 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	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	609	(1,188)	(1)	(483)
Interest income	7	8	197	(7)	205
Interest expense	-	(9)	(32)	7	(34)
(Loss)/profit before income tax	104	608	(1,023)	(1)	(312)
Income tax	-	(55)	-	-	(55)
(Loss)/profit for the financial year	104	553	(1,023)	(1)	(367)
Other information					
Capital expenditure	-	373	4	-	377
Depreciation of property, plant and equipment					62
Depreciation of right-of-use assets					260
Fair value loss on financial assets at fair value through profit or loss					1
Fair value gain on redeemable convertible bonds					(28)
Interest on loans from holding company of a former corporate shareholder of IPT waived					(268)
					27
Assets					
Non-current assets	-	525	112	-	637
Other segment assets	991	3,880	7,195	(3,184)	8,882
Consolidated total assets					9,519
Liabilities					
Segment liabilities	559	2,072	2,186	(572)	4,245
Borrowings	-	176	1,012	(365)	823
Income tax payable	-	37	-	-	37
Deferred tax liabilities	-	31	-	-	31
Consolidated total liabilities					5,136

14. Segmented 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 and right-of-use assets, analysed by geographical information:

	Revenue		Segment assets		Capital additions	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	2,131	4,764	5,619	6,849	925	146
Malaysia	5,770	2,602	3,073	1,790	6	18
Indonesia	2,339	236	1,024	300	111	8
Brunei	666	1,479	601	580	70	205
	10,906	9,081	10,317	9,519	1,112	377

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) %
	FY2020	FY2019	
	S\$'000	S\$'000	
Sales reported for first half year	5,560	4,591	21
Operating (loss)/income after tax before deducting non-controlling interests reported for first half year	(383)	23	NM
Sales reported for second half year	5,346	4,490	19
Operating loss after tax before deducting non-controlling interests reported for second half year	(816)	(390)	NM

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

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 Catalyst Rules have been obtained from its Directors and Executive Officers in the format set out in Appendix 7H of the Catalyst 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.

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

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer
1 March 2021