# 2022
## ANNUAL REPORT

# ANNICA HOLDINGS LIMITED

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

*The contact person for the Sponsor is Mr Bernard Lui.*
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*All $ in this Annual Report refers to Singapore Dollars unless otherwise specified.*

# CONTENT

# LETTER
# TO SHAREHOLDERS

**Dear Shareholders,**

2022 was a year that propelled Annica Holdings Limited ("**Annica**" or the "**Company**", and together with its subsidiaries, the "**Group**") forward. Our changes and achievements ranged from small improvements to big accomplishments, with continuous refinements to our processes across the Group and the successful launch and completion of our pilot project for the electrification of clinics in rural, off-grid communities located in Sarawak, Malaysia (the "**Pilot Project**"). Each change and improvement was rooted in the principle of "continuous change to make it better", and delivered on our purpose to help build businesses that serve our clients and markets better.

We entered the year with a clear strategy for Annica's path ahead and faced a world that looked quite different from what we had expected. We experienced inflationary pressures (the extent of which have not been seen since the 1980s), geopolitical conflict, global supply chain challenges, and the enduring COVID-19 pandemic. In these times, we focused on managing critical factors within our control, and by doing so, we advanced our plans to create independent, sustainable, and industry-leading businesses.

**FINANCIAL PERFORMANCE**

While the COVID19 pandemic transitioned to an endemic stage this year, we were also faced with headwinds arising from global economic uncertainty which mainly resulted from global inflationary pressures and the Ukraine war. We maintained our day-to-day focus of meeting customer commitments and making operational progress and achieved several milestones during this period. Annica closed the financial year ended 31 December 2022 ("**FY2022**") with a revenue of $15.0 million, a 95% increase from $7.7 million in FY2021. The revenue in FY2022 was higher compared to FY2021 primarily because higher revenue generated from both engineering services segment and oil and gas equipment segment in FY2022.

All our business segments accounted for the Group's total revenue in FY2022. Our gross profit margin was 20% in FY2022, representing a decrease of 13% from 33% in FY2021, mainly due to a one-off project with high revenue and low gross profit margin in FY2022 and our loss for FY2022 was $1.7 million representing an increase of $0.6 million from $1.1 million in FY2021. The Group reported a higher gross profit for FY2022 of $3.0 million as compared to $2.5 million in FY2021, and this was mainly due to higher revenue generated in FY2022 as compared to FY2021.

The Group's FY2022 net current assets and total assets stood at $0.6 million and $14.8 million respectively. Meanwhile, the Group's net assets decreased by $1.4 million from $2.0 million as at FY2021 to $0.6 million as at FY2022 as a result of the operating loss.

Let us take a closer look at our businesses.

**INTEGRATED ENGINEERING SOLUTIONS**

During FY2022, the Group continued to reset and reshape its Integrated Engineering Solutions Segment as further described in the following paragraphs.

**Oil & Gas ("O&G") Equipment** recorded revenues of $13.8 million in FY2022, which is an increase of 100% over the preceding year. O&G Equipment continued to improve its operating margins and broaden its revenue base with stronger performances in Indonesia and Malaysia. Meanwhile, we have also stepped up the marketing activities of our O&G Equipment segment in Brunei and Singapore. In FY2022, our facility in Brunei was approved by the Engineering Construction Industry Training Board ("**ECITB**") of the United Kingdom as a TorsionX / ECITB Approved Training Provider to provide mechanical joint integrity ("**MJI**") / flange management training for clients in Brunei, effectively expanding our range of value-added services at our Brunei facility. In December 2022, O&G Equipment also established a new TorsionX / ECITB Approved Training Centre in Batam, Indonesia to provide MJI / flange management training for clients in Batam. We also commenced selling and renting TorsionX bolting equipment to our clients in Batam. Meanwhile, Panah Jaya Services Sdn. Bhd. has been appointed by Sensor Networks Inc., an engineering and manufacturing company of non-destructive testing equipment for industrial applications in USA, as its authorized agent in Malaysia to design, engineer, procure, assemble, supply, deliver, install, hook up, test, commission, and conduct trainings in respect of pipeline corrosion monitoring sensors. This appointment fits with our reset and reshape strategy as we continue to expand our product and service offerings along the value chain.

**Engineering Services** posted improved revenues of $1.2 million in FY2022, as compared to $0.8 million in FY2021. During the year, Engineering Services continued its reinvention as the engineering arm of the Renewable Energy and Green Technology business segment and pursued opportunities in international markets for renewable energy and green technology.

## RENEWABLE ENERGY AND GREEN TECHNOLOGY

**Green Technology ("GT")** – On 12 April 2022, we had officially launched and commenced the Pilot Project following an official user training of the H2E Solar-Hydrogen Pilot Power Module model "H2E1" ("**H2E1**") conducted for the Engineering and Sustainability sector of the Ministry of Health. The Pilot Project was subsequently completed and the H2E1 was launched at the government clinic in Long Loyang, Sarawak on 8 August 2022. The H2E1 is a low-maintenance system requiring minimal supervision and operational intervention, while offering long term green energy and cost savings. The Pilot Project provides a blueprint and a working model for climate-friendly electrification of off-grid rural clinics. This is a pioneering achievement from both a technical and operational perspective, and serves as a benchmark for future electrification projects of rural off-grid communities around the world to supply zero-carbon, reliable and sustainable electricity.

On 11 November 2022, H2 Energy Sdn Bhd ("**H2E**") had entered into a new framework agreement (the "**H2U Framework Agreement**") with H2U Power Tech Pty Ltd ("**H2U**") following the termination of the framework agreement between H2E and Hydro X Gen Pty Ltd on 31 October 2022. Under the H2U Framework Agreement, H2E agreed to grant H2U a perpetual, sole licence under the Licensed Know-how to assemble, install, distribute, market and sell, the H2E1 worldwide except the Excluded Territories[1].

On 14 December 2022, we renewed our collaboration with University Malaysia Sarawak ("**UNIMAS**") to collaborate on research in the field of efficient generation of electricity for renewable and sustainable energy through the signing of a new memorandum of understanding. Results from the research in this area may lead to process improvement, efficiency gains or new products and services which the Group can leverage upon for its GT business.

**Renewable Energy ("RE")** – We continue to position ourselves to participate in potential projects in this space, such as large-scale solar projects and cross-border energy trade, including participating in the second Request for Proposal ("**RFP2**") issued by the Energy Market Authority of Singapore ("**EMA**") to appoint licensed electricity importers to import up to 4GW of low carbon energy by year 2035, as part of EMA's plan to decarbonise the energy sector. On 21 October 2022, we entered into a non-binding memorandum of understanding with Calypte Holding Pte. Ltd. ("**CHPL**") to collaborate and participate in RFP2, for the purposes of the importation of energy into Singapore (subject to the issuance of a full electricity importer license by the EMA to us). CHPL, together with its Indonesian partners, are intending to develop a 1.2 gigawatts solar power plant in Batam, Indonesia to supply electricity to the domestic Indonesian market and for export to Singapore.

## CREATING VALUE TODAY & TOMORROW

The growing significance of sustainable energy will continue to underpin our growth prospects in the future. Concerns over climate change, ESG considerations, and energy security are at the centre of government action and policies globally. The stage has been set for the Company to position itself as an energy transition company.

In the near term, our current markets in Southeast Asia remain highly volatile from the effects of global inflationary pressures, the Ukraine war and the persistent sabre-rattling amongst the leading world powers. Meanwhile, the political landscape in Malaysia, a key market for the Group, remains fragile and uncertain having emerged from a fractious and highly polarising election at the end of 2022. This, coupled with global macroeconomic concerns, continues to weigh down on the Malaysian economy and possibly on our own RE projects.

Meanwhile, the Group's Integrated Engineering Solutions segment is continuing its reset to strengthen the Group's position along the value chain by building long-term capabilities, processes and plans to deliver products more cost-effectively, and by identifying ways to scale efficiently. Suitable and relevant technology that increase flexibility and streamline the Group's operations to better manage changes in the market will be embraced and adopted. The Board will continue to evaluate various strategies, including fundraising, strategic acquisitions and restructuring the Group's existing businesses and/or assets, in addition to a targeted, realistic approach to cashflows and expense management to mitigate any potentially adverse impacts as we brace for a trifecta of major headwinds consisting of higher business costs, reduced availability of funding and slowing economies. Our RE and GT business segments are envisaged to be our primary revenue and earnings generators in the years ahead – this, in our opinion, is a timely and strategic diversification as across the globe, significant investments have been directed towards renewable energy projects to address climate change, including emerging hydrogen technologies.

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[1] The definitions of "Licensed Know-how" and "Excluded Territories" are set out in the Company's announcement dated 11 November 2022. Please refer to the Company's announcement dated 11 November 2022 for further information on the H2U Framework Agreement. The Company will provide further updates to shareholders as and when there are any material developments in compliance with the Catalist Rules.

# LETTER TO SHAREHOLDERS

In November 2022, the Company was a recipient of the Asia Corporate Excellence and Sustainability (ACES) Awards 2022 in the Asia's Most Promising SMEs category. The Asia's Most Promising SMEs Award is granted to aspiring small & medium enterprises (SMEs) in Asia which express clear business direction with strong initiatives in driving growth for the enterprise. We believe that the award is testament to our efforts to constantly build and strengthen our businesses (especially our energy transition businesses) and in transforming the lives of off-grid communities by providing energy access through sustainable energy solutions, thereby laying the foundations to build sustainable growth in line with ESG principles for the immediate and longer term.

Despite the challenging operating environment, we remain confident in the growth opportunities in all our business segments, and we will continue to invest in our businesses to ensure that we are strongly positioned to drive our Group's future prospects and position it to grow and prosper for decades.

**In Appreciation**

On behalf of the Board, we thank the management and staff for their sacrifice, dedication and commitment during this eventful period, and to our shareholders, business partners, and regulators for their continuous support. Thank you also to our board members for their guidance and counsel.

On 20 May 2022, we welcomed Mr. Robin Stevens to the Board as a new independent director. An accountant by training, Mr. Stevens is a highly qualified and vastly experienced professional in international corporate finance and advisory. The appointment of Mr. Stevens to the Board adds skills and knowledge that are relevant to Annica, most notably in view of his experience on the board of another renewable company, as well as his familiarity with capital markets and cross border fundraising in Asia and the United Kingdom.

Mr. Adnan Mansor retired as an independent director of the Board on 15 September 2022. Annica has benefitted from Mr. Adnan's insightful counsel and guidance over the years. On behalf of the Board and management, we thank Mr. Adnan and wish him the best.

2022 marked the beginning of a new era for Annica – one where we have started to make the right strides as an energy transition group. Pursuing decarbonisation through our energy transition efforts is a big challenge and is not for the faint of heart especially during these uncertain times. With the reconstitution of the Board, we are confident that we have a strong, balanced and experienced Board to steer Annica towards greater heights.

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

**Sandra Liz Hon Ai Ling**
Executive Director and Chief Executive Officer

13 April 2023

# CORPORATE STRUCTURE

As at 31 December 2022

## ANNICA HOLDINGS LIMITED

### Renewable Energy & Green Technology

- **Cahya Suria Energy Sdn. Bhd.** (100%)
  - 100% **Cahya Suria Services Sdn. Bhd. ***
  - 49% **H2 Energy Sdn. Bhd.**

### Integrated Engineering Solutions

- **Industrial Engineering Systems Pte. Ltd.** (100%)
  - 100% **IES Engineering Systems Sdn. Bhd.**
- **P.J. Services Pte. Ltd.** (100%)
  - 100% **PT Panah Jaya Sejahtera**
  - 100% **Panah Jaya Services Sdn. Bhd.**
  - 60% **Panah Jaya Makmur Sdn. Bhd.**

Oil & Gas Equipment

Engineering Services

Renewable Energy

Green Technology

* As at 31 December 2022, Cahya Suria Services Sdn. Bhd. ("**CSS**") was an indirect wholly owned subsidiary of the Company. The Company has, on 1 February 2023, decreased its effective shareholding interest in CSS from 100% to 10%.

Note: The Group's two (2) wholly owned British Virgin Island subsidiaries, namely Nu-Haven Incorporated and Avital Enterprises Limited have been struck off from the BVI Government Register of Companies with effect from 1 May 2022.

# FINANCIAL REVIEW

## COMPREHENSIVE INCOME

During the financial year ended 31 December 2022 ("**FY2022**"), the Group posted total revenues of $15.0 million, a 95% increase from the preceding financial year ended 31 December 2021 ("**FY2021**"), with our primary business segments of Oil and Gas Equipment and Engineering Services contributing 92% and 8% of the total revenue respectively. This increase was mainly due to higher revenue generated from both the aforementioned business segments in FY2022. The gross profit margin was 20% in FY2022, representing a decrease of 13% from 33% in FY2021 due to a one-off project with high revenue and a low gross profit margin in FY2022. The Group's total comprehensive loss attributable to equity holders of the Company has increased by $0.5 million from $1.2 million in FY2021 to $1.7 million in FY2022, and this was primarily driven by a one-time loss of $0.3 million resulting from the issuance of share awards under the Annica Employee Share Option Scheme during FY2022.

## FINANCIAL POSITION

The Group's FY2022 net current assets and total assets stood at $0.6 million and $14.8 million respectively. The Group's net assets have decreased by $1.4 million from $2.0 million as at the end of FY2021 to $0.6 million as at the end of FY2022.

## CASH FLOWS

The Group held cash and cash equivalents and fixed deposits of an aggregate amount of $1.9 million as at the end of FY2022.

## OTHER MATTERS

Other than as disclosed in the audited financial statements to this Annual Report and the Company's announcement on 13 April 2023 in relation to the material variances between the unaudited and audited financial statements for FY2022, there is no other significant development subsequent to the release of the Group's and the Company's preliminary unaudited full-year financial statements for FY2022, as announced on 28 February 2023 which would materially affect the Group's and the Company's operating and financial performance as of 13 April 2023, being the date of the Directors' Statement on pages 69 to 74 of this Annual Report.

# CORPORATION INFORMATION

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

**Sandra Liz Hon Ai Ling**
*(Executive Director and Chief Executive Officer)*

**Lim In Chong**
*(Non-Independent and Non-Executive Director)*

**Shamsol Jeffri Bin Zainal Abidin**
*(Non-Independent and Non-Executive Director)*

**Su Jun Ming**
*(Lead Independent and Non-Executive Director)*

**Robin Stevens**
*(Independent and Non-Executive Director)*

**COMPANY SECRETARY**
Tan Poh Chye Allan

**AUDIT COMMITTEE**

| | |
|---|---|
| Su Jun Ming | (Chairman) |
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin | (Member) |
| Robin Stevens | (Member) |

**NOMINATING COMMITTEE**

| | |
|---|---|
| Robin Stevens | (Chairman) |
| Su Jun Ming | (Member) |
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin | (Member) |

**REMUNERATION COMMITTEE**

| | |
|---|---|
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin | (Chairman) |
| Su Jun Ming | (Member) |
| Robin Stevens | (Member) |

**DATE OF INCORPORATION**
20 August 1983

**COMPANY REGISTRATION NUMBER**
198304025N

**SHARE LISTING**
Listed on the Singapore Exchange Dealing and Automated Quotation System, now renamed the Catalist Board of the SGX-ST, in 2001

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**AUDITOR**
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6 Shenton Way OUE Downtown 1,
#38- 01, Singapore 068809
Singapore 188778
Partner in-charge: Tang Hui Lin
*(Appointed from the financial year ended 31 December 2022)*

**SHARE REGISTRAR**
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Telephone: +65 6593 4848

**CONTINUING SPONSOR**
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Singapore 049315

**SOLICITORS**
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160 Robinson Road
#26-06 SBF Center
Singapore 068914

**PRINCIPAL BANKER**
DBS Bank Ltd
12 Marina Boulevard
DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

CIMB Bank Berhad
50 Raffles Place
#01-02 Singapore Land Tower
Singapore 048623

# SUSTAINABILITY REPORT

## 1. Board statement

We reaffirm our commitment to sustainability with the publication of our sustainability report (this "**Report**") for the financial year ended 31 December 2022 ("**FY2022**" or the "**reporting period**"). For this Report, we provide insights into the way we do business, while highlighting our environmental, social and governance ("**ESG**") factors and economic performance.

Whilst mindful of our profit-oriented objective, we are committed to striking a balance between growth, profit, governance, the environment, the development of our people and the well-being of our communities to secure the long-term future of our Group. In line with our commitment, the Board, having considered sustainability issues (including potential risks and opportunities) as part of our strategic formulation, determined the material ESG factors and delegated the overall management and monitoring of the material ESG factors to the management of the Company.

Since FY2021, the Company has adopted an enterprise risk management framework ("**ERM**") which serves to facilitate the sound management of the Company and the optimisation of opportunities within the risk boundaries set by the Board. A discussion of the ERM can be found in Section 7.10 of this Report.

A sustainability policy ("**SR Policy**") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors is in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders as well as organisational and external developments.

A summary of our sustainability performance in FY2022 is as follows:

| S/N | Material factor | Sustainability performance |
|---|---|---|
| **General disclosure** | | |
| 1 | Customer satisfaction | ▪ A comprehensive range of products is offered to our customers<br>▪ P.J. Services Pte. Ltd. is ISO 9001:2015 certified<br>▪ Established a new training centre in Batam, Indonesia in December 2022 to provide mechanical joint integrity ("**MJI**") / flange management training for clients of the Group's oil and gas business<br>▪ In August 2022, H2 Energy Sdn. Bhd. ("**H2E**") completed its pilot project for the electrification of clinics in rural, off-grid communities located in Sarawak, Malaysia (the "**Pilot Project**"). With uninterrupted electricity made available by the Pilot Project at the government clinic located in rural Long Loyang, Sarawak, Malaysia (the "**Clinic**"), the Clinic is able to provide enhanced healthcare services to over 2,000 people in the vicinity. |
| **Social** | | |
| 2 | Employee retention | ▪ 65% of our employees served with us for more than 3 years<br>▪ Extended re-employment contracts for senior staff |
| 3 | Sustainable and clean sources of energy | ▪ The H2E Solar-Hydrogen Pilot Power Module model "H2E1" ("**H2E1**") is currently operational and supplies 25-30kW of electricity per day (daytime usage of 15kW and night-time usage of 10kW) to the Clinic, with a peak load of 2.88 kWp. This provides the Clinic with electricity for essential lighting, refrigeration (for vaccines, medicines, etc.), defibrillators and other basic medical equipment. |
| 4 | Equality and diversity in the workplace | ▪ 40% of our full-time employees are female (FY2021: 44%)<br>▪ 54% of our workforce are 40 years old or older (FY2021: 47%)<br>▪ Percentage of employees with tertiary and non-tertiary education is 77% and 23% respectively |

| S/N | Material factor | Sustainability performance |
| --- | --- | --- |
| 5 | Care for our Community | ▪ The Group conducted a food donation drive for 30 orphanages in Jakarta, Indonesia and also donated and delivered 50 packs of necessities to households in Malaysia<br>▪ H2E distributed solar LED streetlamps to a school and villagers in the Long Loyang village, and organised projects involving social activities with the aim of enhancing the "kampung" or communal spirit |
| **Environmental** | | |
| 6 | Energy conservation | ▪ Electricity consumption rate per employee decreased by 43% to 1,041.97kWh over the preceding financial year (FY2021: 1,838.98kWh) |
| 7 | Environmental protection management | ▪ The Group generated a carbon footprint of 23.17 tonnes of carbon dioxide emission ("**tCO2e**") |
| **Economic** | | |
| 8 | Sustainable business performance | ▪ The Group's FY2022 operating results were generally in line with the expectations as previously disclosed in the Company's FY2021 annual report |
| **Governance** | | |
| 9 | Robust corporate governance framework | ▪ No reported incidents of any serious offence |

## 2. Reporting framework

This Report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards: Core Option as well as Practice Note 7F and Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). We have chosen to report using the GRI Standards: Core Option as it is an internationally recognised reporting framework.

Our climate-related disclosures are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures ("**TCFD**"). While we have not sought external assurance for this Report, we have relied on internal data monitoring and verification to ensure the accuracy of the Report. We will work towards external assurance for our future sustainability reports.

None of the primary components of a sustainability report, as set out in Rule 711B and paragraph 4.1 of Practice Note 7F Sustainability Reporting Guide of the Catalist Rules, were excluded from this Report. Nevertheless, the Company appreciates that its climate-related disclosures in Sections 6.5 and 9 of this Report, which have been made pursuant to the primary component referred to in Rule 711B(1)(aa) of the Catalist Rules (i.e. climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**")), are still in its development stage, and the Company aims to further improve and supplement these disclosures in subsequent years.

## 3. Reporting period and scope

This Report sets out the Group's sustainability performance for FY2022. A sustainability report is published annually in accordance with our SR Policy and the Catalist Rules. As this is the Company's sixth sustainability report, the Company believes that it is still in the early stages of sustainability reporting and has relied solely on the internal assurance and review of the Company's internal auditors, Yang Lee & Associates for this current Report. The Company may consider seeking external assurance for future sustainability reports in the event that such external assurance is deemed necessary and/or relevant in the future.

This Report covers the key operating entities within our Group which contributed approximately 100% (FY2021: 100%) of the Group's total revenue for the reporting period.

# SUSTAINABILITY REPORT

### 4. Feedback

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account at prinfo@annica.com.sg.

### 5. Stakeholder engagement

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, employees, regulators, shareholders, and suppliers. Key stakeholders are determined for each material factor identified, based on the extent of their impact on, or the extent by which they are affected by, our operations.

We actively engage our key stakeholders[1] through the following channels:

| S/N | Stakeholder | Engagement channel | Frequency of engagement | Key concerns raised / Time horizon |
|---|---|---|---|---|
| 1 | Communities | We continue to engage the community through our various initiatives to promote social inclusion, community outreach and environmental sustainability. | Ongoing | ▪ Social inclusion – short, medium and long term<br>▪ Environmental conservation – short, medium and long term |
| 2 | Customers | Customers are encouraged to provide feedback so that we may undertake the appropriate follow-up actions to better serve them. We hold regular meetings and communicate with our customers regularly to maintain and build our relationship with our customers. | Ongoing | ▪ Product quality and reliability – short term<br>▪ Customer service standards – short term |
| 3 | Employees | The Group CEO, the Managing Director of the P.J. Services Group, the Director of the IES Group and the Director of the CSE Group (collectively, "**senior management personnel**") hold regular communication sessions with employees to obtain feedback and to align business goals across all levels of the workforce. Such communication channels include virtual meetings, emails and periodic staff evaluation sessions where employees can pose questions in person or by electronic means. For business continuity measures, the Group has implemented safe and/or remote working arrangements (through digitalisation and cloud computing) to ensure a seamless transition to flexible work arrangements such as working from home, without compromising on work productivity in the event of potential business disruptions such as pandemics. | Ongoing | ▪ Equal employment opportunity – short term<br>▪ Job security – short term<br>▪ Remuneration – short term<br>▪ Safe and fair working environment – short and long term<br>▪ Lifelong learning – short and long term |
| 4 | Regulators | We participate in consultations and briefings organised by key regulatory bodies such as the SGX-ST and relevant government agencies / bodies so as to better understand the regulatory requirements and to furnish feedback on proposed regulatory changes that may impact our businesses. | Ongoing | ▪ Corporate governance – short term |

[1] The Company has engaged the respective members of the operational teams for the purposes of the materiality assessment but has not engaged all internal and external stakeholders. The Company plans to extend the engagement reach to other internal and external stakeholders for future sustainability reports.

| S/N | Stakeholder | Engagement channel | Frequency of engagement | Key concerns raised / Time horizon |
|---|---|---|---|---|
| 5 | Shareholders | We convey timely and accurate information to shareholders through announcements on SGXNET, our corporate website (https://www.annica.com.sg), annual general meetings, annual reports and other channels such as business publications and investor relation events. | Annually / Ongoing | ■ Sustainable business performance – medium term<br>■ Market valuation – medium term<br>■ Dividend payment – medium term<br>■ Corporate governance – short term |
| 6 | Suppliers | We work closely with suppliers to ensure smooth delivery of products. In general, new suppliers are screened in accordance with the Group's purchasing policies, and existing suppliers are periodically assessed by the respective work teams based on specified criteria. Feedback is also provided by the procurement teams to our suppliers to ensure that the standard of products and/or services delivered by our suppliers is satisfactory. | Ongoing | ■ Ability to distribute products – short term<br>■ Maintain and expand brand presence – short term<br>■ Maximise end customers' satisfaction – short term<br>■ Fair and ethical procurement practices – short term |

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

## 6. Policy, practice, and performance reporting

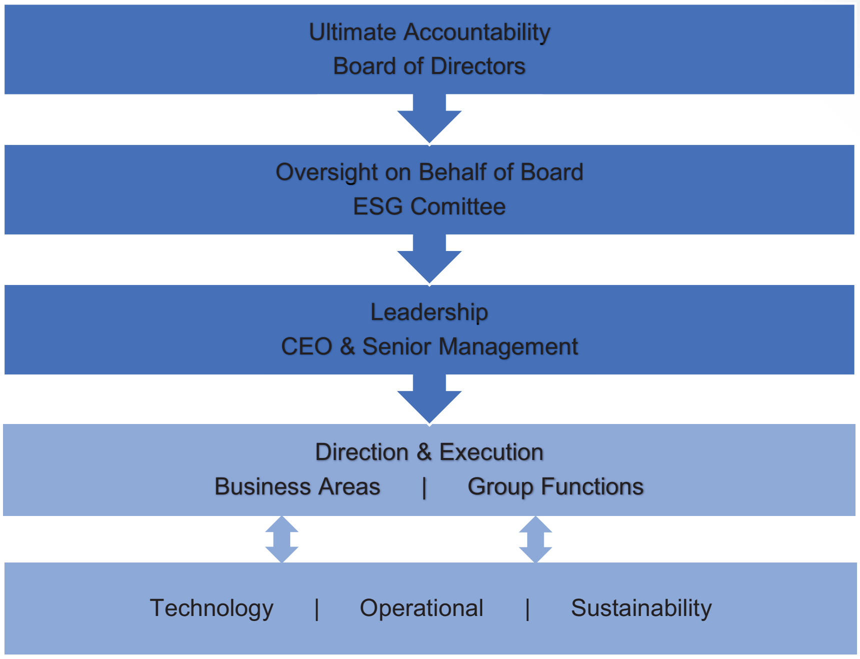
### 6.1 Reporting structure

We believe that the foundation for success is built on a culture of sustainability in the organisation and is dependent on strong, committed and accountable leadership. A chart of the reporting structure in relation to the Group's sustainability is provided below.

Our Board of Directors holds ultimate accountability, provides strategic direction and considers sustainability issues, including the management of material ESG factors, in the formulation of the Group's strategies and policies. The Group's ESG Committee which was established in November 2022 superseding and replacing the Group's Sustainability Committee, and is tasked with developing the Group's sustainable strategy as well as providing oversight on the Group's sustainability matters on behalf of the Board. The ESG Committee is led by our Independent and Non-Executive Director, Mr. Robin Stevens, and is supported by Mr. Lim In Chong and Mr. Su Jun Ming as members. The ESG Committee is responsible for developing the Group's sustainability strategy, reviewing its material impacts, considering stakeholder priorities, setting sustainability goals and targets, as well as overseeing the collection, verification, monitoring and reporting on sustainability performance data in connection with the Company's sustainability reports. The ESG Committee had their first meeting on 19 December 2022.

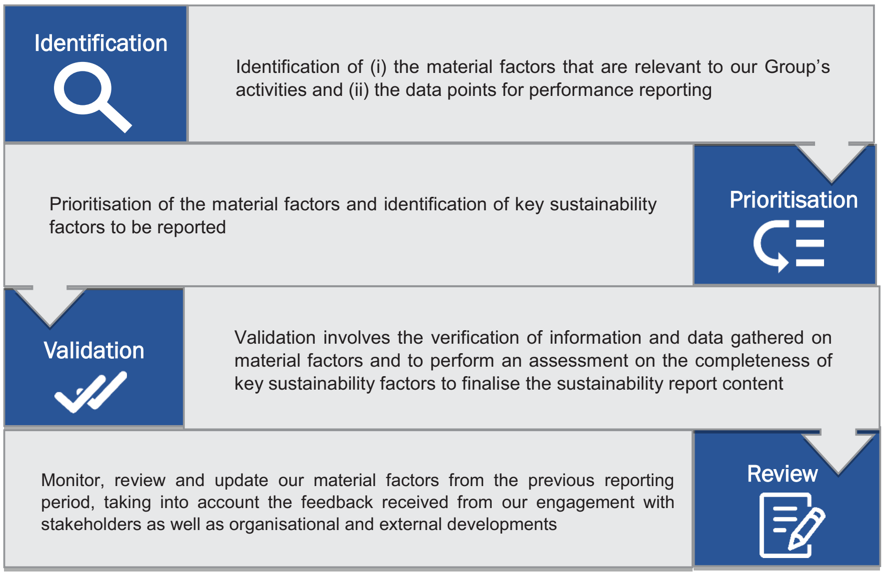
The Leadership, comprising of Group CEO and the senior management, leads the implementation of sustainability as an integral part of the Group's business strategy, including business plans, product and technology development and operational processes to ensure that sustainability is at the core of the Group's business strategy, and that ESG considerations are integrated into both our immediate and long-term business plans.

Our business segment management teams and Group Functions report to the Leadership and play a critical role in shaping and supporting our sustainability strategy. Sustainability is the responsibility of every employee at Annica and the individual contribution and commitment from each and every employee is required to ensure success on our sustainability journey.




### 6.2 Sustainability reporting processes

Under our SR policy, our sustainability reporting process begins with the identification of relevant factors by our ESG Committee. Relevant factors are then prioritised as material factors which are then validated. The end result of this process is a list of material factors as disclosed in this Report. A brief description of the process is as shown below:



### 6.3 Materiality assessment

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

| Reporting priority | Description | Criteria |
|---|---|---|
| I | High | Factors with high reporting priority should be reported in detail. |
| II | Medium | Factors with medium reporting priority should be considered for inclusion in the Report. If it is decided that such factors are not material, they may be excluded from the Report. |
| III | Low | Factors with low reporting priority may not be reported unless to fulfil regulatory or other reporting requirements. |

The reporting priority is supported by a materiality factor matrix which takes into account the level of concern of external stakeholders in relation to a particular sustainability factor and its potential short-term, medium-term and long-term impact on the Group's business. Such factors are set out in section 7 of this Report.

### 6.4 Performance tracking and reporting

We track the progress of our material factors by identifying, monitoring and measuring the relevant data points (being the relevant source(s) of such data). In addition, we set performance targets that are aligned with our business strategies to ensure that we remain focused in our path to sustainability. We aim to consistently enhance our performance-monitoring and data collection processes.

### 6.5 Climate Change

**GROUP-WIDE EFFORT**

Annica recognises the impact of climate change. We support the efforts to address it both globally and locally in the jurisdictions where we operate. In our journey towards the goal of net zero emissions, we play our part by reducing greenhouse gas ("**GHG**") emissions and adopting environmentally-friendly practices in our business, while encouraging our employees to inculcate sustainable habits in their daily lives. We also develop products and solutions that will help our customers reduce their carbon footprint.

We are of the view that the recommendations of the TCFD are useful for our stakeholders. Hence, we have aligned our disclosures with the recommendations of the TCFD.

In 2022, we scrutinised the impact of our business strategies in respect of climate change. We intend to perform a preliminary physical climate risk assessment for all our operations in Southeast Asia to comply with climate-related disclosure requirements consistent with the recommendations of the TCFD from FY2023 onwards.

**GOVERNANCE**

Our sustainability governance structure includes the ESG Committee, the Board and various working groups across our businesses and geographies. Strategies and actions to address climate change are developed by the ESG Committee. The ESG Committee also exercises oversight on our sustainability strategy, material ESG issues, workplans, performance targets, sustainability reporting and climate-related initiatives. The Group Chief Executive Officer assists the ESG Committee in ensuring that the impact of climate change is taken into consideration in all business strategies and operational plans. All the business units across the Group support the execution of these strategies and plans. Business, regional and function heads are responsible for addressing the risks and opportunities in their respective areas of responsibility. Plans and actions needed are discussed and incorporated into the Group's strategic planning and annual budgeting processes. These various steps ensure that climate-related risks and opportunities are effectively managed.

The Board provides oversight on all sustainability matters, including climate-related risks and opportunities. Briefings and discussions on climate-related topics are conducted regularly at Board meetings, and any relevant material findings of external subject matter experts are raised and discussed. From FY2023 onwards, climate scenario analysis will be carried out by the ESG Committee for a material portion of our businesses. The climate scenario analysis will be crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities. We will incorporate these findings and considerations into our strategy, decision-making and ERM approach.

Going forward, we intend to continuously assess the physical and transition risks and opportunities for the rest of our regional portfolio, developing mitigation plans, and defining strategic opportunities.

**CLIMATE-RELATED STRATEGY**

In assessing the impact of climate change on our business over the short, medium, and long-term, and bearing in mind the world's concerted efforts to address climate change, the ESG Committee is of the view that climate change presents various opportunities for the Group to capitalise on.

Maximising Opportunities

The Group offers a range of sustainability-linked and climate-focused products and solutions. The focus areas of our sustainability linked businesses include:

- Reducing GHG emissions – Our H2E1 system reduces emissions entirely by utilising renewable resources to generate and store energy without waste, thereby minimising fuel use and boosting energy efficiency. Meanwhile, we are also actively developing our renewable energy capabilities to supply low carbon energy for domestic supply and/or cross border energy trade.

- The circular economy – We incorporate sustainable energy management into our H2E1 systems to ensure minimal waste (if any), with the added optional capability of capturing harmless but useful by-products such as oxygen and water.

We reviewed our climate change opportunities in both our existing and emerging business areas in 2022, and have primarily identified opportunities in the off-grid electrification business.

A major focus in our 2022 climate risks and opportunities study was in off-grid electrification. The risks associated with the rising cost of carbon, the opportunities in resource and operational efficiency, as well as the shift towards the greater adoption of renewable sources of energy are strong drivers for the adoption of decentralised off-grid electrification. For that reason, we began our climate-related reporting journey with a focus on commercial off-grid electrification.

The opportunities identified build on our existing capabilities in our commercial off-grid electrification business. We continue to refine our suite of solutions to meet our customers' decarbonisation goals and the rising demands of the transition to a low carbon economy. This includes growing the scope of circular economy-friendly businesses such as our H2E1 system solutions, as well as advancing opportunities for potentially capturing and using benign by-products such as oxygen and water.

This enables us to continue to partner with our customers on their decarbonisation journeys as we jointly identify and coordinate climate-related opportunities. Further, our collaboration with University Sarawak Malaysia also enhances the above efforts to perform technology scanning and trend identification, research and development (R&D) data gathering and analysis, and the formulation of Group-wide initiatives. This may potentially lead to the development of new products, technologies and solutions for global markets.

The Group intends to develop a green technology roadmap for the near, medium, and long-term to identify technology areas relevant for the Group based on the projected climate scenarios, potential risks, and growth opportunities. We will also develop strategies for potential business areas identified for the Group in the next 5 to 10 years, with the aim of contributing to business growth and obtaining new sustainability-linked revenue.

Minimising Risks

In assessing our physical and transition risks, the climate scenario analysis that we intend to commence in FY2023 onwards would help us to quantify the potential direct damages and operational risks to the Group's assets and key suppliers. Consistent with the intended scope of our study, we will select scenarios relevant to our businesses. We intend to model the climate impact on assets based on the United Nations Framework Convention on Climate Change.

The ESG Committee, is of the opinion that the business impact of climate change to the Group is low as the Group is not a major GHG emitter, and its overall operations is unlikely to be materially affected by climate change events such as flash floods or temperature variations, although climate change may adversely impact the Group's renewable energy business (e.g. increased cloud cover leading to lower solar irradiance in locations that the Group intends to develop or manage future solar assets). However, in assessing the business impact of the energy transition, the Group has identified three watchpoints:

i. Carbon tax and costs are likely to be passed to the Group through suppliers, particularly in respect of goods and services with embodied carbon. Accordingly, the carbon price and sector specific regulations are crucial spaces to monitor.

ii. The shifts in demand and innovation within our industries will require more of the Group's attention and response. This may include the Group tracking sectoral structural shifts such as competitors' efforts to launch greener products, and/or investing into climate-related business and technology opportunities.

iii. The impact of climate change on our supply chain must be examined in more detail. Climate change adds to the challenges stemming from other macro trends, such as the China-U.S. trade relations, the Russian-Ukraine conflict and rising inflation and energy costs. We have started the process of looking at our key suppliers and remain committed to strengthening our supply chain resilience.

**RISK MANAGEMENT APPROACH**

We recognise that climate change poses different types of risks to our business. These include physical risks, such as flooding, extreme weather events and increasing temperatures, which can disrupt or negatively impact our employees, operations, assets and supply chains. We also acknowledge the potential financial impacts that can result from transition risks, which include regulatory, market and reputational risks.

The Audit Committee provides leadership in the implementation of a Group-wide ERM framework that allows risks to be identified, assessed, monitored and managed by the relevant business leaders and incorporated into our business plans.

Moving forward, we will deepen our climate risks and opportunities study to cover relevant operations not reviewed in the initial phase. We are also in the process of reviewing climate risks in our broader supply chain and will address these risks through various sustainability initiatives.

The Group employs an ERM framework to identify the key risks that may impede the achievement of its business goals in the short, medium and long-term. It sets out a consistent definition of risk and risk tolerance limits to ensure that business units have a common understanding when identifying and assessing risks. Besides business risks, this framework also analyses the financial and non-financial impact of risks arising from sustainability areas, including environmental, social and governance factors and issues.

In 2022, the Audit Committee reviewed the Group's risk universe and intends to incorporate climate-related physical and transition risk events in consultation with the ESG Committee going forward. From 2023 onwards, each business unit is required to identify their key risk exposures, while assessing and managing risks within their own risk register through detailed action plans, annual business budgeting and planning processes.

In addition, the Audit Committee together with the ESG Committee will be reviewing the Group's ERM framework with a view to enhancing risk assessment disclosures to address the long-term impact of climate change.

**METRICS AND TARGETS**

Assisting our Customers

Aligned with our aim to harness technology and innovation to enable a more secure and sustainable world, we intend to set a revenue target for our sustainability-linked businesses from 2023 onwards. This target will drive our businesses to pursue products and solutions that would assist our customers in their sustainability journeys, including reducing the impact of their operations on climate change.

Doing Our Part

The Group has made steady strides in our decarbonisation journey and have disclosed our GHG emissions for FY2022. Key metrics on carbon emissions and energy usage are published in Section 7 of this Sustainability Report. Monitoring and reporting these metrics help us identify areas with the highest climate-related risks and to track our progress towards reaching our goals.

**CONCLUSION**

Our current TCFD-aligned analysis is as follows:

- The physical risks of climate change to our productive assets and our people is low. We have put in place a process to regularly review facilities against extreme climate and weather events;
- We expect minimal impact on our business in the transition to a low carbon economy. We will continue to monitor emerging topics including the evolving regulatory and carbon tax environment; and
- The global focus on leveraging technology and innovation to address climate change presents opportunities for the Group.

We will update our Group ERM framework to incorporate climate-related considerations. Additionally, we will be revising our ERM framework to encompass risk assessment on a longer term horizon which is supported by the monitoring of emerging risks. This will help the Group to address the long-term impact of climate change. The ESG Committee will also continue to provide oversight across our businesses to leverage the unique opportunities presented.

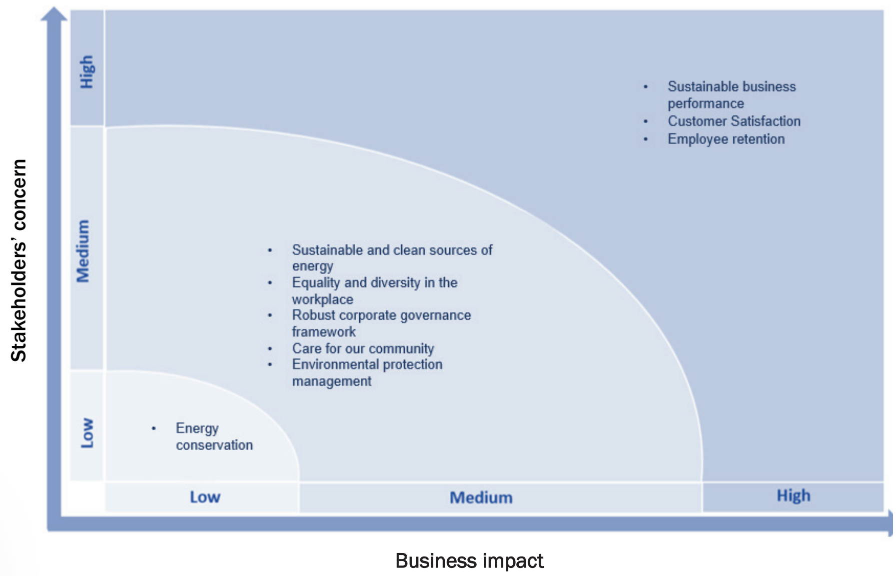
**7 Material factors**

Our materiality assessment performed for FY2022 involved the Group's ESG Committee and senior management personnel identifying sustainability factors deemed material to our businesses and stakeholders so as to allow us to channel our resources judiciously and appropriately to create sustainable value for our stakeholders.

Presented below is a list of the key sustainability factors applicable to our Group:

| S/N | Material factor | Key stakeholder | Reporting priority |
|---|---|---|---|
| **General disclosure** | | | |
| 1 | Customer satisfaction | ■ Customers<br>■ Suppliers | I |
| **Social** | | | |
| 2 | Employee retention | Employees | I |
| 3 | Sustainable and clean sources of energy | ■ Communities<br>■ Regulators<br>■ Shareholders | II |
| 4 | Equality and diversity in the workplace | Employees | II |
| 5 | Care for our Community | Communities | II |
| **Environmental** | | | |
| 6 | Energy conservation | ■ Communities<br>■ Shareholders | III |
| 7 | Environmental protection management | ■ Communities<br>■ Shareholders | II |
| **Economic** | | | |
| 8 | Sustainable business performance | Shareholders | I |
| **Governance** | | | |
| 9 | Robust corporate governance framework | ■ Shareholders<br>■ Regulators | II |

Material factors matrix




We will review and update the material factors on an annual basis and when necessary to reflect changes in the Group's business operations, the environment, stakeholders' feedback and sustainability trends in the short, medium and long term. Further details on each key sustainability factor are presented below.

### 7.1 Customer satisfaction

We firmly believe that ensuring customer satisfaction is key to our business sustainability. During the reporting period, our approach and strategy towards customer satisfaction were as follows:

Offering a comprehensive range of solutions that meets customers' requirements through cultivating sustainable relationships with suppliers

Key brands under distribution

We pride ourselves as a manufacturer's representative[2] that provides technical solutions to customers within various aspects of our business. In our offshore and onshore oil & gas equipment segment, P.J. Services Pte. Ltd. and its subsidiaries (the "**P.J. Services Group**") play a role that extends beyond a traditional distributor by developing one-stop solutions that combine products from different suppliers in order to better serve the needs of our customers. Similarly, the same strategy is also adopted by our engineering services segment under Industrial Engineering Systems Pte. Ltd. ("**IES**" and together with its subsidiaries, the "**IES Group**"), which also aims to offer personalised solutions to customers.

To fulfil this role, we are constantly striving to build and maintain long-standing relationships with our strategic suppliers to distribute a wide range of complementary products that meet our customers' requirements.

We aim to continue growing our core team of experienced and professional engineers to provide value-added services to our customers through the design of customised solutions and the management of fabrication and installation processes. In August 2022, our facility in Brunei was approved by the Engineering Construction Industry Training Board ("**ECITB**") of the United Kingdom as a TorsionX / ECITB Approved Training Provider to provide MJI / flange management training for clients in Brunei, effectively expanding our range of value-added services at our Brunei facility. We also established a new training centre in Batam, Indonesia in December 2022 and this has similarly been approved by ECITB as a TorsionX / ECITB Approved Training Provider to provide MJI / flange management training for clients in Batam, Indonesia. Additionally, we also commenced selling and renting TorsionX bolting equipment to our clients in Batam, Indonesia.

In FY2022, Sensor Networks Inc., a US engineering and manufacturing company which manufactures non-destructive testing equipment for industrial applications, has appointed Panah Jaya Services Sdn. Bhd. as its authorised agent in Malaysia to design, engineer, procure, assemble, supply, deliver, install, hook up, test, commission, and conduct trainings in respect of pipeline corrosion monitoring sensors.

[2] A manufacturer's representative serves an extended function to manufacturers, which is to advise customers on developing solutions based on the products under distribution.

Adopting international standards for our services

Apart from offering a wide range of products, we also place a strong emphasis on the quality of our services. We continue to adopt market standards and best practices in our operations to fulfil this important aspect of our business. For instance, P.J. Services Pte. Ltd. is ISO 9001:2015 certified. Under the certification, a quality manual has been implemented which covers the key areas of operations such as leadership, planning, support, operation, performance evaluation and improvement. The quality manual is intended to set a benchmark for quality standards for our employees so as to achieve desired operational outcomes.

ISO 9001:2015 Certificate


Lloyd's Register

Certificate of Approval

This is to certify that the Management System of:

PJ Services Pte Ltd

40 Ubi Crescent, #01-01 Ubi Techpark, Singapore 408567, Singapore

has been approved by Lloyd's Register to the following standards:

ISO 9001:2015

Approval number(s): ISO 9001 – 0050958

The scope of this approval is applicable to:

Supply of equipment, spares, accessories and related services to oilfield, petrochemical, maritime and industrial companies. Design of pump packages.

Luis Cunha

Area Operations Manager - SAMEA

Issued by: Lloyd's Register Quality Assurance Limited

We will continue to enhance customer satisfaction by sourcing for more product distributorships and ensuring that the relevant service standards are complied with.

| Target for FY2022 | Performance in FY2022 | Target for FY2023 |
|---|---|---|
| ▪ Maintain a comprehensive range of solutions<br>▪ Adhere to the market standards and best practices in operations | FY2022 targets were met as follows:<br>▪ We continue to offer a comprehensive range of products to our customers<br>▪ We adhered to the market standards and best practices in operations | ▪ Maintain a comprehensive range of solutions<br>▪ Adhere to the market standards and best practices in operations |

### 7.2 Employee retention

As our main businesses involve the provision of services, human capital is crucial to our sustainability. The continued success of our business pivots on a team of skilled and experienced staff supervised by professional, knowledgeable and competent managers. We are committed to employee retention through the following efforts:

- Leadership by example in both business and operations.
- Empowering employees to make decisions at the workplace.
- Regular communication between senior management and employees to obtain feedback and to align business goals across all levels of the workforce. Such communication channels include virtual and physical meetings, team building sessions, staff retreats and email communications whereby employees can express their views and provide feedback.
- Re-employment contracts for our senior staff members.

During the period under review, despite the transitioning of COVID-19 to the endemic phase, we retained certain working arrangements for employees who are able to perform their roles virtually or remotely:

- Staggered and flexible working hours
- Work from home arrangements
- Additional allowances for approved working arrangements

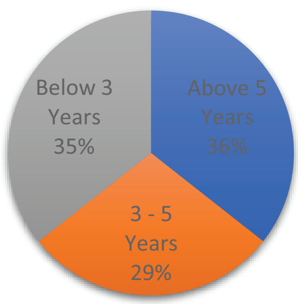
The Group continues to adhere to the applicable safety measures in accordance with the prevailing government regulations, guidelines and standard operating procedures in the jurisdictions that the Group operates in.

In recognition of the loyalty, efforts and performance of deserving employees and to improve the quality of our workforce, the following measures have been instituted and communicated across the Group:

- Clear procedures and guidance on merit-based staff promotions.
- Rewarding long-serving employees in recognition of their contributions to the Group.
- Regular performance reviews and salary revisions subject to Company and individual performance. This allows for regular feedback opportunities and motivates our employees to seek continuous self-improvement and personal development.
- Whenever possible, promising employees are selected to attend relevant training programmes such as skill development courses or product knowledge programmes.

As at 31 December 2022, our total number of employees stands at 48 (FY2021: 43) and 65% (FY2021: 65%) of our workforce has served with us for more than 3 years.

Years of service (all full-time employees)




We will continue adopting the abovementioned measures as we recognise the importance of talent retention and the continued development of our staff members in achieving our organisational objectives.

| Target for FY2022 | Performance in FY2022 | Target for FY2023 |
|---|---|---|
| Maintain or improve employee retention rate | FY2022 target was met as 65% of our workforce (FY2021: 65%) served with us for more than 3 years | Maintain or improve employee retention rate |

### 7.3 Sustainable and clean sources of energy

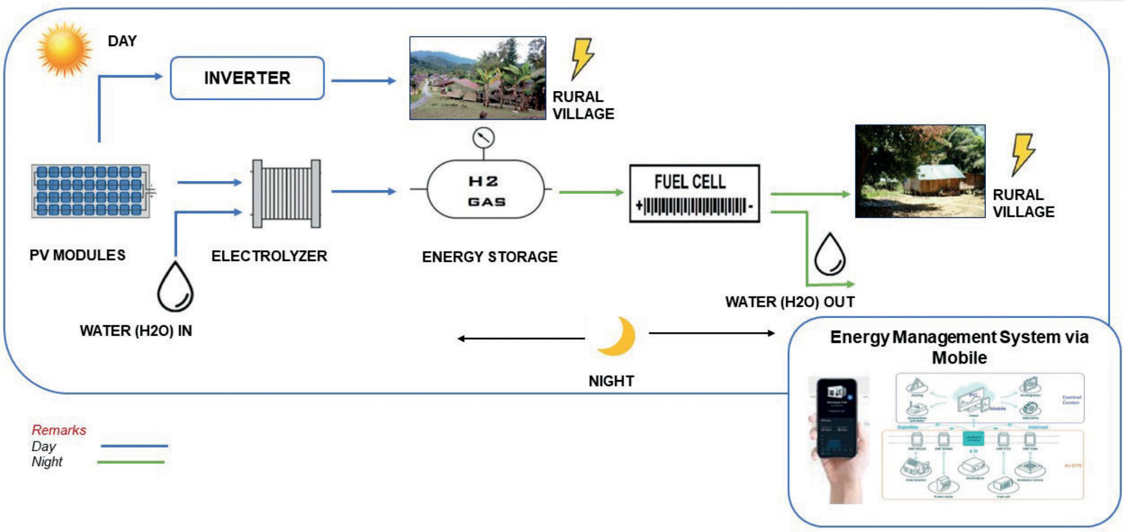
As part of our commitment to giving back to the community as well as our continued efforts to diversify into the renewable energy and green technology businesses (the "**Renewable Sector**"), we have undertaken the following initiatives:

Rural Electrification Project in Sarawak, Malaysia

Through our subsidiary, H2 Energy Sdn. Bhd. (formerly known as HT Energy (S) Sdn. Bhd.) ("**H2E**"), we managed to obtain the support of the Sarawak State Health Department ("**SSHD**") to carry out the Pilot Project for the electrification of clinics in rural, off-grid communities located in Sarawak, Malaysia. The Pilot Project involves various stakeholders such as related governmental agencies in Sarawak as well as the affected communities, and aims to (i) provide reliable, clean, and affordable electricity access for rural communities and (ii) create a market and opportunity for private and public stakeholders to participate in the electrification of rural communities.

Typically, rural communities utilise diesel generators for their energy needs. However, the production of electricity through diesel generators is pollutive. Additionally, the costly logistical arrangements involved in transporting diesel to remote sites often lead to irregular supply and high costs of electricity, thereby causing the electrification of such communities to be highly intermittent.

Under the Pilot Project, a solar-hydrogen energy system (the H2E1) was set up to replace the diesel generators at the Long Loyang Clinic. The required inputs for the system to produce electricity are solar energy and water, both of which are naturally readily available and non-pollutive in nature. A schematic illustration of the process involved is as follows:




*The H2E1 system*

*(i)* *DAY TIME*

- *Solar panels generate direct current (DC) power.*
- *Electrolyzer produces hydrogen gas "**H2**" and oxygen gas "**O2**" from water.*
- *H2 is stored in tanks and O2 released into the air.*

*(ii)* *NIGHT TIME*

- *Inverter converts DC from H2 into alternating current (AC) to power electrical appliances.*

(iii) *SOFTWARE DEFINED ENERGY MANAGEMENT SYSTEM ("**SDEMS**")*

- *The H2E1 system is aided by SDEMS, a smart, comprehensive and fully-integrated software which enables the user to remotely control and manage the H2E1 system.*

The H2E1 is fuelled by two parallel sources (i.e. solar and water) to enable continuous, uninterrupted electrification (whether day or night) for the users. In addition, water filtration systems have been added to provide clean water for users to consume and utilise for their daily needs. By providing a continuous source of electricity and clean water, we help to improve the quality of life of these rural communities in Sarawak, Malaysia and enable them to carry out more activities which require electricity.

On 12 April 2022, the Company announced that H2E had conducted an official user training of the H2E1 at the Pilot Project site for each of (a) Sustainable Programme Sector (Sector Program Lestari), Ministry of Health Malaysia, (b) Engineering Services Division (Bahagian Perkhidmatan Kejuruteraan), Ministry of Health Malaysia, (c) Ministry of Health Malaysia (Kementerian Kesihatan Malaysia), and (d) Miri Divisional Health Office (Pejabat Kesihatan Bahagian Miri). The training included, *inter alia*, a presentation on the working principles of the components of the H2E1 and a live demonstration of the operation of the H2E1. H2E had also officially launched and commenced the Pilot Project on the same day.

On 8 August 2022, the Company announced that the Pilot Project had been completed and H2E's technical team was compiling the data from the Pilot Project for the purposes of preparing a project report for presentation to the Ministry of Health, Malaysia and the SSHD. The Company also announced the official launch of the H2E1 at the Long Loyang Clinic on 8 August 2022, which was attended and officiated by YB Datuk Haji Julaihi bin Haji Narawi, Minister of Utilities and Telecommunications Sarawak.

The H2E1 is currently operational and supplies 25-30kW of electricity per day (daytime usage of 15kW and night-time usage of 10kW) to the Clinic, with a peak load of 2.88 kWp. This provides the Clinic with electricity for essential lighting, refrigeration (for vaccines, medicines, etc.), defibrillators and other basic medical equipment.

On 14 November 2022, H2E's technical team completed the compilation of data from the Pilot Project and presented a report on such data (the "**H2E1 Pilot Project Report**") to the Ministry of Health, Malaysia. Following this, the Group will continue to hold discussions with the Ministry of Health to commercialise the H2E1.


*Launching of the H2E1 system by the Sarawak Minister of Utilities and Telecommunications at the Long Loyang Clinic*

The Group will continue to keep shareholders updated on the progress, outcome and commercialisation of the H2E1.

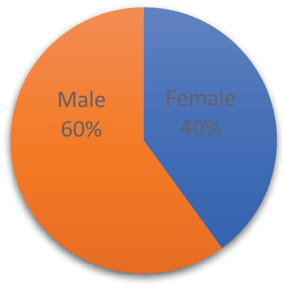
| Targets for FY2022 | Performance in FY2022 | Target for FY2023 |
| --- | --- | --- |
| ▪ Improve the quality of life for inhabitants of rural communities<br>▪ Increase access to renewable energy resources for rural communities | FY2022 targets were partially met as follows:<br>▪ Solar panels have been successfully installed and are producing energy at the Clinic for day use<br>▪ The H2E1 is performing up to 100% of rated capacity | ▪ Improve the quality of life for inhabitants of rural communities<br>▪ Increase access to renewable energy resources for rural communities through commercialisation and wider roll-out of the H2E1 across Sarawak and other off-grid areas |

### 7.4 Equality and diversity in the workplace

We continuously aim to provide and foster a fair and non-discriminatory working environment for all our employees that respects social and cultural diversity, regardless of gender and age. The Group is committed to the goals of diversity and equal opportunity in employment.

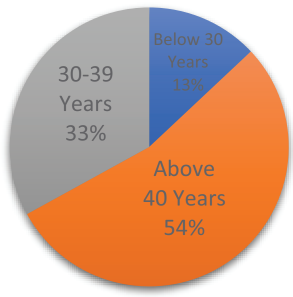
With regard to gender diversity, the percentage of female to total full-time employees is 40% (FY2021: 44%) as at 31 December 2022.

Gender diversity (all full-time employees)



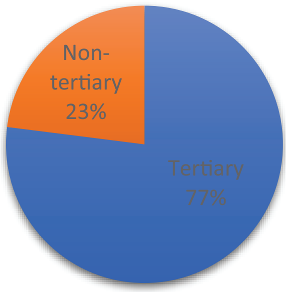

With regard to age diversity, mature workers are valued for their experience, knowledge and skills. As at 31 December 2022, 54% (FY2021: 47%) of our workforce is at least 40 years old.

Age diversity (all full-time employees)




As for diversity in terms of educational background, we seek to create an inclusive environment for employees regardless of educational background. As at 31 December 2022, the percentage of employees with tertiary and non-tertiary education is 77% and 23% (FY2021: 77% and 23%) respectively.

Educational diversity (all full-time employees)




To promote equal opportunity, we have instituted various human resource (HR) related processes such as the following:

- Staff recruitment advertisements do not state age, race, gender or religious preferences as employment requirements.
- Regular performance reviews are conducted to allow for regular feedback opportunities and to motivate our employees to seek continuous self-improvement and personal development.
- To promote equal opportunities in the workplace, we have provided opportunities for promising employees to attend relevant training programmes regardless of their background.

| Target for FY2022 | Performance in FY2022 | Target for FY2023 |
|---|---|---|
| Move towards more balanced gender and age diversity ratios (or at least maintain the existing ratios from the previous financial year) | The targets for FY2022 were partially met to the extent that:<br>▪ 54% of our workforce was at least 40 years old (FY2021: 47%)<br>The average age of our current management is 40 years old, which represents our benchmark age and happens to be also the rough median age between fresh entry and retirement age.<br>Although the FY2022 target in respect of our gender diversity ratio was not met (i.e. the percentage of female to total full-time employees was 40%, down from 44% in FY2021), the decrease was relatively marginal and insignificant. | Move towards more balanced gender and age diversity ratios (or at least maintain the existing ratios from the previous financial year) |

### 7.5 Energy conservation

We operate in several office locations in different countries, and we rely on electricity to operate office essentials such as lighting, various office equipment and air-conditioning. Electricity consumption during the reporting period was as follows:

| Description | Consumption rate (kWh)[3] | |
|---|---|---|
| | FY2022 | FY2021 |
| Electricity consumption per employee | 1,041.97 | 1,838.98 |

We track and review spending on electricity consumption regularly to control usage, and corrective actions are taken when there are unusual consumption patterns.

[3] Information extracted from our operations in Singapore, Indonesia, Malaysia and Brunei

We constantly remind our staff on basic and socially responsible habits in their administrative office environment such as adopting greener work practices, going paperless, switching off appliances when not in use, enabling power save modes and other related practices.

During the period under review, our electricity consumption per employee was 43% lower compared to the preceding period. This can be attributed to the continuous implementation of our Group-wide energy conservation initiatives.

| Target for FY2022 | Performance in FY2022 | Target for FY2023 |
|---|---|---|
| Maintain or reduce electricity consumption rate | Target was met as the electricity consumption per employee decreased to 1041.97 kWh (FY2021: 1,838.98 kWh) | Maintain or reduce electricity consumption rate |

### 7.6 Environmental protection management

To determine our carbon footprint, we collected energy usage data from the Company and each of its subsidiaries in order to calculate our total annual GHG emissions. We follow the guidelines of the Greenhouse Gas Protocol[4] established by the United Nations Framework Convention on Climate Change for measuring and disclosing corporate GHG emissions. Having adopted the operational control "control method", we have included 100% of the GHG emissions associated with businesses which we directly control. The determination of our carbon footprint for FY2022 includes the following:

- All fuels used directly by our Group entities (Scope 1 emissions)
- All purchased electricity in our facilities (Scope 2 emissions)
- Transmission and distribution losses (Scope 3 emissions)

In FY2022, the Group generated a carbon footprint of 23.17 tonnes of carbon dioxide emission ("**tCO2e**"), representing a 14.6% decrease from the previous financial year (FY2021: 27.13 tCO2e). Our carbon emissions mainly arise from purchased electricity used in our operations which accounted for 97% of the total carbon emission of the Group.

We recognise that reducing carbon emissions in our daily operations has a positive effect on climate change. We are in the process of formulating and implementing our targets for carbon footprint intensity and emissions by FY2023. We will work towards ensuring that our carbon footprint intensity and carbon emissions in future years continue to meet the set targets.

| Target for FY2022 | Performance in FY2022 | Target for FY2023 |
|---|---|---|
| No target set | 23.17 tCO2e (FY2021: 27.13 tCO2e) | 23 tCO2e or lower |

### 7.7 Care for our Community

We are committed towards enriching the lives of the communities in countries where we operate in through our Corporate Social Responsibility ("**CSR**") initiatives.

During FY2022, the Group undertook several community outreach activities for the benefit of the underprivileged communities in certain countries where we have operations.

In Indonesia, the P.J. Services Group conducted a food donation drive for 30 orphanages located in the vicinity of the P.J. Services Group's workshop in Jakarta, in conjunction with Ramadan. In Malaysia, the P.J. Services Group also donated and delivered 50 packs of necessities to households in Block D, Taman Putra Damai, Lembah Subang, Selangor on 21 April 2022, in conjunction with the Ramadan festival.

[4] The GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. The GHG Protocol devised a system of scope-based classification to subdivide the direct and indirect sources of emissions for businesses. The GHG Protocol is most well-known for these GHG emissions scopes. The three main scopes it established are as follows: scope 1 emissions, which deals with direct emissions from owned or controlled sources; scope 2 emissions, that are indirect emissions from the generation of purchased energy; scope 3 emissions, including all indirect emissions which are not included in scope 2.

In Sarawak, H2 Energy Sdn. Bhd. distributed solar LED streetlamps to a school and villagers in the Long Loyang village, and organised projects involving social activities with the aim of enhancing the "kampung" or communal spirit.

*Food donation drive for 30 orphanages located in Jakarta, Indonesia*

*Donation of 50 packs of necessities to households in Selangor, Malaysia.*

*Social activities to enhance the "Kampung" spirit*

*Distributing Solar LED streetlamps to the Long Loyang school and villagers*

Further to our CSR initiatives above, the Group is currently formulating a Group-wide CSR policy that details the process used to assess and review all proposed community involvement initiatives. The Board is also in the process of evaluating and determining the appropriate metrics and targets for this material factor.

**7.8 Sustainable business performance**

We believe in creating long-term economic value for shareholders as well as other stakeholders by adopting responsible business practices and growing our business in a sustainable manner.

Since the financial year ended 31 December 2017, the management has embarked on a diversification initiative into the Renewable Sector. This initiative primarily aims to reduce our reliance on the oil & gas equipment and engineering services business segments, provide shareholders with diversified returns and enhance shareholders' value. Examples of projects that we have undertaken in the Renewable Sector are disclosed in Section 7.3 of this Report.

Concurrently, we will continue to strive for success in our core businesses to enable sustainable growth. Our efforts during the period under review include the following:

- In August 2022, our facility in Brunei was approved by the ECITB as an TorsionX / ECITB Approved Training Provider to provide MJI / flange management training for clients in Brunei.
- We also commenced selling and renting TorsionX bolting equipment to our clients in Batam, Indonesia.
- In December 2022, P.J. Services Group successfully established a training centre in Batam, Indonesia and this has similarly been approved by ECITB as a TorsionX / ECITB Approved Training Provider to provide MJI / flange management training for clients in Batam, Indonesia.
- P.J. Services Group has been appointed by Sensor Networks Inc. as its authorized agent in Malaysia to design, engineer, procure, assemble, supply, deliver, install, hook up, test, commission, and conduct trainings in respect of machine monitoring sensors.

As we continue to pursue our strategic restructuring plan and diversification initiative, we are appreciative of our shareholders' patience and understanding in the Group's execution of the initiative.

Details of the Group's financial performance can be found in the financial review section and the audited financial statements of the Annual Report.

| Target for FY2022 | Performance in FY2022 | Target for FY2023 |
|---|---|---|
| Maintain or improve our financial performance subject to market conditions | FY2022 targets were partially met as follows:<br>▪ Please refer to our business updates and achievements provided above. These new additions to our product and service offerings are expected to contribute to our financial performance.<br>▪ H2E re-commenced negotiations with H2U Power Tech Pty Ltd ("**H2U**" or the "**Licensee**") on the licensing arrangement originally envisaged under the term sheet between H2U and H2E dated 8 March 2021 (which had since been terminated). Following negotiations, on 11 November 2022, H2E entered into a new framework agreement with the Licensee (the "**H2U Framework Agreement**"). For further information on the new proposed licensing arrangement under the H2U Framework Agreement, shareholders may refer to the Company's announcement dated 11 November 2022.<br>▪ The Group's FY2022 revenue has increased by $7,332,000 to $14,987,000 and gross profit increased by $507,000 to $3,015,000. | Maintain or improve our financial performance subject to market conditions |

### 7.9 Robust corporate governance framework

A high standard of corporate governance is integral in ensuring the sustainability of our business, safeguarding shareholders' interest and maximising long-term shareholder value.

We have in place a whistleblowing policy to serve as a mechanism for employees to raise concerns via email to the following parties:

- Any concern should be raised with the immediate supervisor.
- If, for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to the Chief Executive Officer.
- If, for any reason, it is believed that reporting to the Chief Executive Officer is a concern or not possible or appropriate, then the concern should be reported to the Chairman of the Audit Committee.

Parties can report a whistleblowing complaint if they are aware of any wrongdoing, including but not limited to the following:

- Fraud
- Misappropriation of assets
- Sexual harassment
- Criminal breach of trust
- Corrupt practices
- Questionable or improper accounting
- Misuse of confidential information
- Acts or omissions which are deemed to be against the interest of the Company, laws, regulations or public policies
- Giving false or misleading information (including suppression of any material facts or information)
- Deliberate concealment of any of the above or other related acts of wrongdoings

During the reporting period, there were no reported incidents of serious offence[5] (FY2021: zero incidents).

For 2022, we were unable to obtain our Singapore Governance and Transparency Index[6] ("**SGTI**") Score as assessed by the National University of Singapore Business School as our Annual Report for FY2021 was released after the SGTI scoring process had been completed for the period (SGTI 2021 Score: 47; SGTI 2020 Score: 51).

Shareholders may refer to the Corporate Governance Report in this Annual Report for details on our corporate governance practices.

| Targets for FY2022 | Performance in FY2022 | Target for FY2023 |
|---|---|---|
| ▪ Maintain zero incidents of serious offence<br>▪ Maintain or improve our SGTI Score | ▪ Achieved zero incidents of serious offence<br>▪ Although we were unable to obtain an SGTI Score for 2022 (SGTI Score 2021: 47), the Company is reviewing the relevant areas to improve or minimally maintain the last SGTI score of 47 | ▪ Maintain zero incidents of serious offence<br>▪ Maintain or improve our SGTI Score |

### 7.10 Enterprise risk management

The Group's enterprise risk management or "ERM" framework provides a structured and comprehensive approach to identify, prioritise and manage risks across the Group. It is designed to facilitate the proper identification, measurement, management and monitoring of risks. This enables us to take calculated and measured risks in a prudent manner for justifiable commercial reasons.

[5] A "serious offence" is defined as one that involves fraud or dishonesty involving an amount not less than SGD 100,000 and is punishable by imprisonment for a term of not less than 2 years, which is being or has been committed against the company by officers or employees of the company.

[6] SGTI is a collaboration between CPA Australia, National University of Singapore (NUS) Business School's Centre for Governance, Institutions and Organisations (CGIO), and Singapore Institute of Directors (SID) to assess the corporate governance practices of Singapore-listed companies.

Our approach to risk governance is multi-layered and includes clearly defined roles and responsibilities for managing each type of risk. It specifies the responsibilities of risk owners, process owners and independent verifiers. Each risk type is managed and supported by functional departments or organisations that are responsible for specifying enterprise requirements and processes. Each process includes the critical elements of leadership, people, risk identification and management, and continuous improvement. The roles and responsibilities of the Board and its committees (including but not limited to the Audit Committee) in terms of ERM oversight are a key part of risk governance.

Our ERM framework is structured along the following 3 levels of internal control:

- The first level involves the identification, assessment, management and monitoring of the risks for which the relevant party, department or entity is responsible, and the further identification and implementation of specific management actions.

- The second level involves monitoring the main risks in order to ensure that the corresponding risk management processes and controls are effective, efficient and the appropriate. It also provides support to the first level in defining and implementing adequate systems for managing the main risks and the associated controls.

- The third level provides independent, objective assurance on the appropriateness and effectiveness of the first and second control levels and, more generally, the ERM framework as a whole.

The structure of the first and second control levels has been designed whilst bearing in mind the size, complexity and specific risk profile of the Group and the regulatory environment in which the Company and its subsidiaries operate.

The third level of control is performed by the **Internal Auditors** of the Company, which, on the basis of a centralised model, implements the controls using a risk-based approach to the overall ERM framework in monitoring the Company and its subsidiaries.

**The following are examples of potential risks within Annica's ERM framework:**

| | Risk type | Examples of potential risks |
|---|---|---|
| 1 | Strategic | Disruptive technology, geopolitical and government changes, supply and demand fluctuations, climate change and capital allocation |
| 2 | Reputational | Industry reputation, corporate reputation |
| 3 | Financial | Price volatility, foreign exchange fluctuations, customers' credit risk, insurance |
| 4 | Operational | Geological risks, project risks, product quality and brand recognition, talent, supply disruptions |
| 5 | Safety, Security, Health & Environment | Process safety, environmental incidents |
| 6 | Compliance & Litigation | Litigation risks, regulatory compliance |

### 8. Supporting the UN Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals ("**SDGs**"), which form an urgent call for action by all countries – developed and developing – in a global partnership. We believe that everyone plays an important role in advancing sustainable development and in order to align our business objectives with the SDGs, we have identified a number of SDGs which we can contribute through our business practices, products and services. The SDGs that we focus on and the related sustainability factors are as follows:

| SDG | | Our effort |
|---|---|---|
| 7 AFFORDABLE AND CLEAN ENERGY | Ensure access to affordable, reliable, sustainable, and modern energy for all | Section 7.3 Sustainable and clean sources of energy<br><br>Our continued efforts to expand into the renewable energy sector and to provide communities with clean and sustainable resources help to diversify our business and advance the Group's sustainability goals and objectives.<br><br>Section 7.5 Energy conservation<br><br>We place a heavy emphasis on the efficient use of energy within our office premises as well as business practices, such as minimising electricity consumption. Such practices help to improve the overall energy efficiency rate of the Group and reduce our operational costs. |
| 8 DECENT WORK AND ECONOMIC GROWTH | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | Section 7.1 Customer satisfaction<br><br>We recognise that providing the highest quality and standard of services to our customers is vital in ensuring the success of our business. The continuity of our business in turn contributes to economic growth and employment as well as long-term economic value for our shareholders.<br><br>Section 7.2 Employee retention<br><br>Maintaining a highly-skilled and experienced workforce is crucial to the success of our business. This in turn contributes to economic growth and employment as well as long-term economic value for our shareholders.<br><br>Section 7.8 Sustainable business performance<br><br>We contribute to economic growth through creating long-term economic value for our shareholders.<br><br>Section 7.10 Enterprise risk management<br><br>We take a structured and comprehensive approach to identifying, prioritising and managing risks across the Group through our enterprise risk management (ERM) framework. Our ERM framework is designed to facilitate the proper identification, measurement, management and monitoring of risks, which in turn enables us to take calculated and measured risks in a prudent manner for justifiable commercial reasons. |
| 10 REDUCED INEQUALITIES | Reduce inequality within and among countries | Section 7.4 Equality and diversity in the workplace<br><br>We ensure equal opportunity for all regardless of gender, age, nationality, ethnicity, or educational background.<br><br>Section 7.7 Care for our Community<br><br>We are committed towards enriching the lives of the communities in which we operate through our Corporate Social Responsibility (CSR) initiatives. |
| 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at al levels | Section 7.9 Robust corporate governance framework<br><br>We maintain a high standard of corporate governance to safeguard our shareholders' interests and maximise long-term shareholder value. |

### 9. Climate-Related Financial Disclosures

The Group is committed to ensuring that our stakeholders have the benefit of the Group's climate-related financial disclosures. The adoption of the recommendations of the TCFD is an iterative process and the full implementation will require several years. Notwithstanding this, the Group has provided preliminary climate-related disclosures consistent with the recommendations of the TCFD below:

| Core Elements | Our Approach |
|---|---|
| **Governance**<br><br>***The Company's governance around climate-related risks and opportunities*** | The Board oversees the management and monitoring of the sustainability factors and considers climate-related issues in setting the Group's strategic direction and policies.<br><br>Our sustainability strategy is developed and directed by the Group's ESG Committee. The responsibilities of the ESG Committee include, *inter alia*, consideration of climate-related issues in the development of the Group's sustainability strategy, target setting, as well as the collection, monitoring and reporting of performance data as described in Sections 6.5 and 7.6 above. |
| **Strategy**<br><br>***The actual and potential impacts of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning*** | Further to the Company's climate-related disclosures in Section 6.5, the Company aims to improve its climate-related disclosures consistent with the recommendations of the TCFD and provide a more substantive analysis of the climate-related financial impacts on the Group in future sustainability reports. |
| **Risk Management**<br><br>***The processes used by the organization to identify, assess, and manage climate-related risks*** | Climate-related risks and opportunities were identified and assessed during the ERM exercise. The Group ERM framework provides an overarching structure for the identification, analysis and evaluation of risks, the implementation of risk treatment plans (e.g. Group-wide energy conservation practices including recycling initiatives, remote working arrangements, etc), and the continuous monitoring of risks.<br><br>We also manage our climate-related risks by monitoring the trends of climate-related performance indicators such as GHG emissions (measured in $tCO_2e$). |
| **Metrics and Targets**<br><br>***The metrics and targets used to assess and manage relevant climate-related risks and opportunities*** | Our environmental performance, including energy consumption is tracked, measured, and reported, and its related metrics are subsequently disclosed in our sustainability report. The monitoring and reporting of these metrics assist in identifying areas with material climate-related risks and enable us to be more targeted in our efforts. |

## 10. GRI content index

| General standard disclosure | | Section reference | Page |
|---|---|---|---|
| **Organisation profile** | | | |
| 102-1 | Name of the organization | ▪ Cover Page<br>▪ Letter to Shareholders<br>▪ Corporate Structure | –<br>2 - 4<br>5 |
| 102-2 | Activities, brands, products, and services | ▪ Letter to Shareholders<br>▪ Notes to the Financial Statements > Investments in Subsidiaries<br>▪ Notes to the Financial Statements > Investments in Associates | 2 - 4<br>111 - 115<br>– |
| 102-3 | Location of headquarters | ▪ Corporate Information<br>▪ Notes to the Financial Statements > General Corporate Information | 7<br>84 |
| 102-4 | Location of operations | ▪ Letter to Shareholders<br>▪ Notes to the Financial Statements > Investments in Subsidiaries<br>▪ Notes to the Financial Statements > Investments in Associates | 2 - 4<br>111 - 115<br>– |
| 102-5 | Ownership and legal form | ▪ Corporate Structure<br>▪ Notes to the Financial Statements > General Corporate Information<br>▪ Statistics of Shareholdings | 5<br>84<br>146 - 147 |
| 102-6 | Markets served | ▪ Letter to Shareholders<br>▪ Notes to the Financial Statements > Segment Information | 2 - 4<br>131 - 133 |
| 102-7 | Scale of the organization | ▪ Sustainability Report > Material Factors > Equality and Diversity in the Workplace<br>▪ Sustainability Report > Material Factors > Sustainable Business Performance<br>▪ Statements of Financial Position<br>▪ Consolidated Statement of Profit or Loss and Other Comprehensive Income | 23 - 24<br>27 - 28<br>80<br>79 |
| 102-8 | Information on employees and other workers | Sustainability Report > Material Factors > Equality and Diversity in the Workplace | 23 - 24 |
| 102-9 | Supply chain | Sustainability Report > Material Factors > Customer Satisfaction | 18 - 19 |
| 102-10 | Significant changes to the organization and its supply chain | There were no significant changes to the organization and its supply chain during the reporting period | – |
| 102-11 | Precautionary Principle or approach | None | – |
| 102-12 | External initiatives | Sustainability Report > Material Factors > Supporting the UN Sustainable Development Goals | 30 - 31 |
| 102-13 | Membership of associations | None | – |

| General standard disclosure | | Section reference | Page |
|---|---|---|---|
| **Strategy** | | | |
| 102-14 | Statement from senior decision-maker | Sustainability Report > Board Statement | 8 |
| **Ethics and integrity** | | | |
| 102-16 | Values, principles, standards, and norms of behaviour | Corporate Governance Report | 40 - 68 |
| **Governance** | | | |
| 102-18 | Governance structure of the organization | Corporate Governance Report | 40 - 68 |
| **Stakeholder engagement** | | | |
| 102-40 | List of stakeholder groups | Sustainability Report > Stakeholder Engagement | 10 - 11 |
| 102-41 | Collective bargaining agreements | None of our employees are covered by collective bargaining agreements | – |
| 102-42 | Identifying and selecting stakeholders | Sustainability Report > Stakeholder Engagement | 10 - 11 |
| 102-43 | Approach to stakeholder engagement | Sustainability Report > Stakeholder Engagement | 10 - 11 |
| 102-44 | Key topics and concerns raised | ■ Sustainability Report > Stakeholder Engagement<br>■ Sustainability Report > Material Factor > Customer Satisfaction | 10 - 11<br>18 - 19 |
| **Reporting practice** | | | |
| 102-45 | Entities included in the consolidated financial statements | ■ Corporate Structure<br>■ Notes to the Financial Statements > Investments in Subsidiaries<br>■ Notes to the Financial Statements > Investments in Associates | 5<br>111 - 115<br>– |
| 102-46 | Defining report content and topic Boundaries | Sustainability Report > Sustainability Reporting Processes | 12 |
| 102-47 | List of material topics | Sustainability Report > Material Factors | 16 - 17 |
| 102-48 | Restatements of information | None | – |
| 102-49 | Changes in reporting | Sustainability factors added:<br>■ Sustainability Report > Material Factors > Equality and Diversity in the Workplace<br>■ Sustainability Report > Material Factors > Robust Corporate Governance Framework<br>Sustainability factors removed:<br>■ Waste optimisation has been removed from the FY2019 sustainability report as there has been no further material development on the relevant project. 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. | <br>23 - 24<br>28 - 29<br><br>– |

| General standard disclosure | | Section reference | Page |
|---|---|---|---|
| 102-50 | Reporting period | Sustainability Report > Reporting Period and Scope | 9 |
| 102-51 | Date of most recent report | FY2021 Sustainability Report | – |
| 102-52 | Reporting cycle | Sustainability Report > Reporting Period and Scope | 9 |
| **Reporting practice** | | | |
| 102-53 | Contact point for questions regarding the report | Sustainability Report > Feedback | 10 |
| 102-54 | Claims of reporting in accordance with the GRI Standards and GRI content index | ▪ Sustainability Report > Reporting Framework<br>▪ Sustainability Report > GRI Content Index | 9<br>33 - 35 |
| 102-55 | GRI content index | Sustainability Report > GRI Content Index | 33 - 35 |
| 102-56 | External assurance | We may seek external assurance in the future | – |
| **Management approach** | | | |
| 103-1 | Explanation of the material topic and its Boundary | Sustainability Report > Material Factors | 16 -17 |
| 103-2 | The management approach and its components | Sustainability Report > Material Factors | 16 -17 |
| 103-3 | Evaluation of management approach | Sustainability Report > Material Factors | 16 -17 |
| **Category: Economic** | | | |
| 201-1 | Direct economic value generated and distributed | ▪ Sustainability Report > Material Factors > Sustainable Business Performance<br>▪ Statements of Financial Position<br>▪ Consolidated Statement of Profit or Loss and Other Comprehensive Income | 27 - 28<br>80<br>79 |
| 205-3 | Confirmed incidents of corruption and actions taken | Sustainability Report > Material Factors > Robust Corporate Governance Framework | 28 - 29 |
| **Category: Environmental** | | | |
| 302-3 | Energy intensity | Sustainability Report > Material Factors > Energy Conservation and Waste Optimization | 24 - 25 |
| **Category: Social** | | | |
| 401-1 | New employee hires and employee turnover | Sustainability Report > Material Factors > Employee Retention | 19 - 20 |
| 405-1 | Diversity of governance bodies and employees | Sustainability Report > Material Factors > Equality and Diversity in the Workplace | 23 - 24 |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Sustainability Report > Material Factors > Sustainable and clean sources of energy | 20 - 23 |

# BOARD OF DIRECTORS

**TAN SRI DATO SERI ZULKEFLI BIN AHMAD MAKINUDIN**
Chairman
Non-Executive and Independent Director
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nominating Committee

**Date of first appointment as a director:**
5 July 2019

**Date of last re-election as a director:**
28 June 2022

**Length of service as a director (as at 31 December 2022)**
3 years 6 months

**Country of Principal Residence**
Malaysia

Tan Sri is currently serving as a Judge in the Syariah Court of Appeal, Perak and as an Arbitrator and Mediator of the Asian International Arbitration Centre (AIAC). On 12 March 2021, Tan Sri was admitted as an Advocate and Solicitor to the High Court of Malaya. On 21 August 2021, he was appointed as the Independent and Non-Executive Deputy Chairman of Berjaya Assets Berhad, a public company listed on Bursa Malaysia.

Tan Sri was previously the President of the Court of Appeals of Malaysia before retiring in 2018. He is actively mentoring law graduates and imparting his invaluable experience and knowledge gained throughout his long and distinguished career in the Malaysian judiciary system.

Tan Sri obtained his Bachelor of Laws degree from the University of Malaya. He subsequently obtained his Master of Law degree from University College, University of London.

**SANDRA LIZ HON AI LING**
Executive Director and
Chief Executive Officer

**Date of first appointment as a director:**
6 January 2016

**Date of last re-election as a director:**
26 June 2020

**Length of service as a director (as at 31 December 2022)**
7 years

**Country of Principal Residence**
Singapore

As the Executive Director and Chief Executive Officer, Sandra is responsible for the overall management and strategy development of Annica Holdings Limited. Since the 1990s, Sandra has held senior positions in several areas, including corporate finance, restructuring, business advisory and project financing. Sandra previously served as an independent director on the board of a public company listed on Bursa Malaysia.

She is passionate and active in the renewable energy and green technology industry and works closely with private equity and industry players, both locally and abroad. Sandra is also a panel speaker at various international seminars and forums on the hydrogen industry.

Sandra holds a Master of Business Administration degree from the University of Strathclyde.

**SU JUN MING**
Non-Executive and Lead Independent Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nominating Committee

**Date of first appointment as a director:**
20 January 2016

**Date of last re-election as a director:**
28 June 2022

**Length of service as a director (as at 31 December 2022)**
6 Years 11 Months

**Country of Principal Residence**
Singapore

Jun Ming is currently the Group Chief Financial Officer of a homegrown and leading beauty and wellness company that is listed on the SGX-ST.

Jun Ming has more than 15 years of experience, and has held leadership positions, in a number of chartered accountancy firms that specialise mainly in insolvency and restructuring services, corporate finance, and transaction services. He was also previously in a multinational auditing firm which provided corporate finance advisory services in respect of IPOs, RTOs, M&As, valuations, fairness opinions, and capital raising exercises in Asia covering a range of industries. He was also formerly the Financial Controller of a company listed on the SGX-ST.

Jun Ming is a Chartered Valuer and Appraiser (CVA) and a Chartered Financial Analyst.

**LIM IN CHONG**
Non-Executive and Non-Independent Director

**Date of first appointment as a director:**
6 July 2018

**Date of last re-election as a director:**
29 April 2021

**Length of service as a director (as at 31 December 2022)**
4 Years 6 Months

**Country of Principal Residence**
Malaysia

In Chong is a director and principal of Inchcape Sdn. Bhd., a landscape architectural firm that has received numerous accolades worldwide. In Chong is an internationally renowned landscape architect and an avid supporter of sustainable and green development. He has regularly been invited to speak at international seminars and events promoting sustainable and green development.

In Chong studied at United World College of Southeast Asia and graduated from Trent University in Peterborough, Canada. He later obtained his Masters degree from RMIT Melbourne.

# BOARD OF DIRECTORS

**ROBIN STEVENS**
Non-Executive and Independent Director
Chairman of Nominating Committee
Member of Remuneration Committee
Member of Audit Committee

**Date of first appointment as a director:**
20 May 2022

**Date of last re-election as a director:**
28 June 2022

**Length of service as a director (as at 31 December 2022)**
7 Months

**Country of Principal Residence**
United Kingdom

Robin is the Head of Capital Markets and a Senior Adviser of MHA Macintyre Hudson, the UK member of Baker Tilly International, and advises emerging UK and international clients on corporate and capital market related activities. He is also an Independent and Non-Executive Director of Hercules Site Services Plc and Aura Renewable Acquisitions Plc, the Non-Executive Chairman of Vector Capital Plc, and an independent and non-executive director in several other private companies operating in the UK and overseas.

Throughout his long and distinguished career spanning over 30 years, Robin has held leadership positions in the UK and international professional partnerships including Crowe UK LLP, Mazars LLP, and MRI Moores Rowland LLP. He is a pragmatic corporate finance and capital markets professional, advising private and public company clients, ranging from small family-owned businesses to large and international companies, on matters in relation to corporate finance, private equity MBOs, capital reconstruction, pre-flotation planning and acquisitions and disposals. To-date, he has advised on over 150 IPOs and secondary offerings on the London Main Market, AIM Market and AQUIS Stock Exchange, as well as on transactions on Nasdaq First North and the Hong Kong, Malaysian and Singapore Exchanges.

Robin is a Chartered Accountant and holds a BA Hons Business Studies from Hertfordshire University.

**SHAMSOL JEFFRI BIN ZAINAL ABIDIN**
Non-Executive and Independent Director

**Date of first appointment as a director:**
27 September 2019

**Date of last re-election as a director:**
26 June 2020

**Length of service as a director (as at 31 December 2022)**
3 Years 3 Months

**Country of Principal Residence**
Malaysia

Shamsol is the managing director of SAM Planners Sdn. Bhd., a multi-disciplinary company whose principal activities are town planning and environmental and landscape design. Shamsol is an established town planner and businessman with more than 25 years of experience in urban planning, social planning, urban transportation planning, and land and property development management.

Shamsol has previously served on the board of Perbadanan Stadium Malaysia (PSM) as Corporate Representative for the session 2021-2023 from 15 March 2022 to 20 March 2023. He is also a corporate member of the Malaysian Institute of Planners (MIP) and Lembaga Perancang Bandar Malaysia (LPBM), and a member of Malaysian Social Impact Assessment (MSIA), all of which are professional bodies for planners to promote the advancement of town planning in Malaysia.

Shamsol obtained his Bachelor’s Degree in Urban and Regional Planning from the University Technology of Malaysia (UTM).

# KEY MANAGEMENT PERSONNEL

**WOON CHING CHUEN ("MARCUS")**
Group Financial Controller

Marcus joined the Group as the Finance Manager in 2017 and was appointed as the Financial Controller of the Group in February 2023. He is responsible for the day-to-day finance, corporate finance and accounting functions of the Group. Prior to joining the Group, Marcus worked in several international accountancy firms, engaging in business valuations, statutory audits, liquidations, and financial due diligence assignments for M&A exercises. Marcus is a member of the Association of Chartered Certified Accountants.

**PEK SECK WEI**
Director – Industrial Engineering Systems Pte. Ltd. ("**IES**") and IES Engineering Systems Sdn. Bhd., (collectively with IES, the "**IES Group**"), Cahya Suria Energy Sdn. Bhd. and Cahya Suria Services Sdn. Bhd.

Seck Wei is the co-founder of IES and Director of the IES Group, and is responsible for the overall management and development of the business of sale of oilfield equipment and customised engineering solutions to oil and gas companies in Singapore, Malaysia and Vietnam. With his vast experience in the oil and gas industry, Seck Wei also oversees the business development and performance of the rural off-grid and renewable energy businesses of the Group as Director of Cahya Suria Energy Sdn. Bhd.. Seck Wei graduated with a Bachelor of Electrical Engineering (Honours) degree from the Nanyang Technological University.

**MUSA BIN MOHAMAD SAHIR**
Managing Director – P.J. Services Pte. Ltd. and its subsidiaries ("**P.J. Services Group**")

Musa joined P.J. Services Pte. Ltd. in 2008 as an executive and rose through the ranks to become its Managing Director in 2016. He is responsible for the overall management of the business of the P.J. Services Group. Musa is also tasked with the development of new products, businesses and territories and building new agency partnerships by tapping on his more than 15 years of experience in the oil and gas industry. His extensive experience covers sales, marketing and project management for the procurement of oil and gas equipment for onshore and offshore platforms, vessels and pipelines. In 2022, Musa was appointed as the Treasurer of Corrosion Association Singapore. Musa graduated from the Temasek Polytechnic with a Diploma in Mechatronics Engineering.

**MUHAMMAD HATTA BIN SUKARNI**
Managing Director – H2 Energy Sdn. Bhd. ("**H2E**")

Hatta is the co-founder of H2E and began his career as a civil servant at the Department of Inland Revenue in Sarawak, Malaysia. Hatta moved into the private sector after spending nearly a decade in the civil service to pursue his entrepreneurship endeavours. Hatta is currently a director and/or shareholder in several private limited companies in Malaysia and Australia which operate in diverse industries, including civil engineering and construction, property development and fisheries. His main businesses are primarily based in Sarawak, Malaysia where his network is established and readily tapped.

# CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**" or "**Directors**") of Annica Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**", and each such subsidiary, a "**Group Subsidiary**") believes that maintaining a high standard of corporate governance is essential to the long-term sustainability of the Group's business and performance, safeguards the interests of the Company's shareholders (the "**Shareholders**") and enhances corporate value and accountability.

This Corporate Governance Report ("**CG Report**" or this "**report**") describes the Group's corporate governance framework and practices that were in place during the financial year ended 31 December 2022 ("**FY2022**") with specific references to the principles and provisions (hereinafter referred to as the "**Principles**" and/or "**Provisions**") of the Code of Corporate Governance 2018 (the "**Code**"). Reporting on the Group's corporate governance framework in accordance with these Principles and Provisions of the Code is part of the continuing obligations of the Company under the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").

Our corporate governance framework, together with our Sustainability Report which sets out our environmental, social and governance ("**ESG**") factors and climate-related disclosures, serve as the foundation upon which the Group's businesses and practices are directed and managed. It also provides the Group with the adaptability, agility and framework to operate as a successful and sustainable business, allowing us to respond to the needs of stakeholders (including future generations of stakeholders) and the ever-changing market and geo-political conditions in which we operate. The Board expects a robust corporate governance framework which is monitored through a number of processes, including engagement with stakeholders, effectiveness reviews, control reviews, risk assessment and support from the key management personnel and their respective teams ("**Management**"). To ensure the adaptability and accountability required to achieve the Group's objectives, the Board actively promotes a culture of openness and empowerment through delegation to its various board committees and Management. The Board believes that empowerment through delegation encourages diversity of thought and innovation to ensure that the Group achieves its objectives and purpose, whilst retaining the Board's overall supervisory and stewardship role.

This CG Report should be read as a whole to understand the impact which certain disclosures in one section of the report may have on the other sections.

**The Code**

This edition of the Code, which was published in August 2018 (as amended on 11 January 2023), has, at its core, broad Principles of corporate governance. Compliance with, and observation of, these Principles is mandatory. These Principles set out broadly accepted characteristics of good corporate governance. Each Principle is elaborated by various Provisions to support compliance with the Principles. These Provisions, which replaced the guidelines of previous iterations of the Code, are drafted in a simple and direct manner and describe the ground rules of good corporate governance. Companies are expected to comply with the Provisions, and variation from Provisions are acceptable to the extent that companies explicitly disclose and explain how their practices are otherwise consistent with the aim and philosophy of the Principle in question. The explanations should be comprehensive and meaningful.

Companies are required to describe their corporate governance practices with reference to both the Principles and Provisions, and how a company's practices conform to the Principles. The emphasis is for companies to provide thoughtful and meaningful disclosures and/or explanations to enable stakeholders to understand their corporate governance practices. Frank and informed dialogue between companies and their stakeholders is a central tenet of good corporate governance that encourages better stewardship by directors and better engagement between stakeholders and companies.

**Statement of Compliance**

The Board confirms that for FY2022, the Company has generally complied with the Principles and Provisions of the Code, save as otherwise explained below.

**(A) BOARD MATTERS**

**1. THE BOARD'S CONDUCT OF ITS AFFAIRS**

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

### 1.1 Primary Function

The primary functions of the Board are to lead and provide direction for the Group, act objectively in the best interests of the Company, hold Management accountable for their performance, be held accountable to stakeholders for the overall performance of the Group and in generating value in the long term for them, and contribute to society through its sustainability efforts. The Board has instilled an appropriate tone-from-the-top of the desired organisational culture, conduct and ethics so as to ensure proper accountability within the Group.

Apart from their statutory and fiduciary responsibilities, each Director understands the Group's businesses and is regularly updated on the state of the Group's businesses through a combination of updates and briefings by Management and on-site visits.

In particular, the Board oversees the Group by:

- setting the Group's objectives, strategies, values and standards (including ethical standards) and ensuring that all obligations to shareholders and stakeholders are understood and met;
- ensuring that the appropriate resources (financial and human) are in place (as far as practicable) for the Group to meet its objectives, and monitoring the performance of these objectives with a view to building long-term and sustainable value for Shareholders;
- establishing a framework of effective controls aligned with the risk appetites agreed on by the Board and holding Management accountable so as to safeguard the Group's assets and shareholders' interests, and ultimately promoting the long-term sustainable success of the Group;
- considering sustainability issues in the formulation of its strategies for the Group's businesses and operations;
- approving annual budgets, business plans, major funding proposals, financial restructuring, share issuance, investment and divestment proposals;
- identifying key stakeholder groups and recognising that their perceptions may affect the Company's reputation;
- ensuring that the Group meets good corporate governance standards; and
- exercising due diligence and independent judgement in relation to the Group's businesses and operations. In this regard, any Director facing a conflict of interest will recuse himself or herself from discussions and decisions that the Director finds himself or herself in conflict with.

**1.2 The Board**

The composition of the Board and details including the position, date of initial appointment, date of last re-election, directorships in other listed companies and other principal commitments in respect of each Director are set out below:

| Name of Director | Designation | Date of appointment | Date of last re-election | Current directorships in listed companies (other than the Company) | Past directorships in listed companies (preceding three years) | Other principal commitments |
|---|---|---|---|---|---|---|
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin | Independent and Non-Executive Chairman | 5 July 2019 | 28 June 2022 | – | – | Berjaya Assets Berhad – Deputy Chairman<br><br>Messrs Hafarizam Wan & Aisha Mubarak – Consultant |
| Sandra Liz Hon Ai Ling | Executive Director and Chief Executive Officer | 6 January 2016 | 26 June 2020 | – | – | – |
| Shamsol Jeffri Bin Zainal Abidin | Non-Independent and Non-Executive Director | 27 September 2019 | 26 June 2020 | – | – | Sam Planners Sdn Bhd – Managing Director |
| Lim In Chong | Non-Independent and Non-Executive Director | 6 July 2018 | 29 April 2021 | – | – | Inchscape Sdn. Bhd. – Director and Principal |
| Su Jun Ming | Lead Independent and Non-Executive Director | 20 January 2016 | 28 June 2022 | – | – | Icart Group Pte Ltd – Corporate Finance Director |
| Robin Stevens | Independent and Non-Executive Director | 20 May 2022 | 28 June 2022 | – | – | MHA MacIntyre Hudson – Senior Advisor and Head of Capital Markets<br><br>Hercules Site Services Plc – Non-executive Director<br><br>Aura Renewable Acquisition Plc – Non-executive Director<br><br>Avelas HoldCo Inc – Non-executive Director<br><br>Avelas Biosciences Inc – Non-executive Director<br><br>Vector Capital Plc – Non-executive Director<br><br>Robin Stevens Consulting Limited – Director |

**1.3 Delegation of authority by the Board**

To facilitate effective management and to support the Board in its duties, certain functions have been delegated to various committees, and the Board, in line with the Code, has established an Audit Committee ("**AC**"), a Nominating Committee ("**NC**") and a Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). The Board Committees have been formed with clear terms of reference which are set out more fully later in this report.

The composition of the Board Committees is set out below:

| Name of Director | Audit Committee | Nominating Committee | Remuneration Committee |
|---|---|---|---|
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin | Member | Member | Chairman |
| Su Jun Ming | Chairman | Member | Member |
| Adnan Bin Mansor* | Member | Chairman | Member |
| Robin Stevens | Member | Chairman | Member |

* Adnan Bin Mansor resigned with effect from 15 September 2022.

Matters which are not reserved for the Board, have not been delegated to the Board Committees and are not subject to shareholders' approval in general meetings, are delegated to the Management.

More detailed operational matters are addressed at the Group Subsidiary level.

The Board holds regular meetings to review, consider and approve strategic, operational, and financial matters of the Group. Significant matters (which are outside of the ordinary course of business) concerning the Group are also put before the Board for its decision and approval. Where necessary, ad-hoc meetings are also held when circumstances require. Prior to each Board meeting (whether regular or ad-hoc), Management will circulate a board pack containing comprehensive (as far as practicable) and timely information to enable Directors to make informed decisions and to discharge their duties and responsibilities. As part of its ongoing reporting to the Board, Management provides updates on the milestones achieved or issues encountered in the Group's key projects.

In addition to physical meetings, the Company's constitution ("**Constitution**") provides for Board meetings to be conducted by way of a telephone conference and/or by means of similar communication equipment whereby all the Directors participating are able to hear each other. Management is invited to attend such meetings to present information and/or provide clarification where required. Where meetings are not possible, timely communication between the Directors and the Board Committees is achieved by electronic means (such as email correspondence) and the circulation of written resolutions for approval by the Directors or the Board Committees.

During FY2022, all meetings of the Board and the Board Committees were conducted via electronic means in compliance with the applicable social distancing rules during the COVID-19 pandemic.

Conflict of Interest

A register of conflicts of interest is maintained by the Company with a copy provided to the Company Secretary. The Directors each understand their responsibility in identifying and managing conflicts of interest, and bringing any conflicts to the attention of the Board and the Company Secretary as required under the Companies Act 1967 of Singapore (the "**Companies Act**"). Any conflicts of interest involving any Director in relation to any matter is managed by the following three steps:

- Declare: The conflicts are noted, considered and recorded by the Company Secretary.
- Discussion: The conflicted Director does not take part in any discussions relating to the matters in which the conflict exists.

- Decision: The conflicted Director does not take part in any decisions relating to the matters in which the conflict exists.

Matters reserved for the Board

The matters that are specifically reserved for the approval of the Board include the following:

- entering into contractual obligations, other than in the ordinary course of business;
- undertaking any corporate action, other than in the ordinary course of business;
- approving policies, strategies and financial objectives of the Group;
- overseeing the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, generally;
- approving the nomination of persons to the Board and appointments of persons to positions of Management;
- approving annual budgets, major funding proposals, corporate or financial restructuring, and investments or divestment proposals;
- declaration of interim dividends and proposal of final dividends, and interested person transactions,

(collectively, the "**Reserved Matters**").

The Management has been instructed by the Board that all Reserved Matters have to be referred to the Board for approval. From time to time, as and when the Company or a Group Subsidiary proposes to enter into a material transaction, a presentation will be made by Management or the management personnel of the relevant Group Subsidiary to the Board. The presentation sets out analyses made by Management or the management personnel of the relevant Group Subsidiary, and any specific issues which the Board should be apprised of for the Board's collective consideration and approval.

Each Director has separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

**1.4 Induction and Training of Directors**

The Company conducts orientation programmes for newly-appointed Directors to ensure that they are familiar with the Group's structure, business, operations, and governance policies. All Directors who have no prior experience as a director of a listed company on the SGX-ST will undergo training on the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST within one year from his date of appointment to the Board. Newly appointed Directors are given a formal letter explaining their duties and obligations as Directors of the Company, among other terms.

At each Board meeting and on an ongoing basis, the Directors will receive updates from the chief executive officer and the relevant key management personnel on the business and strategic developments of the Group. The Directors may, at any time, visit the Group's business operations in order to gain a better understanding of its businesses. Changes to regulations and accounting standards are monitored closely by the chief executive officer and the AC in close consultation with, and guidance from, the Group's external auditors, PKF-CAP LLP. During FY2022, the Directors were briefed by PKF-CAP LLP on significant developments in financial reporting standards and related changes that affect the Group, and by the Company Secretary on changes to the Catalist Rules, the Code and other relevant changes to the Companies Act.

For the year under review, Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr. Su Jun Ming attended the Institute of Singapore Chartered Accountants' Sustainability E-Training while Ms. Sandra Liz Hon Ai Ling, Mr. Robin Stevens, Mr. Lim In Chong and Mr. Shamsol Jeffri Bin Zainal Abidin attended the Cambridge Institute for Sustainability Leadership – Earth on Board online Directors Programme.

The Board recognises the importance of appropriate orientation training and continuing education for its Directors. The Company encourages the Directors to update themselves on new rules and regulations which are relevant to the Group, and to keep pace with regulatory changes. When relevant and of benefit to the Company, the Company will fund the costs of relevant courses and seminars for the Directors to keep abreast of new developments, especially where changes in regulatory and legal compliance are concerned.

**1.5 Attendance of Directors at meetings**

The attendance of the Directors at Board and Board Committee meetings held during FY2022 is set out below:

| | | **Board Committees** | | |
|---|---|---|---|---|
| | **Board** | **Audit Committee** | **Nominating Committee** | **Remuneration Committee** |
| Number of meetings held: | 5 | 5 | 2 | 2 |
| **Name of Director** | **Number of meetings attended** | | | |
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin | 5 | 5 | 2 | 2 |
| Sandra Liz Hon Ai Ling | 5 | 5* | 2* | 2* |
| Shamsol Jeffri Bin Zainal Abidin | 5 | 5* | 2* | 2* |
| Lim In Chong | 5 | 5* | 2* | 2* |
| Su Jun Ming | 5 | 5 | 2 | 2 |
| Adnan Bin Mansor** | 3 | 3 | 1 | 1 |
| Robin Stevens*** | 2 | 3 | 1 | 1 |

* Attendance by invitation of the respective Board Committees.

** Adnan Bin Mansor resigned with effect from 15 September 2022.

*** Robin Stevens was formally appointed on 20 May 2022 as an Independent and Non-Executive Director.

## 2. BOARD COMPOSITION AND GUIDANCE

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

**2.1 Independence**

The Board is currently made up of three (3) Independent and Non-Executive Directors ("**Independent Directors**" and each an "**Independent Director**"), one (1) Executive Director, and two (2) Non-Independent and Non-Executive Directors. Mr. Adnan Bin Mansor, who was an Independent and Non-Executive Director, resigned with effect from 15 September 2022.

The Chairman of the Board is an Independent and Non-Executive Director and, in compliance with Provision 2.3 of the Code, Non-Executive Directors make up a majority of the Board.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines set out in the Code. For the period under review, the Independent Directors have provided written confirmations of their independence, and the Board has determined, taking into account the views of the NC, that all Independent Directors have satisfied the criteria of independence.

On 11 January 2023, the SGX-ST announced a new requirement in its news release entitled "SGX RegCo caps independent directors' tenure, enhances remuneration disclosures" whereby the tenure of independent directors serving on the board of a listed issuer will be limited to nine (9) years. In this regard, the SGX-ST removed, with immediate effect, the two-tier vote mechanism for companies to retain long-serving independent directors who have served for more than nine (9) years. However, independent directors whose tenure exceeds the nine-year limit may continue to be considered independent until the issuer's annual general meeting held for the financial year ending on or after 31 December 2023.

Currently, none of our Independent Directors has been a director of the Company for more than nine (9) years (the "**Maximum Period**"). Once any of our Independent Directors has served on the Board for the Maximum Period, he or she will no longer be considered an independent director.

**2.2 Board size and composition**

The Board comprises individuals of various ages, different ethnicities, and cultural backgrounds, whose core competencies, qualifications, skills and experiences are extensive and complementary. These core competencies are in legal, accounting, finance, business, management and specific technical areas, such as in the green and renewable business that the Group has recently entered into. The current members of the Board comprise the necessary skills, talents, experience and diversity to serve the needs and objectives of the Company in that the:

(a) different cultural backgrounds ensure a willingness to speak up and challenge ideas, which in turn fosters a culture of openness and constructive debate;

(b) different expertise and experience ensure that decisions made collectively by the Board have received comprehensive attention from all relevant aspects;

(c) different ages and expertise combine to ensure that an appropriate level of risk-appetite is agreed on; and

(d) different cultural backgrounds, ages, expertise and experience reduce the risk of group-think which in turn supports the management of risks.

Notwithstanding the diverse ethnicities, ages and skillsets of its current Board members, the Company is striving for a more equal representation of females on its Board. In this connection, the Company will prioritize the appointment of female Directors should a vacancy arise, provided the potential candidate possesses the appropriate skillsets and is suitable for the Board and the Group as a whole. The Company targets to have among its Board members and/or key management personnel additional female members by 2025 when some of its current Independent and Non-Executive Directors would have served on the Board for more than nine (9) years since their initial appointments.

The Company recognises that gender is an important aspect of diversity; therefore the NC will strive to ensure that:

(a) if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present female candidates;

(b) when seeking to identify a new director for appointment to the Board, the NC will request for female candidates to be fielded for consideration;

(c) female representation on the Board be continually improved over time based on the set objectives of the Board; and

(d) at least one female director be appointed to the NC by 31 December 2025.

The NC has discussed and will meet annually to assess (and if necessary revise) its agreed framework of the required combination of skills, talents, experience and diversity of its directors that will serve the needs and plans of the Group, in particular assess whether:

(a) its targets set to achieve diversity on the Board has been met in accordance with its plans and timelines set; and

(b) make any further or revised recommendations for consideration and approval by the Board, noting that the targets and objectives may involve one or more aspects of board diversity with different timelines for achievement.

The Directors, therefore, consider the Board's (and each Board Committee's) size and composition as at the end of FY2022 to be largely appropriate, taking into account the nature and scope of the Group's operations as well as the skills and knowledge of the Directors. All major decisions relating to the operations and management of the Group are jointly and collectively made by the Board after taking into account the opinion of all the Directors. As such, there is a balance of power and authority and no single individual controls or dominates the decision-making process of the Group.

**2.3 Role of Independent Directors**

All Directors have equal responsibility for the Group's operations. However, the role of the Independent Directors is particularly important in ensuring that all strategies and objectives proposed by Management are constructively and robustly discussed. The Independent Directors meet without the presence of Management as and when necessary, and they are kept informed of the Group's businesses, prospective deals and developments by Management. The Independent Directors constructively challenge Management, help Management develop strategies for the Group's businesses, provide feedback to the Board and/or Management, and monitor the performance and reporting of the Group's key projects.

## 3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

**3.1 Chairman**

Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin is an Independent Director and the Chairman of the Board, while Ms. Sandra Liz Hon Ai Ling is an Executive Director and the Chief Executive Officer ("**CEO**"). In compliance with Provision 3.1 of the Code, the roles of the Chairman and CEO are separate to ensure that there is no concentration of power and authority on any one person, and there is scope for increased accountability and greater capacity of the Board for independent decision-making.

**3.2 Role of Chairman, Chief Executive Officer and Lead Independent Director**

The Chairman leads the Board in ensuring its effectiveness and approves the agenda of each Board meeting in consultation with the CEO. The Chairman monitors communications and the relationships between the Company and its shareholders, between members of the Board, and between the Board and Management, with a view to encouraging a constructive relationship and open dialogue amongst them. The Chairman is the key contact of the Company to whom shareholders can send their concerns at either of the following email addresses: zulkeflimakinudin@gmail.com or prinfo@annica.com.sg.

In addition to the Chairman, Mr. Su Jun Ming is our Lead Independent Director. He provides leadership in situations where the Chairman is conflicted. Mr. Su also deputises for the Chairman if he is unavailable to attend any board meeting. Mr. Su is also available to shareholders in addition to the normal channels of communication with the Chairman or Management.

The CEO, in close consultation with the Board members, is responsible for the overall business direction and strategy of the Group, the implementation of the Group's corporate plans and policies, and executive decision-making. The CEO is assisted by the Company Secretary at all Board meetings and on statutory matters. Where necessary, the external auditors and/or other specialised consultants, such as technical experts, are invited to attend Board meetings to assist the CEO and the other Directors in their deliberations.

## 4. BOARD MEMBERSHIP

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

### 4.1 The NC

The NC currently comprises three (3) Board members who are all Independent and Non-Executive Directors. They are Mr. Robin Stevens (who is the NC Chairman), Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr. Su Jun Ming. Mr. Adnan Bin Mansor, who resigned from the Board with effect from 15 September 2022, was the former NC Chairman.

The key terms of reference of the NC include:

(a) ensuring that new directors are aware of their duties and obligations;

(b) making recommendations to the Board on all Board appointments. The NC is scheduled to meet at least once a year;

(c) ensuring that Directors appointed to the Board possess the particular experience, knowledge and business, finance and management skills necessary for the Group's businesses, and each Director, through his contributions, brings to the Board an independent and balanced perspective for well-considered decision-making;

(d) ensuring that there is a formal and transparent process for all new appointments and re-appointments to the Board. Where a vacancy arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC will search for and nominate such a new Director;

(e) determining, in consultation with the Board, the selection criteria of new appointees so that candidates with the appropriate expertise and experience are appointed. The NC meets and interviews shortlisted candidates to assess their suitability and ensure that candidates are aware of the expectations and the level of commitment required before making recommendations to the Board for consideration and approval;

(f) engaging, where appropriate, executive search companies, and making recommendations of network contacts in its search and nomination process for the right candidates.

The NC is also responsible for:

- reviewing and recommending the appointment and/or replacement of the Chairman, the chief executive officer and key management personnel of the Group;
- identifying the requirements of any additional resource for the Group's business, including but not limited to financial, technical and human resources;
- recommending and reviewing training and professional development programs for the Board and each Director;
- the development of a process for evaluating the performance of the Board, its Board Committees and each Director;

- the nomination of retiring Directors for re-election having regard to the Director's contributions and performance and to the constitution of the Company;
- determining on an annual basis whether or not a Director is independent;
- deciding whether a Director, who has multiple board representations, is able to carry and has adequately carried out his duties as Director; and
- making recommendations to the Board on all appointments and re-appointments of directors (including alternate directors, if any), including the composition of the Board and the Board Committees, and the balance between Executive and Independent Directors, subject always to the Catalist Rules and the Code.

**NC Report for the period under review**

For the period under review, the NC assessed that the appointment of a Director with experience in renewable energy and experience and networks in overseas capital markets would benefit the Group in furthering its businesses and exposure in green and renewable energy. To this end, Mr. Robin Stevens, who was a professional acquaintance of the CEO, was identified by the NC as a potential candidate for appointment as Independent Director. Mr. Robin Stevens was subsequently appointed on 20 May 2022.

The appointment of Mr. Robin Stevens as an Independent and Non-Executive Director brings not only relevant skills and experience in relation to the Company's green and renewable energy business, but also diversity in terms of other skillsets, age and cultural background to the Board.

The NC has also considered and recommended to the Board for Mr. Marcus to be appointed as the Group Financial Controller. Mr. Marcus has been the finance manager of the Company and after assessment and review by the NC, he was appointed as the Group Financial Controller on 10 February 2023.

The NC has also ensured that each Director has attended the mandatory sustainability training programme conducted by the Singapore Institute of Directors. Please refer to section 1.4 of this report for more information on the details of the courses the Directors attended.

In addition, on the recommendation of the NC, the Management has formed an ESG Committee in November 2022 which is led by our Independent and Non-Executive Director, Mr. Robin Stevens, and supported by Mr. Lim In Chong, our Non-Independent Non-Executive Director and Mr. Su Jun Ming, our Lead Independent and Non-Executive Director.

The NC, after discussion with all the Directors, is satisfied that sufficient time and attention have been given by all Directors to the affairs of the Group, notwithstanding that some Directors have multiple board representations and/or principal commitments. When a Director has multiple board representations and/or principal commitments, the NC will consider whether that Director is able to carry out and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and/or principal commitments.

For the period under review, the NC noted that no Director sits on the board of any other listed company and save for each of their respective principal commitments to the extent of their respective professions (where applicable), no Director has multiple principal commitments. The NC is, therefore, of the view that each Director is able to discharge his duties, and there is presently no need to implement internal guidelines on the maximum number of listed company board representations which a Director may hold, as the Directors are assessed holistically based on their total and effective attendance at meetings, performance and contributions to the Company. The NC will, however, continue to review, from time to time, the board representations of each Director to ensure they continue to meet the demands of the Group adequately, and discharge his/her duties as a Director of the Company satisfactorily. There are presently no alternate directors appointed to the Board.

Insofar as Mr. Robin Stevens is concerned, while the NC noted that he is a non-executive director of six (6) other companies apart from his principal commitment at MHA MacIntyre Hudson, the NC is satisfied that Mr. Robin Stevens is able to commit sufficient time to the Group as an Independent Director as he has given his assurance to the NC and the Board that the demands and time commitments required by these other roles are generally flexible, only three (3) of the other directorships are public companies, and he is able to make sufficient time for the Group.

### 4.2 Board Independence

The independence of each Director is reviewed by the NC with reference to the guidelines set out in the Code. The NC assesses the independence of the Directors annually and as and when circumstances require, taking into consideration any other relevant factors. Accordingly, the NC considers Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin, Mr. Su Jun Ming and Mr. Robin Stevens to be independent in accordance with the criteria set out under Provision 2.1 of the Code, and the NC is satisfied that during FY2022, no Independent Director is deemed to be or can be said to be not independent as a result. No Independent Director has any relationship with the Company, its related corporations, its substantial shareholders or its officers which may affect his independence.

In accordance with Regulation 95 of the Constitution, at each AGM, one-third of the Board shall retire from office by rotation (provided that no director holding office as CEO or Executive Chairman shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire). Each Director who retires by rotation may, if he or she so desires, offer himself or herself for re-election. In determining the number of directors to so retire by rotation, persons who were appointed to the Board by the Directors in accordance with Regulation 94 of the Constitution to fill a vacancy will also not be taken into account and will have to be put up for re-election by Shareholders at the Company's upcoming annual general meeting ("**AGM**"). In addition to the regulations of the Constitution, the Catalist Rules require that all directors must submit themselves for re-nomination and re-appointment at least once every three (3) years from his or her last re-election or appointment.

For FY2022, the NC determined that at the AGM,

(a) Mr. Shamsol Jeffri Bin Zainal Abidin, who was last re-elected on 26 June 2020, shall retire by rotation pursuant to Regulation 95 of the Constitution;

(b) Mr. Lim In Chong, who was last re-elected on 29 April 2021, shall retire by rotation pursuant to Regulation 95 of the Constitution; and

(c) Ms. Sandra Liz Hon Ai Ling, who was last re-elected on 26 June 2020, shall put herself up for re-election pursuant to Rule 720(4) of the Catalist Rules (which requires all directors to submit themselves for re-nomination and re-appointment at least once every three (3) years).

Both Mr. Shamsol Jeffri Bin Zainal Abidin and Mr. Lim In Chong, having been determined by the NC to be eligible for re-appointment, have offered themselves up for re-election at the AGM. Upon re-election, Mr. Shamsol Jeffri Bin Zainal Abidin and Mr. Lim In Chong will continue to be Non-Executive and Non-Independent Directors of the Board.

Ms. Sandra Liz Hon Ai Ling, upon her re-election, will remain as an Executive Director and the CEO of the Company.

## 5. BOARD PERFORMANCE

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

### 5.1 Evaluation of Board Performance

The NC is responsible for evaluating and proposing the performance criteria for evaluating the performance of the Board and each Board committee separately, as well as the contribution by the Chairman and each individual Director to the Board.

In assessing the performance of the Directors, the NC evaluates each Director (including the Chairman) based on his or her contributions to the Board and on the following review parameters:

- attendance at Board and Board Committees meetings;
- participation at meetings;
- ability to carry out his/her duties;
- involvement in assisting and guiding Management;
- availability for consultation and advice, when required; and
- appropriate skill, experience and expertise.

The NC also evaluates the performance and effectiveness of the Board as a whole, taking into account the Board's composition, balance and mix.

The criteria for assessing the Board's and each Board Committee's performance include, *inter alia*, the composition and size, processes, accountability, standard of conduct, performance of its principal functions and fiduciary duties, and guidance provided to and communication with Management. The criteria for assessing an individual Director's contributions include, *inter alia*, the level of contribution to Board meetings, commitment of time, and overall effectiveness. As part of the evaluation process, the NC completes an appraisal form for each Director. These appraisal forms are then compiled by the Company Secretary who then submits a summary report to the NC chairman. The summary report is then discussed during the NC meeting held at the end of each financial year where recommendations for re-election and training are made to the Board.

For the period under review, the NC, having reviewed the overall performance of the Board and each Board Committee in terms of their roles and responsibilities and the conduct of their affairs as a whole, and each Director's performance, is of the view that the performance of the Board, each Board Committee and each Director has been satisfactory. No external facilitator was appointed in connection with such performance evaluation for the period under review.

Highlights of the NC's evaluations include the following:

- each of the Board and the Board Committees is constructive and supportive to Management and functions strongly as a unit. They are led by our well-regarded Chairman, who has the clear support of the Board. The diversity of the background of the Directors brings about a plurality of different views and skills;
- the Board provides a good sense of optimism and determination to succeed, and demonstrates strong support for, and confidence in, the CEO, the Group Financial Controller and the wider management team of the Group;
- there is a growing awareness of ESG issues, climate change and the need for diversity, and the Board aims to produce a meaningful and comprehensive Sustainability Report. To this end, the Group has established an ESG Committee in November 2022 which is led by our Independent and Non-Executive Director, Mr. Robin Stevens, and is supported by Mr. Lim In Chong and Mr. Su Jun Ming as members. The ESG Committee is tasked with developing the sustainability strategy, reviewing the Group's material impacts, considering stakeholder priorities, setting sustainability goals and targets, as well as collecting, verifying, monitoring, and reporting performance data for the Sustainability Report. The ESG Committee held its first meeting on 19 December 2022;
- there is a desire for continual improvement, and the Board has discussed succession plans while being mindful that financial stability, the improvement in its traditional businesses and the successful growth of its new green and renewable energy business should take root as a priority;

- the Board consists of a diverse group of members and has a good mix of ethnicities, ages and skills. The Board nonetheless recognises that gender diversity could be improved; and

- the Directors are pro-active and knowledgeable, and collectively provides Management with the guidance and support to formulate and achieve the Group's strategies and objectives.

## (B) REMUNERATION MATTERS

### 6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

**6.1 <u>The RC</u>**

The RC makes recommendations on the remuneration of Directors and executive officers of the Company, and key management personnel of the Group. The RC comprises three (3) Board members who are all Independent and Non-Executive Directors. The RC currently comprises Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin (who is the RC Chairman), Mr. Su Jun Ming and Mr. Robin Stevens. Mr. Adnan Bin Mansor, who was formerly a member of the RC, resigned from the Board with effect from 15 September 2022.

The key terms of reference of the RC include:

(a) making recommendations to the Board on matters relating to remuneration, including but not limited to the fees, salaries, allowances, bonuses, options and benefits in kind, of the Directors and Management;

(b) reviewing and recommending to the Board the terms (and renewal) of the service agreements of the Executive Director and key management personnel, and ensuring that such service agreements contain fair and reasonable clauses which are not overly generous or onerous, and that there are appropriate termination clauses;

(c) determining the appropriateness of the remuneration of the Directors and Management; and

(d) administering any long-term incentive schemes (including share schemes) implemented by the Company.

The RC meets at least once a year to make deliberations on the remuneration packages of each Director as well as each member of Management. In reviewing and/or recommending the remuneration packages, the RC takes into consideration industry practices, the terms of any service contract, individual performance and the financial results of the Company and the Group as a whole. The RC has full authority to obtain independent professional advice on matters relating to remunerations as and when the need arises at the Company's expense. In FY2022, no remuneration consultant was engaged. No Director is involved in deciding his or her own remuneration.

Each member of the RC abstains from making any recommendation or voting on any resolutions in respect of his/her own remuneration package, except for providing information and documents specifically requested by the RC to assist it in its deliberations.

The remuneration package of the Executive Director is based on a service contract. Each Non-Independent and Non-Executive Director as well as each Independent Director receives directors' fees annually, the amount of which is reviewed and recommended by the NC to the Board who, upon deliberation, approves the same for Shareholders' approval at each AGM.

The remuneration of employees who are related to any of the Directors (if any) will be reviewed annually by the RC to ensure that the remuneration of these related employees is in line with, and proportionate to, the other employees of the Group.

## 7. LEVEL AND MIX OF REMUNERATION

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

### 7.1 Level & Mix of Remuneration

The remuneration policy of the Group is to provide compensation packages at market rates that reward individual performance which serves to attract, retain and motivate the Directors to provide good stewardship of the Company, and for Management to successfully manage the Company for the long-term benefit of Shareholders.

The Group's remuneration policy in respect of Management comprises fixed and variable components. The fixed component is in the form of a fixed monthly salary, whereas the variable component is linked to individual performance and the overall performance of the Group. The RC believes that such a remuneration policy is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Group.

**Summary of the Group's financial performance for the year under review:**

Overall, the Group reported a gross profit of $3,015,000 in FY2022, which was a 20% increase of $507,000 from $2,508,000 in FY2021. The gross profit margin reported was 20% in FY2022, which was a decrease of 13% from 33% in FY2021. Although the gross profit margin was reduced by 13%, the Group reported higher gross profit due to higher revenue generated in FY2022 as compared to FY2021.

The Group sustained an overall loss of $1,677,000 in FY2022 compared to a loss of $1,130,000 in FY2021. The increase of $547,000 primarily driven by a one-time loss of $0.3 million resulting from the issuance of share awards under the Annica Employee Share Option Scheme during FY2022.

The Group delivered a net cash generated from operating activities which amounted to $1,091,000 in FY2022, compared to net cash used in operating activities which amounted to $194,000 in FY2001, due to better cashflow management in FY2022.

**Updates on the Pilot Project:**

The Company's subsidiary, H2 Energy Sdn. Bhd. ("**H2E**") completed its pilot project for the electrification of clinics in rural, off-grid communities located in Sarawak, Malaysia (the "**Pilot Project**") on 8 August 2022. On the same day, the Company also announced the official launch of the Solar-Hydrogen Pilot Power Module model "H2E1" ("**H2E1**") at the Long Loyang Clinic, Sarawak (the "**Clinic**"), which was attended and officiated by YB Datuk Haji Julaihi bin Haji Narawi, Minister of Utilities and Telecommunications Sarawak.

The H2E1 is currently operational and supplies 25-30kW of electricity per day (daytime usage of 15kW and night-time usage of 10kW) to the Clinic, with a peak load of 2.88 kWp. This provides the Clinic with electricity for essential lighting, refrigeration (for vaccines, medicines, etc.), defibrillators and other basic medical equipment.

On 14 November 2022, H2E's technical team completed the compilation of data from the Pilot Project and presented a report on such data (the "**H2E1 Pilot Project Report**") to the Ministry of Health, Malaysia. Following this, the Group will continue to hold discussions with the Ministry of Health, Malaysia to commercialise the H2E1.

The Pilot Project is a key project for the Group, being its maiden foray into the green and renewable energy business.

**RC Report for the period under review**

Overall, the RC is of the view that the Management team has largely fulfilled their roles and the targets set by the Board, and have, in that regard, performed satisfactorily. Notwithstanding this, as the Group is in the process of stabilising its businesses and strengthening its financial position, taking into consideration the Group's financial performance for the year under review as highlighted above, no increment or bonus for the Executive Director and CEO or any key management personnel was recommended for the year under review, save as set out below:

(a) the housing allowance provided to the CEO to be increased to $4,500 per month in view of rising costs and inflation, as and from 1 January 2023; and

(b) a bonus has been recommended by the RC and accepted by the Board for employees of Panah Jaya Services Sdn. Bhd. and PT Panah Jaya Sejahtera (which, for the avoidance of doubt, excludes Ms. Sandra Liz Hon Ai Ling, Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr. Musa Bin Mohamad Sahir). The bonus is intended to reward and motivate employees of the said Group's subsidiaries that have been profit-making for the last three (3) financial years.

In setting remuneration packages, the RC ensures that the Executive Director(s) and Management are adequately (but not excessively) remunerated when measured against the industry standard and against similar and comparable companies. In addition, the RC performs an annual review of the remuneration of Management as well as of employees related to the Directors and substantial shareholders of the Company (if any) to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes, responsibilities and experience. The RC also reviews and approves any bonuses, pay increases and/or promotion for Management.

Each of the Non-Executive Directors (including the Independent Directors) receives a director's fee, the quantum of which is recommended by the RC and approved by the Board, based on such Director's role and contributions, and taking into account factors such as effort, time spent and specific responsibilities (such as serving as the chairman of a Board Committee). Such fees are subject to approval by shareholders at each AGM. The Executive Director and CEO is not paid a director's fee. The Non-Executive Directors (including the Independent Directors) do not receive any other remuneration from the Company aside from directors' fees approved by shareholders at annual general meetings and certain allowances.

Given the Group's current remuneration policy which consists of a combination of fixed and variable components (the latter of which is granted at the sole discretion of the Group), the Company is of the view that there is no necessity to include contractual provisions which allow the Company and/or a Group Subsidiary to reclaim the incentive component of remuneration paid in prior years in exceptional circumstances of mismanagement or of misconduct resulting in financial loss, as the Executive Director and/or key management personnel owes a fiduciary duty to the Company and/or the applicable Group Subsidiary, and the Company and/or a Group Subsidiary would be able to avail itself of remedies under the Companies Act and/or the law generally against the Executive Director or key management personnel in the event of a breach of fiduciary duties.

The RC is, therefore, satisfied that the remuneration paid out by the Group for FY2022 are an appropriate reflection of the Group's overall business and financial performance.

Going forward, the RC and the Board will place sustainability as a factor in its remuneration mix and reward policy. Where quantitative sustainability targets are not possible owing to the nature of the different businesses of the Group subsidiaries, sustainability will be included as an overall target, and where sustainability quantitative targets are meaningful, such targets will be made part of the key performance indicators of the remuneration level and mix of the relevant Group subsidiaries and key management personnel.

At an extraordinary general meeting of the Company held on 2 September 2016, Shareholders approved the adoption of the Annica Performance Share Plan and the Annica Employee Share Option Scheme (collectively, the "**Schemes**") for the granting of non-transferrable Share Awards (as defined below) and ESOS Options (as defined below) to full-time employees as well as Executive Directors, Non-Executive Directors and key management personnel of the Company and Group Subsidiaries ("**Participants**"). The Schemes are intended to provide long-term incentives to Participants to encourage greater dedication and loyalty by enabling the Company to recognise and reward past contributions and services as well as motivating Participants generally to contribute towards the Group's long-term success. Under the Schemes, the Company may grant options and/or share awards to Participants provided that the aggregate number of shares to be issued pursuant to the Schemes shall not exceed 15% of the total issued shares of the Company from time to time.

The Schemes are administered by the Performance Share Plan Committee which comprises Ms. Sandra Liz Hon Ai Ling (our Executive Director and CEO) and the members of the RC. Further details on the Schemes are set out in the Company's circular dated 18 August 2016.

As at 31 December 2022, the following share awards ("**Share Awards**") under the Annica Performance Share Plan ("**Share Plan**") have been awarded:

| Name of Director / key management personnel | Share Awards granted during financial year under review | Aggregate Share Awards granted since commencement of scheme to end of financial year under review[1] | Date of Grant |
|---|---|---|---|
| Sandra Liz Hon Ai Ling(1) | 0 | 1,092,619,845 | 27 December 2018 |
| Su Jun Ming | 0 | 54,630,992 | 27 December 2018 |
| Adnan Bin Mansor(2) | 0 | 54,630,992 | 27 December 2018 |
| Pek Seck Wei | 0 | 54,630,992 | 27 December 2018 |
| Musa Bin Mohamad Sahir | 0 | 54,630,992 | 27 December 2018 |
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin(3) | 150,000,000 | 0 | 19 August 2022 |
| Muhammad Hatta bin Sukarni | 50,000,000 | 0 | 19 August 2022 |
| Woon Ching Chuen(4) | 30,000,000 | 0 | 19 August 2022 |
| Other employees | 70,000,000 | 0 | 19 August 2022 |

(1) The Share Awards granted to Sandra Liz Hon Ai Ling was in excess of 5% of all Shares available under the Share Plan and the ESOS (in aggregate) as at the date of the Share Awards granted to Sandra Liz Hong Ai Ling.

(2) Adnan Bin Mansor resigned from the Board with effect from 15 September 2022.

(3) The Share Awards granted to Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin was in excess of 5% of all Shares available under the Share Plan and the ESOS (in aggregate) as at the date of the Share Awards granted to Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin.

(4) Woon Ching Chuen was appointed as Group Financial Controller on 10 February 2023.

As at 31 December 2022, details of options ("**ESOS Options**") granted under the Annica Employee Share Option Scheme ("**ESOS**") pursuant to Rule 851(1) of the Catalist Rules are as follows:

[1] No Director or any key management personnel has sold any Share of the Company issued pursuant to the Share Awards.

| Name of Participant | ESOS Options granted during financial year under review (including terms) | Aggregate ESOS Options granted since commencement of scheme to end of financial year under review | Aggregate ESOS Options exercised since commencement of scheme to end of financial year under review | Aggregate ESOS Options outstanding as at end of financial year under review |
|---|---|---|---|---|
| Muhammad Hatta Bin Sukarni | 0 | 12,500,000 | 0 | 12,500,000 |
| Woon Ching Chuen* | 0 | 9,500,000 | 0 | 9,500,000 |

*The Company has disclosed the ESOS Options granted to Woon Ching Chuen notwithstanding that he does not fall within the categories of participants specified in Rule 851 of the Catalist Rules in the interests of transparency and in light of his appointment as Group Financial Controller.

Save as disclosed above, no other ESOS Options or Share Awards were granted to:

(a) the Directors, key management personnel and/or employees of the Company and/or its subsidiaries, and/or their respective associates; or

(b) the controlling shareholder of the Company and/or its associates.

No ESOS Option was granted at a discount.

All ESOS Options granted shall only be exercisable at any time after the first (1st) anniversary from the date of grant until the tenth (10th) anniversary of the date of grant.

## 8. DISCLOSURE ON REMUNERATION

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

### 8.1 Disclosure of Directors' Remuneration

The Board's objective in setting the Group's remuneration policies is to provide maximum stakeholder benefit from the retention of a high-quality forward-thinking Board and Management team. This is achieved by remunerating Directors and executive officers fairly and appropriately based on the Group's strategy, financial and operating performance in order to align with shareholders' interests.

After reviewing the industry practice and analysing the advantages and disadvantages of disclosing the Directors' remuneration in exact dollar terms, the Company believes that such disclosure would be prejudicial to its business interests, given the current efforts made by the Board in steering the Group into the green and renewable energy sector and in stabilising the financial position of the Group, as a whole. After taking into account the aforesaid reasons, the Board is of the view that the current disclosure of the remuneration presented below is sufficient to provide shareholders with information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company's disclosures in this report complies with Principle 8 of the Code.

A breakdown, in percentage ratios, showing the level and mix of remuneration of each Director for FY2022 is as follows:

| Remuneration Band and Name of Director | Salary % | Bonus % | Directors' fee % | Allowances and benefits in kind [3] % | Total % |
|---|---|---|---|---|---|
| **$499,999 to $1,000,000 and above** | | | | | |
| None | – | – | – | – | – |
| **$250,000 to $499,000** | | | | | |
| None | – | – | – | – | – |
| **Below $250,000** | | | | | |
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin (Independent and Non-Executive Director)<br>*Director, Panah Jaya Services Sdn. Bhd.* | – | – | 96 | 4 | 100 |
| Sandra Liz Hon Ai Ling (Executive Director and Chief Executive Officer)<br>*Director, P.J. Services Pte. Ltd.*<br>*Director, Industrial Engineering Systems Pte. Ltd.*<br>*Director, Panah Jaya Services Sdn. Bhd.*<br>*Director, Cahya Suria Energy Sdn. Bhd.*<br>*Director, H2 Energy Sdn. Bhd.*<br>*Director, IES Engineering Systems Sdn. Bhd.* | 86 | – | – | 14 | 100 |
| Lim In Chong (Non-Independent and Non-Executive Director)<br>*Director, P.J. Services Pte. Ltd.*<br>*Director, Industrial Engineering Systems Pte. Ltd.* | – | – | 93 | 7 | 100 |
| Shamsol Jeffri Bin Zainal Abidin (Non-Independent and Non-Executive Director)<br>*Director, Industrial Engineering Systems Pte. Ltd.*<br>*Director, IES Engineering Systems Sdn. Bhd.*<br>*Director, Cahya Suria Energy Sdn. Bhd*<br>*Director, Cahya Suria Services Sdn. Bhd* | – | – | 92 | 8 | 100 |
| Su Jun Ming (Independent and Non-Executive Director) | – | – | 95 | 5 | 100 |
| Adnan Bin Mansor (Independent and Non-Executive Director) [1]<br>*Director, Panah Jaya Services Sdn. Bhd.*<br>*Director, Cahya Suria Services Sdn. Bhd.*<br>*Director, H2 Energy Sdn. Bhd.* | – | – | 91 | 9 | 100 |
| Robin Stevens (Independent and Non-Executive Director) [2] | – | – | 97 | 3 | 100 |

**Notes:**

(1) Adnan Bin Mansor resigned from the Board with effect from 15 September 2022.

(2) Robin Stevens was appointed as Independent and Non-Executive Director on 20 May 2022 and any director's fee payable to him will be tabled at the AGM for FY2022.

(3) Allowances and benefits in kind includes corporate apartment rental, utilities allowance, transport allowance and mobile allowance.

### 8.2 Key Management Remuneration

In FY2022, the Group had three (3) key management personnel (each of whom was not an executive officer) forming part of the Management, and their level and mix of remuneration for FY2022 are set out below:

| Remuneration Band and Name of key management personnel | Salary % | Bonus % | Allowances and benefits in kind (1) % | Total % |
|---|---|---|---|---|
| **$499,999 to $1,000,000 and above** | | | | |
| None | – | – | – | – |
| **$250,000 to $499,999** | | | | |
| None | – | – | – | – |
| **Below $250,000** | | | | |
| Pek Seck Wei<br>*Director, Industrial Engineering Systems Pte. Ltd.*<br>*Director, IES Engineering Systems Sdn. Bhd.*<br>*Director, Cahya Suria Energy Sdn. Bhd.*<br>*Director, Cahya Suria Services Sdn. Bhd.* | 93 | – | 7 | 100 |
| Musa Bin Mohamad Sahir<br>*Managing Director, P.J. Services Pte. Ltd.*<br>*Director, Panah Jaya Services Sdn. Bhd.*<br>*Director, Panah Jaya Makmur Sdn. Bhd.* | 81 | – | 19 | 100 |
| Muhammad Hatta Bin Sukarni<br>*Director, H2 Energy Sdn. Bhd.* | 88 | – | 12 | 100 |

**Note:**

(1) Allowances and benefits in kind includes travelling/transport allowance and mobile allowance.

In aggregate, the total remuneration paid to Management during FY2022 was $679,020.

The RC has recommended that the Non-Executive Directors (including the Independent Directors) be paid an aggregate sum of $215,000 for the financial year ending 31 December 2023, payable quarterly in arrears as directors' fees, which will be tabled at the forthcoming AGM for approval by the Shareholders. The directors' fees recommended include directors' fees payable to an Independent Director (i.e. Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin) who was also appointed as a director of a Group Subsidiary.

If approved, payments would be made after the AGM. The sum was arrived at after taking into consideration the contributions, responsibilities and efforts of the current Non-Executive Directors (including the Independent Directors). As at the end of FY2022, the total outstanding directors' fees owing to the Directors amounted to $654,270.

The aggregate remuneration (in bands of $250,000) paid to the Directors and key management personnel and a percentage breakdown of the components forming such remuneration are disclosed above.

No payment was made to Mr. Adnan Bin Mansor for loss of office, by way of an exit bonus or otherwise in connection with his resignation.

Ms. Melissa Hon Ai Yuen is employed by Panah Jaya Services Sdn. Bhd., a wholly-owned subsidiary of the Company, and is Ms. Sandra Liz Hon Ai Ling's sister. She was appointed to the position of a Business Support Executive (a non-managerial position) of Panah Jaya Services Sdn. Bhd. on 1 February 2023, and received an annual remuneration of not more than $100,000 during FY2022.

Notwithstanding that Ms. Melissa does not occupy a managerial position in the Company or any of its principal subsidiaries, the information required pursuant to paragraph 20 of Appendix 7C of the Catalist Rules is set out below for completeness:

| Name | Age | Family relationship with any Director and/or substantial shareholder | Current position and duties, and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|---|---|---|---|---|
| Melissa Hon Ai Yuen | 47 | Sister of Ms. Sandra Liz Hon Ai Ling, the Company's Executive Director and CEO | Appointed as a Business Support Executive (a non-managerial position) of Panah Jaya Services Sdn. Bhd. on 1 February 2023. | Nil |

Save as disclosed above, there is no other person employed by the Group who is a relative of a Director, the CEO, a member of Management or a substantial shareholder of the Company and whose remuneration exceeded $100,000 during FY2022.

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of the CEO, any of the Directors or the controlling shareholder, which were either subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

## (C) ACCOUNTABILITY AND AUDIT

## 9. RISK MANAGEMENT AND INTERNAL CONTROLS

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

### 9.1 Risk Management

The Board is ultimately responsible for the governance of risks and works with the AC, the internal and external auditors, and Management in identifying and managing risks. The Company has in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process includes a system of internal control policies and procedures which incorporate the recommendations of the internal auditors and is reviewed by the AC. The AC oversees and monitors the implementation of, and any improvements to, the internal control system and processes, and reviews the adequacy and effectiveness of the same on an annual basis.

The AC's assessment of the Group's internal control policies and procedures for FY2022 was presented to the Board following a review by both the internal auditors and the external auditors of the Group as at 31 December 2022. Where any significant weaknesses were identified, corrective actions have been taken (or are being taken) and are being monitored by the Management, the AC and the Board.

Taking into consideration the Group's businesses, the jurisdictions and locations where it has operations, and the system of internal controls in place, the Board has determined that moderate risks in accordance with each Group Subsidiary's business operations are appropriate in achieving the Group's strategic objectives and value creation. The Board has instructed Management on the acceptable risk appetite when pursuing corporate and operational strategies.

**9.2 Internal Controls**

While the Board acknowledges that it is ultimately responsible for maintaining a sound internal control and risk management framework, the framework is designed to manage and mitigate (rather than eliminate) the relevant risks to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, fraud or other irregularities. A system of internal controls is designed to manage rather than eliminate risks of any such failure.

The Board has not established a separate risk management committee but has, in FY2022 outsourced its internal audit function to an independent assurance service provider, Yang Lee & Associates.

Yang Lee & Associates is a professional services firm that specialises in the provision of internal audit, enterprise risk management, and sustainability reporting advisory services. The firm was set up in the year 2005 and currently maintains an outsourced internal audit portfolio of more than 25 SGX-ST listed companies in the distribution, manufacturing, services, food & beverage, and property development industries. The engagement team comprises two directors and a manager who are supported by two associates. Each of the two directors has more than 20 years of relevant experience, whilst the manager has approximately 15 years of relevant experience.

For FY2022, the internal auditors completed (i) a review of the Company's sustainability reporting process and (ii) a separate review of PT Panah Jaya Sejahtera's sales, credit management and cash management processes, in accordance with the internal audit plan approved by the AC.

The AC reviews the adequacy and effectiveness of the internal audit function on an ongoing basis and is, accordingly, satisfied as to its adequacy and effectiveness as at the end of FY2022.

The internal controls that have been put in place include:

- internal audit by the Company's internal auditors pursuant to the agreed scope of audit as approved by the AC;

- external audit carried out by the Company's external auditors;

- reviewing adherence to the Group's internal control and risk management system and reviewing the appropriateness of the Group's overall risk appetite in relation to its businesses;

- regular submissions, on a quarterly basis, by Management to the Board on updated financial information in relation to the operating business units and their compliance with the Group's internal control and risk management policies. Where necessary, follow-up meetings with Management on any irregularities (including but not limited to extraordinary expenses) are held;

- regular submissions, either on a monthly or quarterly basis, by Management to the Board on updates in relation to operating milestones of the respective business units and, if necessary, follow-up meetings with Management on any milestones not achieved;

- conducting half-yearly meetings with the external auditors to review the financial statements of the Group and the Group Subsidiaries;

- receiving assurance from the Company's CEO and the Group Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and that the internal control policies and procedures established and maintained by the Group are adequate and effective.

As of 10 February 2023, the Company promoted its finance manager, Mr. Woon Ching Chuen, to Group Financial Controller. The Group's financial statements are now overseen by the Group Financial Controller, together with the CEO and the AC Chairman.

The Board confirms that for FY2022, it has received assurance from (a) the CEO and the Group Financial Controller that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2022 give a true and fair view of the Group's operations and finances; and (b) the CEO and Management collectively regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Based on (i) the work performed by the Company's internal auditors and external auditors, (ii) the system of internal controls implemented by Management, (iii) the assurances and confirmations from the Executive Director and CEO and the Group Financial Controller, and (iv) the assurances and confirmations from the relevant key management personnel, the Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management system as at 31 December 2022. The AC is also satisfied that the internal audit function is independent and effective, and has been adequately resourced.

Pursuant to Rule 705(2) of the Catalist Rules, the Company reports its financial results on a quarterly basis. For better governance and disclosure, the Company discloses in each of its unaudited interim financial statements announcements (a) updates on the efforts taken to resolve each outstanding audit issue and (b) a confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**9.3 Whistle-blowing Policy**

The Company has put in place a whistle-blowing policy. The policy encourages employees to raise concerns, in confidence, about possible irregularities to Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin, the Chairman of the Board, or Mr. Su Jun Ming, the AC Chairman and our Lead Independent Director. Such concerns include fraudulent acts, dishonesty, legal breaches and other serious improper conduct, unsafe work practices and any other conduct that may cause loss (financial or otherwise) to the Group or damage to the Group's reputation. The policy provides an avenue for employees, business partners and stakeholders to raise concerns and offers reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

Whenever a concern is raised in writing, telephonically or in person to the abovementioned persons, the whistle-blower and the report received shall be treated with utmost confidentiality and will be attended to immediately. The whistle-blowing policy has been prominently posted on a notice board at the Company's premises. The email addresses of Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr. Su Jun Ming are stated in the whistle-blowing policy which can be found on the Company's website at www.annica.com.sg.

When making a report, the whistle-blower should provide the following information:

- Name, NRIC and contact details;
- Parties involved, time and place of the alleged improprieties;
- Evidence leading to the improprieties, if any; and
- Any other details or documentation that would assist in the evaluation of the improprieties.

Some concerns may be resolved by agreed action without the need for investigation. If investigation is necessary, the whistle-blowing committee will direct an independent investigation to be conducted. All whistle-blowers have a duty to cooperate with investigations. The Company is committed to ensure the protection of the whistle-blowers against any detrimental or unfair treatment.

The AC oversees the administration of the whistle-blowing policy. Periodic reports, if applicable, will be submitted to the AC specifying the number and details of the complaints received, the results of the investigations, any follow-up actions required and any unresolved complaints. There were no whistle-blowing reports received in FY2022.

## 10. Audit Committee

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

### 10.1 The AC

The AC comprises Mr. Su Jun Ming (who is the AC Chairman), Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr. Robin Stevens. Mr. Adnan Bin Mansor, who was a former member of the AC, resigned as Director of the Company with effect from 15 September 2022.

The AC performs its functions in accordance with Section 201B(5) of the Companies Act and the requirements of the Catalist Rules. The AC is currently made up of three (3) Board members who are all Independent Directors. The AC Chairman, Mr. Su Jun Ming and Mr. Robin Stevens have recent and relevant accounting and finance-related expertise and experience, while Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin has legal and business expertise and experience, having been a member of the judiciary of the high court of Malaysia, and is able to understand financial statements. The Board is of the view that the AC, as currently composed, has sufficient accounting or financial management expertise to discharge its functions. No former partner or director of the Company's current external auditors is a member of the AC.

The AC assists the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of its financial reporting and management of financial and operational risks, and by monitoring the internal control systems. The AC meets at least twice a year. In FY2022, the AC met on 5 occasions.

The key terms of reference of the AC include:

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

(b) reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems, including financial, operational, compliance and information technology controls and risk management systems, prior to the incorporation of such results in the Company's annual report;

(c) reviewing the assurance from the CEO and the Group Financial Controller on the financial records and financial statements;

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

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

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

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC has been given full access to and has the full cooperation of Management, and has reasonable resources to enable it to discharge its functions properly.

For FY2022, the AC met up with the external auditors once without the presence of Management. During the meeting between the AC and the external auditors, the external auditors highlighted changes to the relevant accounting standards and related accounting issueswhich would have a direct impact on the Group's financial statements. During the meeting the AC and the external auditors also discussed the cooperation given to the auditors by the Management and the finance team's capability and capacity in coping with the preparation of the Company's consolidated financial statements.

For FY2022, the AC, in consultation with the external auditors, reviewed the external auditors' findings in relation to the adequacy of the Group's material accounting internal control procedures. Where the Company has entered into a material investment or transaction outside of its ordinary course of business (if any), it will work with the external auditors and/or appoint a financial advisor (if necessary) to ensure that adequate procedures have been followed to provide assurance on the valuation and the key terms of any material investment or transaction. As part of its work and oversight, the AC obtains regular updates from Management on the achievement of milestones and the progress of the Company's projects, and recommends remedial action where required. The Company will also seek shareholders' approval, where required, for transactions outside the ordinary course of business.

For FY2022, the AC has reviewed all non-audit services rendered by the external auditors and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditors. The aggregate amount of audit fees and non-audit fees paid and/or payable to PKF-CAP LLP for FY2022 amounted to $188,000 and $10,700, respectively.

For the period under review, the AC carried out the following key activities in relation to the Group's external reporting and its internal control and risk management system:

- reviewed the Company's quarterly and full year financial statements and recommended their approval to the Board, as well as reviewed the related disclosures and assurances provided by the Management in respect of these financial statements;
- reviewed the Company's Annual Report for FY2022 and the audited financial statements therein, and recommended the same for approval by the Board;
- received and reviewed the memorandum provided by the external auditors on the salient features of its audit dated 27 February 2023 for FY2022;
- received and reviewed the material updates provided by the external auditors in relation to financial standards and regulatory updates;
- considered and reviewed Management's assessments and financial forecasts provided to the external auditors in relation to impairment, the cashflow forecast, and the appropriateness of preparing its financial statements on the basis of a going concern, together with the assumptions adopted by Management;
- received and reviewed reports from its internal auditors, considered the recommendations made by the internal auditors, and recommended the same for adoption by the Board;
- reviewed and monitored the progress of each project undertaken by the Group;
- received regular updates from Management as to the impact of COVID-19 on the Group's businesses and the implementation of remote working practices and processes to cushion the impact of the COVID-19 measures imposed by the Government of Singapore and elsewhere where the Group has operations;
- reviewed any interested party transactions;
- reviewed and assessed the effectiveness and independence of the external auditors;
- worked with Management to resolve each Basis for Qualified Opinion and Key Audit Matter reported by the external auditors in FY2021; and
- reviewed the Sustainability Report to be issued by the Company in this Annual Report.

Please refer to the Independent Auditor's Report on pages 75 to 78 of this Annual Report for the Key Audit Matters highlighted by the external auditors for FY2022.

**AC Report for the period under review**

The AC is pleased to report that for the year under review:

(a) the consolidated financial statements of the Company and any announcements relating to the Company's financial performance have been duly made and all material information regarding the same has been duly and appropriately disclosed;

(b) other than the issues flagged by the external auditors in its salient features memorandum dated 27 February 2023 which issues have been discussed with Management and appropriate action have been taken or will be taken by Management to rectify the issues highlighted, there is no other material issue in respect of the financial statements of the Company that requires disclosure;

(c) the AC has considered and reviewed Management's assessments and financial forecasts provided to the external auditors in relation to impairment, the cashflow forecast, and the appropriateness of preparing its financial statements on the basis of a going concern, together with the assumptions adopted by Management and does not have any material disagreement with any such assessments and/or financial forecasts prepared by Management;

(d) the AC has received and reviewed reports from its internal auditors, considered the recommendations made by the internal auditors, and have recommended the same for adoption by the Board; and

(e) the AC has reviewed updates provided of each project the Group is undertaking and is satisfied that key milestones have been largely achieved as projected by Management, and where any such milestones had not been achieved, the reasons for such non-achievement have been adequately explained by Management;

(f) the AC has worked with Management in resolving each Basis for Qualified Opinion highlighted by the external auditor for FY2021, and is satisfied that the actions taken and continued to be taken by Management are appropriate under the circumstances (please refer to pages 75 to 76 of this Annual Report for detailed information of the issues covered by the Basis for Qualified Opinion and the steps the Company is taking in respect thereof);

(g) the AC has also discussed and reviewed with the Management a proposal for the Company's external auditors, PKF-CAP LLP, to audit the financial statements of all of its principal subsidiaries. The Management will enter into discussions with the relevant principal subsidiaries for the external auditors to be appointed the statutory auditors of these subsidiaries for the financial year ending 31 December 2023; and

(h) the AC is satisfied with the disclosure and information contained in the Sustainability Report issued together with this Annual Report.

In respect of the external auditors, the AC has assessed the effectiveness and independence of the external auditors and recommends to the Board the re-appointment of PKF-CAP LLP as the external auditors at the forthcoming AGM.

The Company has complied with Rules 712, 715 and 716 of the Catalist Rules in relation to the appointment of external auditor(s) for the Company and its subsidiaries. The AC and the Directors of the Company confirm that they are satisfied that the appointment of different auditors for its Group Subsidiaries would not compromise the standard and effectiveness of the audit of the Group. Please refer to Note 14 of the Audited Financial Statements on page 111 for the names of the auditors of the Company's foreign subsidiaries.

The AC is responsible for the appointment, termination and remuneration of the internal auditors, and the internal auditors report directly to the AC. The internal auditors have unfettered access to all of the Company's documents, records, properties and personnel, including the AC, and enjoys good standing and cooperation within the Company. For FY2022, an internal audit was performed at the subsidiary level (in respect of PT Panah Jaya Sejahtera's sales, credit management and cash management processes), and the AC has met with the internal auditors twice with the presence of the CEO (but without the presence of the relevant key management personnel of the concerned Group Subsidiaries).

During FY2022, the AC reviewed the report on internal audit findings by the internal auditors and recommended to the Board to direct Management to adopt all recommendations proposed by the internal auditors.

## (D) SHAREHOLDER RIGHTS AND ENGAGEMENT

### 11. Shareholder Rights and Conduct of General Meetings

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

**11.1 Shareholders' Rights**

The Directors are required by the Companies Act to act in the best interests of the Company; this encompasses actions that are most likely to promote the success of the Company for the benefit of its members as a whole and ensures that all shareholders are treated fairly and equitably. Pursuant to the continuing disclosure obligations under the Catalist Rules, the Companies Act and the Code, the Board's policy is that all shareholders must be informed of all material developments of the Group in a comprehensive and timely manner.

Through its public announcements made on the SGXNET and its corporate website, the Company communicates with shareholders regularly to provide clear and transparent disclosure of information on major developments and the financial performance of the Group.

Shareholders are informed of general meetings through notices contained in the annual reports or circulars sent to all shareholders. These notices are also published in the newspapers and posted onto the SGXNET and the Company's website. Shareholders are encouraged to attend and participate at general meetings. Resolutions are passed by way of voting on a poll, i.e., one share entitles its holder to one vote.

**11.2 Conduct of general meetings**

The rules on the conduct of any general meeting and poll voting are explained to the attending shareholders prior to commencement of the meeting and voting, respectively.

All Directors attend general meetings, and the external auditors are also present at the annual general meeting of the Company to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

As explained in paragraph 11.1 above, all resolutions are passed via voting on a poll. For each subject matter, a separate resolution is proposed unless there are different issues linked to the one subject matter, which are then bundled into one resolution. If there is a bundled resolution, the Company will explain and clarify in an explanatory note appended to the notice of meeting the reason(s) for the bundled resolution and its implication(s) for shareholders when they vote on the bundled resolution.

Results of all resolutions passed are announced immediately before the conclusion of the general meeting after a scrutineer engaged by the Company has tallied all the votes and confirms the results.

Minutes of all general meetings, including substantive comments and queries from shareholders relating to the agenda of the general meeting and the responses from the Board or Management, are published on the Company's corporate website at www.annica.com.sg and on SGXNET as soon as practicable, and in any case within one month after the general meeting. The Company published the minutes of its last annual general meeting held on 28 June 2022 on its corporate website and on SGXNET.

For the forthcoming AGM, the Company will revert to holding a physical meeting. Shareholders should read the Notice of AGM for details and instructions on how to appoint proxies and vote.

For this forthcoming AGM, notwithstanding that regulation 79 of the Constitution provides that Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Shareholders who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile, the Board has decided that voting by in absentia by way of mail, electronic mail or facsimile will not be made available as the security measures need to be implemented are not cost-effective and Shareholders may already appoint a proxy or the Chairman of the AGM as their proxy to vote on their behalf.

**11.3 Dividend Policy**

The Company does not have a fixed dividend policy as it is still very much at the stage of streamlining its current businesses and developing its new renewable energy business. Shareholders are encouraged to read the Company's announcements on SGXNET (www.sgx.com.sg) on its early-stage renewable energy projects in Malaysia.

No dividend has been declared for FY2022 as the Company is not in an accumulated profit position.

## 12 Engagement with Shareholders

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

The Company strives to engage with Shareholders as often as practicable by way of its public announcements on the SGXNET and general meetings. The Company is committed to providing Shareholders with material information in a timely and transparent manner. The Company's policy is that all Shareholders are informed at the same time of all major developments and as soon as practicable, subject to the requirements of the Catalist Rules and confidentiality provisions relating to transactions with third parties.

The Company usually provides an overview of its financial and operational position and of the Group's key projects at the start of each annual general meeting. Annual general meetings have been the primary forum for direct dialogue with shareholders, investors and analysts. They have the opportunity to raise questions to the Board and senior management, and clarify any issues they may have. All Directors attend our annual general meetings and the external auditors are also engaged to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report. Such meetings allow the Company to gather views or inputs, and address shareholders' concerns.

Shareholders are provided with an assessment of the Company's performance, position and prospects through annual reports (which are issued within the mandatory period to all shareholders), the unaudited interim financial statements announcements and other ad-hoc announcements via the SGXNET.

The Company did not conduct any analyst briefings, investor briefings, or shareholder or investor relation events for FY2022. However, the Company may choose to organise such activities going forward. The Company has, instead, made use of general meetings to communicate with shareholders to understand their views . Shareholders and investors may also reach out to the Company as and when they may have any queries at the Company's email address (prinfo@annica.com.sg).

## 13 Managing Stakeholder Relationships

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

### 13.1 <u>Engagement with Stakeholders</u>

The Company's key stakeholders are:

- Shareholders;
- Investors;
- Suppliers;
- Customers;
- Employees;
- Governments, trade bodies and regulators; and
- Communities.

The Company uses a variety of platforms such as announcements via the SGXNET, general meetings, presentations, investor dialogues and presentations to engage with these key stakeholders.

The Sustainability Report issued by the Company in conjunction with this Annual Report discloses its key strategies and key areas of focus in maintaining its relationships with these key stakeholders during the period under review. The Company also has a current corporate website to augment communication and engagement with these stakeholders.

## (E) OTHER INFORMATION

## 14. Dealings in the Company's Securities

In compliance with the Catalist Rules concerning the dealing in securities, the Group has put in place an internal code on the restrictions or prohibitions on dealings in the securities of the Company and the implications of insider trading.

The internal code prohibits the Directors and Management and their connected persons from dealing in the securities of the Company (i) during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full-year financial statements, and ending on the date of announcement of the relevant financial statements; and (ii) at any time while in possession of material unpublished price-sensitive information.

In addition, the Directors and Management and their connected persons are reminded to observe insider trading laws at all times, and they are also directed to refrain from dealing in the securities of the Company on short-term considerations.

Directors are required to report securities dealings to the Company Secretary who will assist in making the necessary public announcements.

**15. Interested Person Transactions**

All interested person transactions are subject to review by the Board and the AC.

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Company does not have a general mandate from shareholders in respect of any interested person transactions. There were no interested person transactions, as defined in Chapter 9 of the Catalist Rules, entered into by the Group or the Company during FY2022.

**16. Corporate Social Responsibility**

The Board believes that effective corporate social responsibility can and will deliver benefits to the Group's businesses and, in turn, to shareholders and other key stakeholders, by enhancing the Group's reputation, its risk management performance, its relationships with regulators, staff motivation and attraction of talent, customer preferences and loyalty, the goodwill of local communities and long-term shareholders' value.

Every employee of the Group is expected to maintain the highest standards of propriety, integrity and conduct in all their business relationships and the Group is held to the same standard in its compliance with all applicable legal and regulatory requirements.

**17. Sustainability Reporting**

Catalist Rule 711A requires every listed issuer to prepare an annual sustainability report, which must describe the issuer's sustainability practices with reference to the primary components set out in Catalist Rule 711B on a "comply or explain" basis. Practice Note 7F contains the Sustainability Reporting Guide, which provides guidance on the requisite structure and contents of the sustainability report.

Sustainability reporting disclosure does not detract from the issuer's obligation to disclose any information that is necessary to avoid the establishment of a false market in the issuer's securities or would be likely to materially affect the price or value of its securities.

The Company's Sustainability Report for FY2022 is found on pages 8 to 35 of this Annual Report.

**18. Material Contracts**

There were no material contracts of the Group (including loans) involving the interests of any Director or the controlling Shareholder either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the financial year ended 31 December 2021, being the immediately preceding financial year.

**19. Non-Sponsor Fees**

With reference to Rule 1204(21) of the Catalist Rules, the fees paid/payable to the Company's continuing Sponsor, Stamford Corporate Services Pte. Ltd., during FY2022 for sponsor services amounted to $150,330. No non-sponsor fees were paid or are payable to the Sponsor during FY2022.

**20. Use of Proceeds**

There were no other outstanding proceeds raised from IPO or any offerings pursuant to Chapter 8 of the Catalist Rules at the end of FY2022 and no other proceeds have been raised since the end of the previous financial year.

# DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Annica Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2022.

**Opinion of the directors**

In the opinion of the Directors:

(a) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "**Act**") and the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"); and

(b) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as going concerns as described in Note 3.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**Directors**

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

| | |
|---|---|
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin | - Independent and Non-Executive Chairman |
| Sandra Liz Hon Ai Ling | - Executive Director and Chief Executive Officer |
| Lim In Chong | - Non-Independent and Non-Executive Director |
| Shamsol Jeffri Bin Zainal Abidin | - Non-Independent and Non-Executive Director |
| Su Jun Ming | - Lead Independent and Non-Executive Director |
| Robin Stevens (Appointed on 20 May 2022) | - Independent and Non-Executive Director |

Mr. Adnan Bin Mansor resigned as an Independent and Non-Executive Director with effect from 15 September 2022.[1]

**Arrangements to enable Directors to acquire benefits by means of the acquisition of shares and debentures**

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

**Directors' interests in shares and convertible securities**

The Directors of the Company holding office at the end of the financial year[1] had no interests in the shares, convertible securities or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

1 Mr. Adnan Bin Mansor who resigned as an Independent and Non-Executive Director of the Company with effect from 15 September 2022, held, immediately prior to his resignation, 54,630,992 shares in the Company which had been granted to him under the Annica Performance Share Plan.

### Directors' interests in shares and convertible securities (cont'd)

| Name | Shareholdings in the Company registered in the name of a director At 1.1.2022 | At 31.12.2022 | At 21.1.2023 |
|---|---|---|---|
| Sandra Liz Hon Ai Ling (first appointed on 6 January 2016) | 1,092,619,845 | 1,092,619,845 | 1,092,619,845 |
| Lim In Chong (first appointed on 6 July 2018) | 1,807,378,770 | 1,807,378,770 | 1,807,378,770 |
| Shamsol Jeffri Bin Zainal Abidin (first appointed on 27 September 2019) | 1,670,000,000 | 700,000,000 | 700,000,000 |
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin (first appointed on 5 July 2019) | – | 150,000,000 | 150,000,000 |
| Su Jun Ming (first appointed on 20 January 2016) | 54,630,992 | 54,630,992 | 54,630,992 |

Except as disclosed in this statement, no other Director of the Company who held office at the end of the financial year was deemed to have an interest in shares, share options, warrants, debentures or convertible securities of the Company or its related corporations held by another person or entity, either at the beginning or at the end of the financial year.

The Directors' interests in shares, share options, warrants, debentures or convertible securities of the Company or its related corporations at 21 January 2023 were the same as at 31 December 2022.

### Directors' contractual benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest, except as disclosed in the financial statements and in this report.

### Annica Performance Share Plan

On 2 September 2016, shareholders of the Company approved the adoption of the Annica Performance Share Plan ("**Share Plan**") and the Annica Employee Share Option Scheme ("**ESOS**") (collectively, the "**Schemes**"). The aggregate number of new ordinary shares of the Company that may be issued under the Schemes shall not exceed 15% of the total number of issued ordinary shares of the Company from time to time.

On 27 December 2018, the Company granted 1,529,667,781 new ordinary shares ("**Share Awards 2018**") under the Share Plan to the persons as set out in the table below:

| Name | Date of Award | Number of Shares awarded | Vesting Date |
|---|---|---|---|
| Sandra Liz Hon Ai Ling | 27 December 2018 | 1,092,619,845 | 27 December 2018 |
| Su Jun Ming | 27 December 2018 | 54,630,992 | 27 December 2018 |
| Pek Seck Wei (1) | 27 December 2018 | 54,630,992 | 27 December 2018 |
| Musa Bin Mohamad Sahir (2) | 27 December 2018 | 54,630,992 | 27 December 2018 |
| Former Directors and Key Management Personnel (3) | 27 December 2018 | 273,154,960 | 27 December 2018 |

(1) Mr. Pek Seck Wei is a director of Industrial Engineering Systems Pte. Ltd. and its subsidiaries, Cahya Suria Energy Sdn. Bhd. ("**CSE**") and Cahya Suria Services Sdn. Bhd. ("**CSS**"). On 1 February 2023, CSE had disposed of 9,000 ordinary shares representing 90% of the issued paid-up share capital of CSS to an unrelated third-party purchaser. Following the disposal which took place subsequent to the year end, CSS has ceased to be a subsidiary of the Company. Further details are provided in Note 14 and 36 to the audited financial statements and other financial information for the financial year ended 31 December 2022.

(2) Mr. Musa Bin Mohamad Sahir is the managing director of P.J. Services Pte. Ltd. and its subsidiaries.

(3) The "Former Directors and Key Management Personnel" include Mr. Adnan Bin Mansor, who resigned as an Independent and Non-Executive Director of the Company with effect from 15 September 2022 and who had been previously awarded with 54,630,992 Share Awards 2018.

**Annica Performance Share Plan (cont'd)**

The Share Awards 2018 issued under the Share Plan were new ordinary shares, ranking pari passu with all other issued ordinary shares of the Company. The Share Awards 2018 have vested as of the date of their issue on 27 December 2018. New ordinary shares corresponding to the respective number of shares awarded (as set out above) were issued to the recipients under the Share Awards 2018.

On 19 August 2022, the Company granted 300,000,000 new ordinary shares ("**Share Awards 2022**", and collectively with the Share Awards 2018, the "**Share Awards**") under the Share Plan to the persons as set out in the table below:

| Name | Date of Award | Number of Shares awarded | Vesting Date |
|---|---|---|---|
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin | 19 August 2022 | 150,000,000 | 19 August 2022 |
| Muhammad Hatta Bin Sukarni[(a)] | 19 August 2022 | 50,000,000 | 19 August 2022 |
| Woon Ching Chuen | 19 August 2022 | 30,000,000 | 19 August 2022 |
| Other employees | 19 August 2022 | 70,000,000 | 19 August 2022 |

(a) Mr. Muhammad Hatta Bin Sukarni is the director of H2 Energy Sdn. Bhd..

The Share Awards 2022 issued under the Share Plan were new ordinary shares, ranking pari passu with all other issued ordinary shares of the Company. The Share Awards 2022 have vested as of the date of their issue on 19 August 2022. New ordinary shares corresponding to the respective number of shares awarded (as set out above) were issued to the recipients under the Share Awards 2022.

No recipient of Share Awards under the Share Plan is a controlling shareholder of the Company or an associate of a controlling shareholders of the Company.

No Shares Awards under the Share Plan were cancelled or has lapsed during the financial year.

Since the adoption of the Share Plan on 2 September 2016, a total of 1,872,167,781 Share Awards have been granted, details of which have been set out above.

**Annica Employee Share Option Scheme**

On 27 December 2018, the Company granted 42,500,000 shares options under the ESOS ("**ESOS Options**"). The 42,500,000 ESOS Options were granted to employees of the Company's subsidiaries on the terms set forth below in the table.

| | | |
|---|---|---|
| (a) | Date of grant of ESOS Options | 27 December 2018 |
| (b) | Exercise Price of ESOS Options granted | $0.001 per Share |
| (c) | Number of Shares comprised in the ESOS Options granted | 42,500,000 |
| (d) | Number of Shares comprised in the ESOS Options lapsed, null and void | 12,500,000 |
| (e) | Remaining number of Shares comprised in the ESOS Options | 30,000,000 |
| (f) | Number of Shares comprised in the ESOS Options granted to each Director and controlling shareholders (and each of their associates) | None |
| (g) | Market Price of the Shares on the Date of Grant | $0.001 |
| (h) | Validity period of the ESOS Options | 28 December 2019 - 27 December 2028 (both dates inclusive)<br><br>ESOS Options shall only be exercisable after the 1st anniversary from the Date of Grant and shall be exercised before the 10th anniversary of the Date of Grant. |

**Annica Employee Share Option Scheme (cont'd)**

No Director of the Company who held office at the end of the financial year was granted any ESOS Options.

None of the controlling shareholders of the Company or their associates was granted any ESOS Options.

Other than as disclosed above, no director, key management personnel or employee of the Company and/or its subsidiaries (as defined in the Catalist Rules) received ESOS Options during the financial year.

As at 31 December 2022, the following share awards ("**Share Awards**") under the Annica Performance Share Plan ("**Share Plan**") have been awarded:

| Name of Director / key management personnel | Share Awards granted during financial year under review | Aggregate Share Awards granted since commencement of scheme to end of financial year under review[2] | Date of Grant |
|---|---|---|---|
| Sandra Liz Hon Ai Ling[(1)] | – | 1,092,619,845 | 27 December 2018 |
| Su Jun Ming | – | 54,630,992 | 27 December 2018 |
| Adnan Bin Mansor[(2)] | – | 54,630,992 | 27 December 2018 |
| Pek Seck Wei | – | 54,630,992 | 27 December 2018 |
| Musa Bin Mohamad Sahir | – | 54,630,992 | 27 December 2018 |
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin[(3)] | 150,000,000 | – | 19 August 2022 |
| Muhammad Hatta Bin Sukarni | 50,000,000 | – | 19 August 2022 |
| Woon Ching Chuen[(4)] | 30,000,000 | – | 19 August 2022 |
| Other employees | 70,000,000 | – | 19 August 2022 |

(1) The Share Awards granted to Ms. Sandra Liz Hon Ai Ling was in excess of 5% of all Shares available under the Share Plan and the ESOS (in aggregate) as at the date of the Share Awards granted to Ms. Sandra Liz Hong Ai Ling.

(2) Mr. Adnan Bin Mansor resigned from the Board with effect from 15 September 2022.

(3) The Share Awards granted to Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin was in excess of 5% of all Shares available under the Share Plan and the ESOS (in aggregate) as at the date of the Share Awards granted to Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin.

(4) Mr. Woon Ching Chuen was appointed as Group Financial Controller on 10 February 2023.

As at 31 December 2022, details of options ("**ESOS Options**") granted under the Annica Employee Share Option Scheme ("**ESOS**") pursuant to Rule 851(1) of the Catalist Rules are as follows:

| Name of Participant | ESOS Options granted during financial year under review (including terms) | Aggregate ESOS Options granted since commencement of scheme to end of financial year under review | Aggregate ESOS Options exercised since commencement of scheme to end of financial year under review | Aggregate ESOS Options outstanding as at end of financial year under review |
|---|---|---|---|---|
| Muhammad Hatta Bin Sukarni | – | 12,500,000 | – | 12,500,000 |
| Woon Ching Chuen* | – | 9,500,000 | – | 9,500,000 |

* The Company has disclosed the ESOS Options granted to Mr. Woon Ching Chuen notwithstanding that he does not fall within the categories of participants specified in Rule 851 of the Catalist Rules in the interests of transparency and in light of his appointment as Group Financial Controller.

2 No Director or any key management personnel has sold any Share of the Company issued pursuant to the Share Awards.

**Annica Employee Share Option Scheme (cont'd)**

Save as disclosed above, no other ESOS Options or Share Awards were granted to:

(a) the Directors, key management personnel and/or employees of the Company and/or its subsidiaries, and/or their respective associates; or

(b) the controlling shareholder of the Company and/or its associates.

No option has been granted at a discount.

During the financial year, no share of the Company or any of its subsidiaries has been allotted and issued by virtue of the exercise of ESOS Options granted.

Since the adoption of the ESOS on 2 September 2016, a total of 42,500,000 ESOS Options have been granted, details of which have been set out above, 12,500,000 of such ESOS Options have lapsed in accordance with the terms of the ESOS in 2021.

Remaining number of shares comprised in the ESOS Options as at 31 December 2022

| Name | Number of shares comprised in the ESOS Options granted |
|---|---|
| Number of shares comprised in the ESOS Options granted on 27 December 2018 | 42,500,000 |
| Number of shares comprised in the ESOS Options which have lapsed | (12,500,000) |
| **Total number of shares comprised in the outstanding ESOS Options as at 31 December 2022** | **30,000,000** |

Other than as set out above, as at the end of the financial year until the date of this statement, there was no other arrangement (to which the Company was a party), the objects of which are to enable directors of the Company to acquire benefits by means of acquisition of shares in, debentures or convertible securities of, the Company or any other body corporate.

**Audit Committee**

The members of the Audit Committee during the financial year and as at the date of this statement are:

Mr. Su Jun Ming (Chairman)
Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin
Mr. Robin Stevens (Appointed on 20 May 2022)
Mr. Adnan Bin Mansor (Resigned on 15 September 2022)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967 and the Code of Corporate Governance 2018. Their functions are detailed in the Corporate Governance Report section of the 2022 Annual Report.

In performing its functions, the Audit Committee met with the Company's independent external and internal auditors to discuss the scope of their work, and the results of their examination and evaluation of the Company's internal accounting control system without the presence of the management of the Company.

The Audit Committee also:

- reviewed the level of assistance provided by the Company's management to the independent internal and external auditors;
- reviewed the quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- provided assurance to the Board on the adequacy of financial, operational, compliance and information technology controls; and
- reviewed whether any transaction undertaken by the Group would constitute an interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

# DIRECTORS' STATEMENT

**Audit Committee (cont'd)**

The Audit Committee is satisfied with the independence and objectivity of the independent auditors and has recommended to the Board that PKF-CAP LLP be nominated for re-appointment as the independent auditors of the Company at the forthcoming Annual General Meeting.

**Independent auditor**

The independent auditor, PKF-CAP LLP, have expressed its willingness to accept re-appointment.

On behalf of the Directors

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

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

13 April 2023

# INDEPENDENT AUDITOR'S REPORT
## To the members of Annica Holdings Limited

For the financial year ended 31 December 2022

**Report on the Audit of the Financial Statements**

***Qualified Opinion***

We have audited the accompanying financial statements of Annica Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") as set out on pages 79 to 145, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "**Act**") and the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

***Basis for Qualified Opinion***

1. Consideration due from Ms Chong Shin Mun (the "**Purchaser**") for disposal of a former subsidiary, GPE Power Systems (M) Sdn. Bhd. ("**GPE**") (Note 16) - Group and Company

   As at 31 December 2022, consideration due from the disposal of GPE amounted to $225,000 (2021: $156,000) after deducting allowance for impairment loss of $933,000 (2021: $933,000).

   The balance consideration due from the disposal is secured by a charge over shares of a private limited company and personal guarantee of a related party of the Purchaser. Management has assessed that allowance of $933,000 is required on the balance due from the Purchaser.

   We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that no further allowance for impairment loss is required with respect to the remaining consideration receivable of $225,000 (2021: $156,000).

   Our audit opinion on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022 was qualified as we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves that no allowance for impairment loss is required with respect to the remaining consideration due from disposal of GPE as at 31 December 2022.

2. Loan to a former subsidiary (GPE) and amount due from a former subsidiary (GPE) (Note 16) - Group and Company

   As at 31 December 2022, loan to a former subsidiary (GPE) and amount due from a former subsidiary (GPE) amounted to $2,910,000 (2021: $2,847,000) and $300,000 (2021: $300,000) respectively. During the financial year, no repayment has been made to the Group and Company.

   Management has assessed that no allowance for impairment loss is required on the outstanding balances.

   We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves that no allowance for impairment loss is required with respect to the above receivables as the latest financial information of GPE is not available to us at the date of this report. We are also unable to obtain sufficient appropriate audit evidence with respect to the cash flows that can be received by the Group and the Company in settlement of the receivables.

### Report on the Audit of the Financial Statements (cont'd)

#### *Basis for Qualified Opinion (cont'd)*

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

#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 3.1 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. During the financial year ended 31 December 2022, the Group reported a net loss of $1,677,000 (2021: $1,130,000). As at 31 December 2022, the Company's current liabilities exceeded its current assets by $2,008,000 (2021: $1,053,000) and has a net capital deficiency of $41,000.

These factors indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, for the reasons disclosed in Note 3.1 to the financial statements, the Directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the 2022 Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section, we are unable to obtain sufficient appropriate audit evidence with respect to the allowance for impairment loss of the balance consideration due from the disposal of GPE, loan to GPE and amount due from GPE. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matters described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to be communicated in our report.

#### *Responsibilities of Management and Directors for the Financial Statements*

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

**Report on the Audit of the Financial Statements (cont'd)**

***Responsibilities of Management and Directors for the Financial Statements (cont'd)***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT
## To the members of Annica Holdings Limited

For the financial year ended 31 December 2022

**Report on the Audit of the Financial Statements (cont'd)**

***Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)***

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

**Report on other Legal and Regulatory Requirements**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tang Hui Lin.

**PKF-CAP LLP**
Public Accountants and
Chartered Accountants

Singapore
13 April 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 4 | **14,987** | 7,655 |
| Cost of sales | | **(11,972)** | (5,147) |
| Gross profit | | **3,015** | 2,508 |
| Other income | 5 | **258** | 435 |
| Interest income | 5 | **209** | 225 |
| Selling and distribution expenses | | **(199)** | (106) |
| Administrative and general expenses | | **(4,622)** | (3,932) |
| Other expenses | 6 | **(56)** | (97) |
| Impairment losses on trade and other receivables | | **(8)** | (21) |
| Finance costs | 7 | **(247)** | (49) |
| **Loss before tax from continuing operations** | 8 | **(1,650)** | (1,037) |
| Tax expense | 9 | **(77)** | (90) |
| **Loss for the financial year from continuing operations** | | **(1,727)** | (1,127) |
| **Discontinued operations** | | | |
| Profit/(Loss) for the financial year from discontinued operations | 30 | **50** | (3) |
| **Loss for the financial year** | | **(1,677)** | (1,130) |
| **Other comprehensive loss** | | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | |
| Currency translation differences arising from consolidation | | **(218)** | (74) |
| **Other comprehensive loss for the financial year, net of tax** | | **(218)** | (74) |
| **Total comprehensive loss for the financial year** | | **(1,895)** | (1,204) |
| **Loss attributable to:** | | | |
| Equity holders of the Company | | **(1,496)** | (1,095) |
| Non-controlling interests | | **(181)** | (35) |
| Loss for the financial year | | **(1,677)** | (1,130) |
| **Loss attributable to:** | | | |
| *Equity holders of the Company* | | | |
| - Loss from continuing operations | | **(1,546)** | (1,092) |
| - Profit/(Loss) from discontinued operations | | **50** | (3) |
| | | **(1,496)** | (1,095) |
| **Total comprehensive loss attributable to:** | | | |
| Equity holders of the Company | | **(1,714)** | (1,169) |
| Non-controlling interests | | **(181)** | (35) |
| **Total comprehensive loss for the financial year** | | **(1,895)** | (1,204) |
| **Total comprehensive loss attributable to:** | | | |
| *Equity holders of the Company* | | | |
| - Loss from continuing operations | | **(1,764)** | (1,166) |
| - Profit/(Loss) from discontinued operations | | **50** | (3) |
| | | **(1,714)** | (1,169) |
| Loss per share for loss attributable to equity holders of the Company (cents per share) | | | |
| Basic and diluted | | | |
| From continuing and discontinued operations | 10 | **(0.0089)** | (0.0066) |
| From continuing operations | | **(0.0092)** | (0.0066) |
| From discontinued operations | | **0.0003** | –* |

*Amount less than 0.0001.

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

# STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2022

| | Note | Group 2022 $'000 | Group 2021 $'000 | Company 2022 $'000 | Company 2021 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 11 | **317** | 415 | **33** | 86 |
| Right-of-use assets | 12 | **321** | 459 | **48** | 116 |
| Intangible assets | 13 | **36** | 36 | **–** | – |
| Investments in subsidiaries | 14 | **–** | – | **1,892** | 1,892 |
| Financial assets at fair value through profit or loss | 15 | **–** | 3 | **–** | – |
| Trade and other receivables | 16 | **–** | – | **–** | 223 |
| | | **674** | 913 | **1,973** | 2,317 |
| **Current assets** | | | | | |
| Cash and cash equivalents | 18 | **1,430** | 736 | **46** | 65 |
| Fixed deposits | 19 | **473** | 654 | **–** | – |
| Trade and other receivables | 16 | **11,947** | 6,685 | **3,910** | 3,592 |
| Inventories | 20 | **301** | 549 | **–** | – |
| Financial assets at fair value through profit or loss | 15 | **–** | –* | **–** | 96 |
| | | **14,151** | 8,624 | **3,956** | 3,753 |
| **Total assets** | | **14,825** | 9,537 | **5,929** | 6,070 |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | 22 | **618** | 1,036 | **6** | 96 |
| Provision for employee benefits | 23 | **71** | 94 | **–** | – |
| Deferred tax liabilities | 17 | **16** | 22 | **–** | – |
| | | **705** | 1,152 | **6** | 96 |
| **Current liabilities** | | | | | |
| Trade and other payables | 21 | **5,936** | 4,679 | **5,859** | 4,620 |
| Contract liabilities | 24 | **6,755** | 985 | **–** | – |
| Borrowings | 22 | **847** | 704 | **105** | 186 |
| Tax payable | | **–** | 3 | **–** | – |
| | | **13,538** | 6,371 | **5,964** | 4,806 |
| **Total liabilities** | | **14,243** | 7,523 | **5,970** | 4,902 |
| **Net assets/(liabilities)** | | **582** | 2,014 | **(41)** | 1,168 |
| **EQUITY** | | | | | |
| **Share capital** | 25 | **68,101** | 67,801 | **68,101** | 67,801 |
| Other reserves | 26 | **(2,041)** | (1,823) | **89** | 89 |
| Accumulated losses | | **(65,425)** | (63,929) | **(68,231)** | (66,722) |
| Equity/(Net capital deficiency) attributable to equity holders of the Company | | **635** | 2,049 | **(41)** | 1,168 |
| Non-controlling interests | | **(53)** | (35) | **–** | – |
| **Total equity/(capital deficiency)** | | **582** | 2,014 | **(41)** | 1,168 |

*Amount less than $1,000.

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

| | Share capital $'000 | Accumulated losses $'000 | Other reserves $'000 | Equity attributable to equity holders of the Company $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Balance at 1 January 2021 | 67,801 | (62,834) | (1,746) | 3,221 | (3) | 3,218 |
| Transaction with owners, recognised directly in equity | | | | | | |
| Acquisition of non-controlling interest | – | – | (3) | (3) | 3 | – |
| Loss for the financial year | – | (1,095) | – | (1,095) | (35) | (1,130) |
| Other comprehensive income | | | | | | |
| - Currency translation differences arising from consolidation | – | – | (74) | (74) | – | (74) |
| Total comprehensive loss for the financial year | – | (1,095) | (74) | (1,169) | (35) | (1,204) |
| Balance at 31 December 2021 | 67,801 | (63,929) | (1,823) | 2,049 | (35) | 2,014 |
| Transaction with owners, recognised directly in equity | | | | | | |
| Issuance of ordinary shares of the Company (Note 25) | 300 | – | – | 300 | – | 300 |
| Loss for the financial year | – | (1,496) | – | (1,496) | (181) | (1,677) |
| Other comprehensive loss | | | | | | |
| - Currency translation differences arising from consolidation | – | – | (218) | (218) | – | (218) |
| Total comprehensive loss for the financial year | – | (1,496) | (218) | (1,714) | (181) | (1,895) |
| Changes in ownership interests in a subsidiary | | | | | | |
| Issuance of ordinary shares of a subsidiary to non-controlling interests (Note 14) | – | – | – | – | 163 | 163 |
| | – | – | – | – | 163 | 163 |
| **Balance at 31 December 2022** | **68,101** | **(65,425)** | **(2,041)** | **635** | **(53)** | **582** |

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

# STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

| | Share capital $'000 | Capital reserve $'000 | Accumulated losses $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| Balance at 1 January 2021 | 67,801 | 89 | (65,500) | 2,390 |
| Loss and total comprehensive loss for the financial year | – | – | (1,222) | (1,222) |
| Balance at 31 December 2021 | 67,801 | 89 | (66,722) | 1,168 |
| Transaction with owners, recognised directly in equity | | | | |
| Issuance of ordinary shares of the Company (Note 25) | 300 | – | – | 300 |
| Loss and total comprehensive loss for the financial year | – | – | (1,509) | (1,509) |
| **Balance at 31 December 2022** | **68,101** | **89** | **(68,231)** | **(41)** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before tax from continuing operations | | **(1,650)** | (1,037) |
| Profit/(Loss) before tax from discontinued operations | | **50** | (3) |
| | | **(1,600)** | (1,040) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 11 | **195** | 194 |
| Depreciation of right-of-use assets | 12 | **213** | 234 |
| Fair value loss on financial assets at fair value through profit or loss | 15 | **–** | 5 |
| Write-off of property, plant and equipment | | **3** | 5 |
| Impairment losses on trade and other receivables | | **8** | 21 |
| Impairment losses on property, plant and equipment and right-of-use assets | | **–** | 65 |
| Bad debts recovered | | **–** | (30) |
| Inventory written off | | **–** | 6 |
| Interest expenses | | **247** | 49 |
| Interest income | | **(209)** | (225) |
| Gain on disposal of subsidiaries | 31 | **(50)** | – |
| Issuance of ordinary shares | 25 | **300** | – |
| Operating cash flow before working capital changes | | **(893)** | (716) |
| Changes in working capital: | | | |
| Inventories | | **248** | (19) |
| Payables and contract liabilities | | **7,248** | 700 |
| Receivables | | **(5,097)** | 57 |
| Currency translation adjustments | | **(325)** | (77) |
| Cash generated from/(used in) operations | | **1,181** | (55) |
| Income tax paid | | **(90)** | (139) |
| **Net cash generated from/(used in) operating activities** | | **1,091** | (194) |
| **Cash flows from investing activities** | | | |
| Interest received | | **6** | 11 |
| Purchase of property, plant and equipment | | **(112)** | (52) |
| **Net cash used in investing activities** | | **(106)** | (41) |
| **Cash flows from financing activities** | | | |
| Contribution from non-controlling interest of a subsidiary | | **163** | – |
| Interest paid for bank loans | | **(28)** | (35) |
| Interest paid for lease liabilities | | **(7)** | (8) |
| Interest paid for third party loan | | **(188)** | (12) |
| Placement/(Withdrawal) of fixed deposit pledged | | **157** | (13) |
| Proceeds from borrowings | | **356** | 188 |
| Repayment of principal portion of borrowings | | **(483)** | (247) |
| Repayment of principal portion of lease liabilities | | **(215)** | (203) |
| **Net cash used in financing activities** | | **(245)** | (330) |
| **Net increase/(decrease) in cash and cash equivalents** | | **740** | (565) |
| Cash and cash equivalents at beginning of the financial year | | **736** | 1,301 |
| Effects of foreign currency translation on cash and cash equivalents | | **(46)** | –* |
| **Cash and cash equivalents at end of the financial year (Note 18)** | | **1,430** | 736 |

*Amount less than $1,000

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

## 1. Corporate information

The Company (Co. Reg. No. 198304025N) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 40 Ubi Crescent, #01-01, Singapore 408567. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries disclosed in Note 14 to the financial statements.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements are presented in Singapore dollar ("**$**"), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

*Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and borrowings (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

*New and revised standards that are adopted*

On January 1, 2022, the Group and the Company adopted all the new and revised SFRS(I)s pronouncements that are mandatorily effective and are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

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

### 2.1 Basis of preparation (cont'd)

*New and revised standards not yet effective*

At the date of authorisation of these financial statements, the Group and Company have not applied the following SFRS(I) pronouncements that have been issued but are not yet effective:

Applies to annual periods beginning on or after 1 January 2023:

- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8 Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 17 Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information

Applies to annual periods beginning on or after 1 January 2024:

- Amendments to SFRS(I) 16 Lease Liability in a Sale and Leaseback
- Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 Non-current Liabilities with Covenants

Date to be determined:

- Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

### 2.2 Revenue recognition

*Sales of goods*

The Group mainly traded in oilfield equipment and related products. The Group transfers control and recognises a sale when they deliver goods to their customers. Revenue from these sales is recognised based on the price specified in the contract. The customer may be required to pay part of the contract price upon signing the contract and the remaining contract price before delivery and/or 60 - 90 days from the delivery date. There is no significant financing component present as the payment terms is an industry practice to protect the performing entity from non-payment from customer and the period between the transfer of the promised goods and payment by the customer is generally less than one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

For certain contracts where the Group has to deliver the promised goods and the final reports to customers, revenue is recognised (i) when control over the promised goods is transferred to the customer, (ii) when final reports is delivered to customers, as specified in the contract. A performance obligation represents a good (or a bundle of goods) and the final reports. The Group has determined that the output method based on units delivered reflects the over-time transfer of control to customers and that the Group has enforceable rights to payment for the goods and final reports delivered. The Group progressively bills its customer in accordance with the billing terms in the contract and customers are required to pay within 60 – 90 days from the invoice date. No element of financing is deemed present.

The difference between the consideration due or received in accordance with the payment terms and revenue recognised is recognised as contract liabilities.

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

**2.2 Revenue recognition (cont'd)**

*Rendering of services*

The Group provides (i) ad-hoc maintenance services such as equipment inspection and equipment servicing; and (ii) ad-hoc engineering work. Revenue from services is recognised when the service is performed and accepted by customers.

A receivable is recognised upon completion of services and acceptance by the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

*Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

**2.3 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting date. Subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary company. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.11. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary company attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary company, even if this results in the non-controlling interests having a deficit balance.

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

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

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to equity holders of the Company.

When a change in the Company's ownership interest in a subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated losses if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amounts of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

**2.4 Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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

### 2.5 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

### 2.6 Employee compensation

*Defined contribution plans*

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

*Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the financial year.

*Defined benefit plans*

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to profit or loss spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Plan assets, if any, are measured at fair value.

Past service costs are recognised immediately in profit or loss.

The Group's total contribution relating to the defined pension plans are charged to profit or loss in the period to which they relate.

*Share-based compensation*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options granted on the date of the grant. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each annual reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account if new ordinary shares are issued, or credited to the "treasury shares" account if treasury shares are re-issued to the employees. Upon expiry of the options, the balance in the share option reserve is transferred to retained earnings.

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

### 2.7 Income taxes

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

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

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

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

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

### 2.8 Foreign currencies

*Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company's functional currency.

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

**2.8 Foreign currencies (cont'd)**

*Transactions and balances*

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

*Translation of Group entities' financial statements*

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

(i) Assets and liabilities are translated at the closing rates at the date of the end of the reporting period;

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

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the reporting date.

On disposal of a foreign group entity, the cumulative amount of the foreign currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

**2.9 Property, plant and equipment**

Property, plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

### 2.9 Property, plant and equipment (cont'd)

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the cost of all property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

| | |
|---|---|
| Fixtures and fittings | 5 to 10 years |
| Plant and equipment | 1 to 10 years |
| Motor vehicles | 4 to 10 years |

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

Fully depreciated assets are retained in the financial statements until they are no longer in use.

### 2.10 Leases

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

***When the Group is the lessee***

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

*Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

The lease liability is presented within "borrowings" in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

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

### 2.10 Leases (cont'd)

***When the Group is the lessee (cont'd)***

*Lease liabilities (cont'd)*

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, such as a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities, and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies SFRS(I) 1-36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.12.

As a practical expedient, SFRS(I) 16 Leases permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has not used this practical expedient.

***When the Group is an intermediate lessor***

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease, as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Amount due from leases under finance leases are recognised as receivables at the amount of the Group's lease receivables. Each lease payment received is applied against the gross lease receivables to reduce both principal and unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the lease receivables.

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

### 2.10 Leases (cont'd)

***When the Group is an intermediate lessor (cont'd)***

Initial direct cost incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

### 2.11 Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 2.12 Impairment of non-financial assets

At the end of the reporting date, the Group assesses the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

### 2.13 Financial assets

***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

***Classification and measurement***

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("**FVTPL**").

The classification is based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest ("**SPPI**")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

***Subsequent measurement***

*Debt instruments*

Debt instruments include cash and cash equivalents, fixed deposits and trade and other receivables (excluding prepayments, advance billings from suppliers, tax recoverable and GST receivables). The financial assets, depending on the Group's business model for managing the asset and cash flow characteristics of the asset are measured as follows:

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

### 2.13 Financial assets (cont'd)

***Subsequent measurement (cont'd)***

*Amortised cost*

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("**EIR**") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

*Equity instruments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in either "other income" or "other expenses".

*Impairment*

The Group recognises an allowance for expected credit losses ("**ECLs**") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous financial year, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

*Offset*

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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

### 2.14 Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash and bank balances which are subject to insignificant risk of changes in value.

### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using a first-in first-out basis for general stock and specific cost basis for unique stock. Net realisable value represents the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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

### 2.16 Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised leave, GST payables and withholding tax payables), provision for employee benefits and borrowings. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

### 2.17 Borrowings

*Loans*

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

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

### 2.18 Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provisions are reviewed at end of each financial year and adjusted to reflect the current best estimates. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). If it is no longer likely than not that an outflow of resources will be required to settle the obligation, the provisions will be reversed.

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

### 2.19 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

### 2.20 Share capital

Proceeds from issuance of ordinary shares of the Company are recognised as share capital in equity.

Incremental costs directly attributable to the issuance of ordinary shares of the Company are deducted against share capital.

### 2.21 Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

### 2.22 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 and the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

### 2.23 Contingencies

A contingent liability is:

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

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

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

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

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

### 2.24 Related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The transactions are entered on terms agreed by the parties concerned.

### 2.25 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

### 2.26 Discontinued operations

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

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

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

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

(c) is a subsidiary acquired exclusively with a view to resale

## 3. Critical accounting judgements and key sources of estimation uncertainty

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

### 3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimates which are dealt in the preceding paragraph).

*Going concern*

During the financial year ended 31 December 2022, the Group reported net loss of $1,677,000 (2021: $1,130,000). As at 31 December 2022, the Company's current liabilities exceeded its current assets by $2,008,000 (2021: $1,053,000) and has a net capital deficiency of $41,000. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

**3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)**

**3.1 Critical judgements made in applying accounting policies (cont'd)**

*Going concern (cont'd)*

Nevertheless, the Directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis as:

(1) The review of the cash flow forecasts of the Group and of the Company subsequent to the financial year ended 31 December 2022 showed that the Group and the Company have adequate resources and will be able to generate sufficient cash flows in the next 12 months to meet their financial obligations as and when they fall due taking into consideration:

(a) Group activities is expected to generate positive cash flows for the Group and the Company in the next 12 months as economies recovers post Covid-19 pandemic;

(b) The Group's business in the green technology and renewable energy segment is expected to contribute to the Group during the next 12 months; and

(c) 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.

(2) As at 31 December 2022, the Group is in net current asset position; and

(3) During the financial year, the Group generated positive cashflows from operating activities.

(4) Subsequent to the financial year end, the Group has obtained additional loan facility of $2,000,000 to finance its working capital with the conditions stated in the loan agreement dated 31 March 2023.

Based on the loan agreement dated 31 March 2023, the Company did not meet a loan covenant to maintain the value of its assets more than its liabilities as the Company is in a net capital deficiency position ("**Loan Covenant**"). The Company has further obtained a letter of waiver dated 11 April 2023 to waive the Loan Covenant provided that the value of the total net liabilities of the Group do not exceed $2,000,000. Further, the Loan Covenant shall not apply for outstanding loan amounts of $1,000,000.

Board of Directors have reviewed and assessed the cash flow forecast of the Group for the next 12 months from the date of financial statements and concluded that the Group has adequate resources to continue in operation for the next 12 months from the date of financial statement and it is unlikely to breach the covenant set by the lender while the Group is expecting to generate operating cash inflows in the next 12 months.

(5) The Directors are actively evaluating and reviewing various corporate strategies, including fund raising, primarily for the Group's green technology and renewable energy segment, strategic acquisitions of suitable businesses as well as restructuring the Group's existing businesses or assets with a view towards enhancing and solidifying the earnings base of the Group.

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months from the financial year ended 31 December 2022 and that the going concern basis of preparation of these financial statements remains appropriate.

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and current liabilities.

**3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)**

**3.1 Critical judgements made in applying accounting policies (cont'd)**

*Determination of functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Estimating the incremental borrowing rate for leases*

The Group uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate by using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates, such as the entity's stand-alone credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use asset at the commencement date of new leasing transactions. The carrying amount of right-of-use assets and lease liabilities are disclosed in Notes 12 and 22 respectively.

*Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows. Details of the key assumptions applied in the impairment assessment of the Company's investment in subsidiaries are disclosed in Note 14. Changes in assumptions made and discount rate applied could affect the carrying value of these assets.

*Calculation of loss allowance*

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying value of trade receivables at reporting date are disclosed in Notes 16 and 33(b) respectively.

## 4. Revenue

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Sales of goods | **14,094** | 7,421 |
| Services rendered | **893** | 234 |
| | **14,987** | 7,655 |

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market and timing of revenue recognition.

| | Engineering services | Oil and gas equipment | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **2022** | | | |
| **Primary geographical markets** | | | |
| Malaysia | 253 | 9,603 | 9,856 |
| Indonesia | – | 1,966 | 1,966 |
| Thailand | – | 1,104 | 1,104 |
| Brunei & Myanmar | – | 964 | 964 |
| Singapore | 858 | 103 | 961 |
| Vietnam | 76 | 2 | 78 |
| Others | – | 58 | 58 |
| | **1,187** | **13,800** | **14,987** |
| **2021** | | | |
| **Primary geographical markets** | | | |
| Malaysia | 678 | 3,870 | 4,548 |
| Indonesia | – | 1,164 | 1,164 |
| Singapore | 28 | 648 | 676 |
| Brunei & Myanmar | – | 713 | 713 |
| Thailand | – | 402 | 402 |
| Vietnam | 53 | 33 | 86 |
| Others | – | 66 | 66 |
| | 759 | 6,896 | 7,655 |
| **2022** | | | |
| **Timing of revenue recognition** | | | |
| At a point in time | 1,187 | 13,800 | 14,987 |
| Overtime | – | – | – |
| | **1,187** | **13,,800** | **14,987** |
| **2021** | | | |
| **Timing of revenue recognition** | | | |
| At a point in time | 759 | 5,607 | 6,366 |
| Overtime | – | 1,289 | 1,289 |
| | 759 | 6,896 | 7,655 |

**4. Revenue (cont'd)**

Revenue recognised during the financial year from:

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Amount included in contract liabilities at beginning of the financial year | **985** | 749 |

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation as the performance obligation is part of the contracts that have original expected duration of one year or less.

**5. Other income and interest income**

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| **Other income** | | |
| Extension fees on amount due from Ms Chong Shin Mun (Note 16) | **60** | 60 |
| Government grant income | **7** | 159 |
| Rent concession | **–** | 8 |
| Exhibition income | **26** | – |
| Bad debt recovered | **–** | 31 |
| Foreign currency exchange gain, net | **124** | 86 |
| Miscellaneous | **41** | 91 |
| | **258** | 435 |
| **Interest income** | | |
| - bank and fixed deposits | **6** | 11 |
| - third parties | **203** | 211 |
| - a director of a subsidiary | **–** | 3 |
| | **209** | 225 |

In 2021, government grant income of $143,000 was recognised during the financial year under the Jobs Support Scheme (the "**JSS**"). Under the JSS, the Singapore Government cofunded gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started affecting the Group's operations.

## 6. Other expenses

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Loss in realised exchange | **37** | – |
| Loss on disposal of property, plant and equipment | **3** | 5 |
| Fair value loss on financial assets at fair value through profit or loss | **–** | 5 |
| Impairment loss on property, plant and equipment and right-of-use assets | **–** | 65 |
| Inventory written off | **–** | 6 |
| Miscellaneous | **16** | 16 |
| | **56** | 97 |

## 7. Finance costs

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Interest expenses: | | |
| - lease liabilities [Note 27(a)] | **7** | 8 |
| - bank loans (Note 22) | **41** | 35 |
| - third parties (Note 22) | **194** | – |
| Provision for employee benefits (Note 23) | **5** | 6 |
| | **247** | 49 |

## 8. Loss before tax

In addition to the transactions disclosed elsewhere in the notes to the financial statements, the loss before tax is arrived at after charging/(crediting):

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Depreciation expense on property, plant and equipment | **195** | 194 |
| Depreciation expense on right-of-use assets | **213** | 234 |
| Bad debt recovered | **–** | (31) |
| Inventory written off | **–** | 6 |
| Fair value loss on financial assets at fair value through profit or loss (Note 15) | **–** | 5 |
| Directors' fees | | |
| - company | **209** | 179 |
| - subsidiary | **19** | 11 |
| Audit fees paid/payable to: | | |
| - auditor of the Company | **188** | 183 |
| - other auditors | **61** | 15 |
| Fees on non-audit services paid/payable to: | | |
| - auditor of the Company | **11** | 12 |
| - other auditors | **4** | 5 |
| Short term lease expense [Note 27(a)] | **98** | 97 |
| Staff costs (Note A) | **2,588** | 2,139 |

## 8. Loss before tax (cont'd)

*Note A- Staff costs*

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| *Key management personnel*:* | | |
| Wages, salaries and other related costs excluding directors' fees | **920** | 672 |
| Employer's contribution to defined contribution plans including Central Provident Fund | **32** | 38 |
| | **952** | 710 |
| *Other staff:* | | |
| Wages, salaries and other related costs | **1,485** | 1,283 |
| Employer's contribution to defined contribution plans including Central Provident Fund | **151** | 146 |
| | **2,588** | 2,139 |
| * Comprise amounts paid/payable to: | | |
| Directors of the Company | **397** | 190 |
| Other key management personnel | **555** | 520 |
| | **952** | 710 |

## 9. Tax expense

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Tax expense for the financial year consist of: | | |
| Current income tax | **80** | 111 |
| Deferred tax (Note 17) | **(3)** | (21) |
| | **77** | 90 |

## 9. Tax expense (cont'd)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Loss before tax | **(1,650)** | (1,040) |
| Tax calculated at a tax rate of 17% (2021: 17%) | **(281)** | (177) |
| Effect of different tax rates in other countries | **(50)** | 49 |
| Expenses not deductible for tax purposes | **433** | 96 |
| Income not subject to tax[1] | **(266)** | (29) |
| Income exemption and tax incentive | **(67)** | (61) |
| Utilisation of deferred tax assets previously not recognised | **–** | (1) |
| Utilisation of unabsorbed tax losses | **(6)** | |
| Deferred tax assets not recognised | **329** | 216 |
| Over provision of income tax in prior years | **–** | (18) |
| Others | **(15)** | 15 |
| | **77** | 90 |

(1) Included in income not subject to tax mainly comprise of JSS grant income of $Nil (2021: $143,000) and extension fees of $60,000 (2021: $60,000) under Note 5.

As at 31 December 2022, the Group has deferred tax assets in respect of unutilised tax losses of $24,099,000 (2021: $22,136,000) and unabsorbed capital allowance of $152,000 (2021: $129,000) which are available to offset against future taxable income, subject to agreement by the tax authority and compliance with relevant provisions of the Singapore Income Tax Act. The potential deferred tax asset has not been recognised in the statements of financial position as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be utilised.

The corporate tax rates applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2021: 17%) and 18.5% to 24% (2021: 18.5% to 24%) respectively for the year of assessment 2023.

## 10. Loss per share

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

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| Loss from continuing operations ($'000) | **(1,546)** | (1,092) |
| Profit/(Loss) from discontinued operations ($'000) | **50** | (3) |
| Loss for the year attributable to equity holders of the Company ($'000) | **(1,496)** | (1,095) |
| Weighted average number of ordinary shares outstanding for basic losses per share ('000) | **16,785,726** | 16,674,767 |
| Basic and diluted loss per share (cents) | | |
| - continuing operations | **(0.0092)** | (0.0066) |
| - discontinued operations | **0.0003** | –* |
| Total continuing and discontinued operations | **(0.0089)** | (0.0066) |

*Amount less than $0.0001

There was no difference between the basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive for the financial years ended 31 December 2022 and 31 December 2021.

## 11. Property, plant and equipment

| | Fixtures and fittings $'000 | Plant and equipment $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2022** | | | | |
| **Cost** | | | | |
| At 1 January 2022 | 560 | 409 | 1 | 970 |
| Additions | – | 112 | – | 112 |
| Write off | (1) | (4) | – | (5) |
| Translation differences | (12) | (21) | – | (33) |
| At 31 December 2022 | **547** | **496** | **1** | **1,044** |
| **Accumulated depreciation and impairment loss:** | | | | |
| At 1 January 2022 | 309 | 246 | –* | 555 |
| Charge for the financial year | 131 | 64 | –* | 195 |
| Write off | – | (2) | – | (2) |
| Translation differences | (7) | (14) | – | (21) |
| At 31 December 2022 | **433** | **294** | **–** | **727** |
| **Net carrying value** | | | | |
| At 31 December 2022 | **114** | **202** | **1** | **317** |

## 11. Property, plant and equipment (cont'd)

| | Fixtures and fittings $'000 | Plant and equipment $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2021** | | | | |
| **Cost** | | | | |
| At 1 January 2021 | 636 | 473 | 1 | 1,110 |
| Additions | 7 | 45 | – | 52 |
| Write off | (77) | (97) | – | (174) |
| Disposals | – | (7) | – | (7) |
| Translation differences | (6) | (5) | – | (11) |
| At 31 December 2021 | 560 | 409 | 1 | 970 |
| **Accumulated depreciation and impairment loss:** | | | | |
| At 1 January 2021 | 221 | 296 | –* | 517 |
| Charge for the financial year | 147 | 47 | –* | 194 |
| Write off | (77) | (96) | – | (173) |
| Disposals | – | (2) | – | (2) |
| Impairment loss | 19 | 3 | – | 22 |
| Translation differences | (1) | (2) | – | (3) |
| At 31 December 2021 | 309 | 246 | –* | 555 |
| **Net carrying value** | | | | |
| At 31 December 2021 | 251 | 163 | 1 | 415 |

*Amount less than $1,000

## 11. Property, plant and equipment (cont'd)

| | Fixtures and fittings $'000 | Plant and equipment $'000 | Total $'000 |
|---|---|---|---|
| **Company** | | | |
| **2022** | | | |
| **Cost** | | | |
| At 1 January 2022 | 192 | 48 | 240 |
| Additions | – | 1 | 1 |
| At 31 December 2022 | **192** | **49** | **241** |
| **Accumulated depreciation** | | | |
| At 1 January 2022 | 120 | 34 | 154 |
| Charge for the financial year | 45 | 9 | 54 |
| At 31 December 2022 | **165** | **43** | **208** |
| **Net carrying value** | | | |
| At 31 December 2022 | **27** | **6** | **33** |
| **2021** | | | |
| **Cost** | | | |
| At 1 January 2021 | 192 | 43 | 235 |
| Additions | – | 5 | 5 |
| At 31 December 2021 | 192 | 48 | 240 |
| **Accumulated depreciation** | | | |
| At 1 January 2021 | 75 | 25 | 100 |
| Charge for the financial year | 45 | 9 | 54 |
| At 31 December 2021 | 120 | 34 | 154 |
| **Net carrying value** | | | |
| At 31 December 2021 | 72 | 14 | 86 |

## 12. Right-of-use assets

| | Leasehold properties $'000 | Warehouse and office $'000 | Corporate apartment $'000 | Office equipment $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2022** | | | | | |
| **Cost** | | | | | |
| At 1 January 2022 | 249 | 544 | 66 | 31 | 890 |
| Additions | – | 58 | 20 | 9 | 87 |
| Disposals | – | (53) | – | (7) | (60) |
| Translation differences | (15) | (6) | – | (1) | (22) |
| At 31 December 2022 | **234** | **543** | **86** | **32** | **895** |
| **Accumulated depreciation and impairment loss** | | | | | |
| At 1 January 2022 | 45 | 327 | 44 | 15 | 431 |
| Charge for the financial year | 5 | 166 | 35 | 7 | 213 |
| Disposals | – | (53) | – | (6) | (59) |
| Translation differences | (3) | (8) | – | – | (11) |
| At 31 December 2022 | **47** | **432** | **79** | **16** | **574** |
| **Net carrying value** | | | | | |
| At 31 December 2022 | **187** | **111** | **7** | **16** | **321** |
| **2021** | | | | | |
| **Cost** | | | | | |
| At 1 January 2021 | 253 | 547 | 66 | 32 | 898 |
| Additions | – | – | – | 9 | 9 |
| Disposals | – | – | – | (10) | (10) |
| Translation differences | (4) | (3) | – | – | (7) |
| At 31 December 2021 | 249 | 544 | 66 | 31 | 890 |
| **Accumulated depreciation and Impairment loss** | | | | | |
| At 1 January 2021 | 41 | 96 | 11 | 14 | 162 |
| Charge for the financial year | 5 | 189 | 33 | 7 | 234 |
| Disposals | – | – | – | (6) | (6) |
| Impairment loss | – | 43 | – | – | 43 |
| Translation differences | (1) | (1) | – | – | (2) |
| At 31 December 2021 | 45 | 327 | 44 | 15 | 431 |
| **Net carrying value** | | | | | |
| At 31 December 2021 | 204 | 217 | 22 | 16 | 459 |

**12. Right-of-use assets (cont'd)**

| | Warehouse and office $'000 | Corporate apartment $'000 | Office equipment $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **2022** | | | | |
| **Cost** | | | | |
| At 1 January 2022 and 31 December 2022 | **175** | **66** | **7** | **248** |
| Addition | – | **20** | **9** | **29** |
| Write off | – | – | **(7)** | **(7)** |
| At 31 December 2022 | **175** | **86** | **9** | **270** |
| **Accumulated depreciation** | | | | |
| At 1 January 2022 | 82 | 44 | 6 | 132 |
| Charge for the financial year | 59 | 35 | 2 | 96 |
| Write off | – | – | (6) | (6) |
| At 31 December 2022 | **141** | **79** | **2** | **222** |
| **Net carrying value** | | | | |
| At 31 December 2022 | **34** | **7** | **7** | **48** |
| **2021** | | | | |
| **Cost** | | | | |
| At 1 January 2021 and 31 December 2021 | 175 | 66 | 7 | 248 |
| **Accumulated depreciation** | | | | |
| At 1 January 2021 | 24 | 11 | 4 | 39 |
| Charge for the financial year | 58 | 33 | 2 | 93 |
| At 31 December 2021 | 82 | 44 | 6 | 132 |
| **Net carrying value** | | | | |
| At 31 December 2021 | 93 | 22 | 1 | 116 |

Right-of-use assets are acquired under leasing arrangements. Details of leases are disclosed in Note 27.

As at 31 December 2022, leasehold properties of the Group with carrying amounts of $187,000 (2021: $204,000) are provided as security for the Group's borrowings (Note 22).

**13. Intangible asset**

| | Group | |
|---|---|---|
| | **2022** **$'000** | 2021 $'000 |
| **Goodwill arising on consolidation** | | |
| At 1 January and 31 December | **36** | 36 |

Goodwill acquired in a business combination is allocated, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

## 13. Intangible asset (cont'd)

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| **Investments** | | |
| Cahya Suria Energy Sdn. Bhd. and its subsidiaries | **36** | 36 |

## 14. Investments in subsidiaries

| | Company | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| **Unquoted equity shares, at cost** | | |
| At 1 January | **11,697** | 11,697 |
| Disposals during financial year | **(1)** | – |
| Less: Allowance for impairment | **(9,804)** | (9,805) |
| At 31 December | **1,892** | 1,892 |
| Impairment allowance: | | |
| As at 1 January | **9,805** | 9,546 |
| Addition | **–** | 836 |
| Reversal | **(1)** | (577) |
| At 31 December | **9,804** | 9,805 |

(a) Details of the subsidiaries as at the end of the financial year are as follows:

| Name of subsidiary | Principal activities | Country of incorporation and operations | Effective equity interest held by Group 2022 % | Effective equity interest held by Group 2021 % |
|---|---|---|---|---|
| Industrial Engineering Systems Pte. Ltd. [1] | Designing of industrial plant engineering services systems and general wholesaler and trader | Singapore | **100** | 100 |
| P.J. Services Pte. Ltd. [1] | Trading in oilfield equipment and related products | Singapore | **100** | 100 |
| Nu-Haven Incorporated [2][10] | Investment holding | British Virgin Islands | – | 100 |
| Cahya Suria Energy Sdn. Bhd. ("**CSE**") [3] | Investment holding | Malaysia | **100** | 100 |

**14. Investments in subsidiaries (cont'd)**

(a) Details of the subsidiaries as at the end of the financial year are as follows (cont'd):

| Name of subsidiary | Principal activities | Country of incorporation and operations | Effective equity interest held by Group 2022 % | 2021 % |
|---|---|---|---|---|
| Held by Nu-Haven Incorporated: | | | | |
| Avital Enterprises Limited (2)(10) | Investment holding | British Virgin Islands | – | 100 |
| Held by P.J. Services Pte. Ltd.: | | | | |
| Panah Jaya Services Sdn. Bhd.(3)(7) | Trading in oilfield parts and equipment | Malaysia | **100** | 100 |
| PT Panah Jaya Sejahtera (4)(7) | Trading in oilfield equipment and related products | Indonesia | **100** | 100 |
| Panah Jaya Makmur Sdn. Bhd. ("**PJM**") (5) | Trading in oilfield equipment and related products | Brunei | **60** | 60 |
| Held by Cahya Suria Energy Sdn. Bhd.: | | | | |
| Cahya Suria Services Sdn. Bhd. (formerly known as Renosun International Sdn. Bhd.) ("**CSS**") (3)(9) | Provision of designing, engineering, procurement, construction and commissioning of solar photovoltaic system and related products | Malaysia | **100** | 100 |
| H2 Energy Sdn. Bhd. (formerly known as HT Energy (S) Sdn. Bhd.) ("**H2E**") (6)(8) | Manufacturing of electricity distribution and control apparatus, operation of generation facilities that produce electric energy and wholesale of industrial machinery, equipment and supplies. | Malaysia | **49** | 49 |
| Held by Industrial Engineering Systems Pte. Ltd.: | | | | |
| IES Engineering Systems Sdn. Bhd. (6) | Designing of industrial plant engineering services systems and general wholesaler and trader | Malaysia | **100** | 100 |

(1) Audited by PKF-CAP LLP, Singapore

(2) Not required to be audited in the country of incorporation

(3) Audited by Khoo Teng Keat & Co., Malaysia

(4) Audited by Herman Doby Tanumihardja & Rekan, Indonesia

(5) Audited by BDO Chartered Accountants, Brunei

(6) Audited by TNT Chartered Accountants, Malaysia

(7) To facilitate the operation of this business unit, the Group, through P.J. Services Pte. Ltd., holds the shareholdings interests in the subsidiary through nominees, thus, maintaining its beneficial interests and therefore has absolute and de facto control over the subsidiary.

(8) Considered a subsidiary as the Group has majority of board representation that enables the control over the financial and operation policies of the entity.

**14. Investments in subsidiaries (cont'd)**

(a) Details of the subsidiaries as at the end of the financial year are as follows (cont'd):

(9) Subsequent to the year ended, the Company has decreased its effective shareholding interest in its indirect wholly owned subsidiary, CSS from 100% to 10% following a disposal by CSE of 9,000 ordinary shares representing 90% of the shareholdings of CSS to a third party purchaser for a consideration of RM5,000.

(10) During the financial year, Nu-Haven Incorporated and Avital Enterprises Limited have been struck off from BVI Government Register of Companies.

(b) Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations:

| | PJM | | H2E | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| **Summarised Balance Sheet** | | | | |
| Current | | | | |
| Assets | **2,051** | 350 | **338** | 316 |
| Liabilities | **2,265** | 313 | **371** | 378 |
| Total current net (liabilities)/assets | **(214)** | 37 | **(33)** | (63) |
| Non-current | | | | |
| Assets | **110** | 67 | **–** | – |
| Liabilities | **–** | – | **–** | – |
| Total non-current net assets | **110** | 67 | **–** | – |
| Net (liabilities)/assets | **(104)** | 104 | **(33)** | (63) |
| **Summarised Income Statements** | | | | |
| Revenue | **957** | 691 | **–** | – |
| Loss before tax | **(208)** | (73) | **(194)** | (9) |
| Income tax expense | **–** | **–** | **–** | – |
| Profit/(Loss) from continuing operations | **749** | 618 | **(194)** | (9) |
| Other comprehensive income | **–** | – | **–** | 1 |
| Total comprehensive income/(loss) | **749** | 618 | **(194)** | (8) |
| Total comprehensive income allocated to NCI | **–** | – | **–** | –* |
| **Summarised Cash Flows** | | | | |
| Net cash generated from/(used in) operating activities | **708** | (98) | **(77)** | (1) |
| Net cash used in investing activities | **(59)** | – | **–** | – |
| Net cash generated from financing activities | **–** | – | **81** | – |

* Amount less tha  $1,000

(c) Acquisition of CSS

On 24 May 2021, CSE had increased its shareholding interest in CSS from 51% to 100% by way of an acquisition by CSE of 4,900 ordinary shares ("**Sale Shares**") representing 49% shareholding in CSS from Renosun (KL) Sdn. Bhd., for a cash consideration of RM4,900.

CSS was expected to be the primary vehicle for the Group's renewable energy-related projects, in anticipation of securing potential renewable energy projects currently in the pipeline.

**14. Investments in subsidiaries (cont'd)**

(c) Acquisition of CSS (cont'd)

*Fair values of identifiable assets and liabilities of CSS at acquisition date*

| | **Group**<br>2021<br>$'000 |
|---|---|
| Cash and cash equivalent | 2 |
| Inventories | 11 |
| Payables | (16) |
| Net identifiable liabilities acquired | (3) |

(d) Company Level - Impairment review of investment in subsidiaries

During the financial year, management performed an impairment review for the investment in P.J. Services Pte. Ltd. as this subsidiary had been loss making in current financial year. No impairment loss was recognised for the year ended 31 December 2022. A reversal on impairment loss of $577,000 was recognised for the year ended 31 December 2021. The recoverable amount of the investment in P.J Services Pte. Ltd. has been determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. These forecasts have been updated to reflect the most recent developments as at the reporting date. The discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five year period are 17.5% (2021: 18.4%) and 2.0% (2021: 2.0%) respectively.

For the year ended 31 December 2021, management performed an impairment test for the investment in Industrial Engineering Systems Pte. Ltd. as this subsidiary had been persistently making losses. An impairment loss of $836,000 was recognised for the year ended 31 December 2021. The recoverable amount of the investment in Industrial Engineering Systems Pte. Ltd. had been determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. These forecasts had been updated to reflect the most recent developments as at the reporting date. The discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five year period were 15.9% and 2.0% respectively.

(e) Increase in paid up share capital of H2E

During the financial year, the subscription of 301,837 ordinary shares at RM1.00 each in the capital of H2E (the "**Subscription Shares**") for a total subscription price of RM301,837 was completed and considerations received by H2E from Muhammad Hatta Bin Sukarni, who is holding the non-controlling interest (the "**NCI**") and he is the managing director of H2E.

Following the allotment and issuance of the Subscription Shares, the capital of H2E has increased from RM10,000 comprising 10,000 ordinary shares of RM1.00 each in the capital of H2E and 290,000 redeemable convertible non-cumulative preference shares ("**RCNCPS**") to RM601,837 comprising 311,837 ordinary shares and 290,000 RCNCPS.

Immediately following the allotment and issuance of the Subscription Shares to the NCI, the Company transferred the 290,000 RCNCPS to CSE, an existing shareholder of H2E, as part of an internal restructuring (the "**Transfer**").

Immediately following the Transfer, CSE has issued a notice of conversion to H2E to convert all the 290,000 RCNCPS in the capital of H2E held by CSE at the conversion rate of 1 ordinary share for every RM1.00 paid on the RCNCPS into 290,000 new ordinary shares (the "**New Ordinary Shares**").

**14. Investments in subsidiaries (cont'd)**

(e) Increase in paid up share capital of H2E (cont'd)

Immediately following the allotment and issuance of the New Ordinary Shares, CSE and the NCI have increased their respective investments in the capital of H2E (the "**Additional Investment**") by subscribing for an additional 195,100 Ordinary Shares and 203,063 Ordinary Shares at RM1.00 per ordinary share, respectively (collectively, the "**Additional Subscription Shares**").

Following the allotment and issuance of the Additional Subscription Shares:

(i) the capital of H2E has increased from RM601,837 comprising 601,837 Ordinary Shares to RM1,000,000 comprising 1,000,000 ordinary shares; and

(ii) CSE holds 490,000 Ordinary Shares in H2E (representing 49% of its issued share capital) and the NCI holds the remaining 510,000 Ordinary Shares in H2E (representing the remaining 51% of its issued share capital).

In this regard, there has not been a change in the Group's effective shareholding in H2E.

| | **CSE** | **NCI shareholder** |
|---|---|---|
| | **RM** | **RM** |
| At 1 January 2022 | 4,900 | 5,100 |
| Allotment of shares | – | 301,837 |
| Issuance of New Ordinary Shares | 290,000 | – |
| Additional Subscription Shares | 195,100 | 203,063 |
| **At 31 December 2022** | **490,000** | **510,000** |

Total ordinary shares of H2E issued to NCI shareholder is RM504,900 (equivalents to $163,000).

**15. Financial assets at fair value through profit or loss**

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| *Current* | | | | |
| Quoted equity investments on the SGX-ST | **–** | – | **–** | – |
| Unquoted securities | **–*** | –* | **–*** | 96 |
| | **–*** | –* | **–*** | 96 |
| *Non-current* | | | | |
| Quoted equity investments on the SGX-ST | **–** | 3 | **–** | – |
| | **–*** | 3 | **–*** | 96 |

*Amount less than $1,000

In 2021, the Group recognised a fair value loss on the quoted equity securities of $5,000 against the last traded prices as at 31 December 2021.

The Company subscribed for 290,000 Redeemable Convertible Non-Cumulative Preference Shares ("**RCNCPS**") amounting to $96,000 (RM290,000) in a subsidiary, H2E. On 29 July 2022, the RCNCPS had been transferred to CSE and converted into fully paid ordinary shares at RM1 per share of H2E.

## 16. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| *Current* | | | | |
| Trade receivables - third parties | **3,195** | 2,098 | **–** | – |
| Less: Allowance for impairment [Note 33(b)] | **(25)** | (21) | **–** | – |
| | **3,170** | 2,077 | **–** | – |
| Other receivables: | | | | |
| - A director of the subsidiary | **–** | 7 | **–** | 7 |
| - A former subsidiary (GPE) | **300** | 300 | **300** | 300 |
| - Other receivables | **8** | – | **–** | – |
| | **308** | 307 | **300** | 307 |
| Loans to: | | | | |
| - A former subsidiary (GPE) | **2,910** | 2,847 | **2,910** | 2,847 |
| - A former corporate shareholder of a subsidiary | **4** | 24 | **–** | – |
| Less: Allowance for impairment [Note 33(b)] | **(4)** | – | **–** | – |
| | **2,910** | 2,871 | **2,910** | 2,847 |
| Advances to: | | | | |
| - Subsidiaries | **–** | – | **383** | 132 |
| - Former subsidiaries | **–** | – | **–** | 11 |
| Less: Allowance for impairment [Note 33(b)] | **–** | **–** | **–** | (11) |
| | **–** | **–** | **383** | 132 |
| Consideration due from disposal of a subsidiary (GPE) from Ms Chong Shin Mun | **1,158** | 1,089 | **1,158** | 1,089 |
| Less: Allowance for impairment [Note 33(b)] | **(933)** | (933) | **(933)** | (933) |
| | **225** | 156 | **225** | 156 |
| Other recoverable | **150** | 150 | **150** | 150 |
| Less: Allowance for impairment [Note 33(b)] | **(150)** | (150) | **(150)** | (150) |
| | **–** | – | **–** | – |
| Lease receivables [Note 27(b)] | **–** | – | **61** | 104 |
| Security deposits | **69** | 200 | **23** | 23 |
| GST receivables | **10** | 13 | **2** | 9 |
| Tax recoverables | **44** | 36 | **–** | – |
| Advance billings from suppliers | **5,155** | 941 | **–** | – |
| Prepayments | **56** | 84 | **6** | 14 |
| | **5,334** | 1,274 | **92** | 150 |
| | **11,947** | 6,685 | **3,910** | 3,592 |

**16. Trade and other receivables (cont'd)**

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| *Non-current* | | | | |
| Lease receivables [Note 27(b)] | **–** | – | **–** | 61 |
| Loan to a subsidiary | **–** | – | **–** | 162 |
| | **–** | – | **–** | 223 |

*Trade receivables*

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

*Other receivables due from a director of the subsidiary*

Other receivables due from a director of the subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

*Other receivables due from a former subsidiary (GPE)*

The amount due from a former subsidiary, GPE Power Systems (M) Sdn Bhd ("**GPE**") relates to management fee, is unsecured, interest-free and repayable on demand.

*Loan to a former subsidiary (GPE)*

The current amount of $2,910,000 (2021: $2,847,000) being loan to a former subsidiary, is unsecured and bears an interest rate of 8% (2021: 8%) per annum.

*Loan to a former corporate shareholder of a subsidiary*

Loan to a former corporate shareholder of a subsidiary is unsecured, interest-free and repayable on demand.

*Advances to subsidiaries*

Advances to subsidiaries are unsecured, interest-free and repayable on demand.

*Consideration due from disposal of a subsidiary (GPE) from Ms Chong Shin Mun (the "**Purchaser**")*

In 2018, the Group disposed its entire equity interest in GPE for a cash consideration of $2,000,000 to a director of GPE, Ms Chong Shin Mun. As at 31 December 2022, the gross receivables of $1,158,000 from Ms Chong comprised the extension fees and Fourth Tranche amounting to $175,000 and $810,000 respectively with accrued interest of $173,000 (31 December 2021: $1,089,000 which comprised the extension fees and Fourth Tranche amounting to $115,000 and $850,000 respectively with accrued interest of $124,000).

Balance consideration (including interest and other costs, charges and expenses incurred by the Company) due from the disposal of the subsidiary is secured against:

(a) a charge over 21,875 ordinary shares, fully paid, of Seri Beskaya Sdn. Bhd. ("**SBSB**"), a private limited company representing 14.58% of its entire share capital, held by a related party of the Purchaser, Tan Yock Chew; and

(b) a personal guarantee by Tan Yock Chew in favour of the Company.

## 16. Trade and other receivables (cont'd)

*Consideration due from disposal of a subsidiary (GPE) from Ms Chong Shin Mun (the "**Purchaser**") (cont'd)*

In 2019,

- The Purchaser defaulted on the Fourth Tranche consideration amount of $1,000,000;
- Certain rights of control and sale of 697,330,000 Company's shares owned by the Purchaser ("**Controlled Shares**") were received towards satisfying the balance of Third Tranche consideration and interest; and
- The Group received approximately $420,000 from the sale of controlled shares of 420,000,000 as partial settlement of the balance outstanding.

In 2020,

- The Group received 50,000,000 further controlled shares ("**Further Controlled Shares**") from the Purchaser to satisfy the outstanding amount under the Third Tranche consideration as at 31 December 2019;
- The Group received approximately $250,000 from the sale of 250,000,000 Controlled and Further Controlled Shares;
- On 2 March 2020, a Third Supplemental Letter agreement was entered between the Company and the Purchaser where the Purchaser shall:
    - (i) pay a sum of $50,000 as part payment of the Fourth Tranche Consideration;
    - (ii) continue to pay interest on the Fourth Tranche Consideration;
    - (iii) pay further sum of $5,000 as an extension fee monthly in addition to (i) and (ii) above, commencing from the month of February 2020;
- On 30 April 2020, the Company and the Purchaser entered into a letter agreement ("**Settlement Agreement**") with the Purchaser and Tan Yock Chew (the "**Guarantor**") with the following key terms:
    - (i) in the event of default in repayment of the Fourth Tranche Consideration, the Company shall be entitled the rights to enforce the share charge and to have the 21,875 ordinary shares of SBSB;
    - (ii) the Company shall be granted with a put option to require the Guarantor and/or the Purchaser to purchase back SBSB shares from the Company;
    - (iii) the Purchaser shall procure SBSB to enter into a deed of assignment of proceeds whereby SBSB shall assign unto the Company 50% of SBSB's rights, title, interest, benefit, advantages and remedies which SBSB may have in under or arising out of the sale of all, or any, of the production lines currently housed in a factory lot including all the sale proceeds thereof and other monies payable or to become payable thereunder as satisfaction of the outstanding Fourth Tranche Consideration, accrued interest, extension fees and all other costs; and
    - (iv) the Purchaser and Guarantor shall continue to be liable to the Company for the shortfall amount after (i) to (iii) above under the Settlement Agreement, which shall be immediately payable on demand.
- On 23 June 2020, the Company and Purchaser entered into further definitive agreements under which the Purchaser granted certain rights of control and sale to the Company in respect of 62,670,000 ("**Further Controlled Shares**") shares held by the Purchaser in the Company.
- $933,000 of allowance of impairment loss was recognised in the Group's and the Company's profit or loss for the estimated amount with uncertainty over its recoverability, after considering the cash flows that are expected to be recovered through the potential sale of the remaining Controlled Shares and Further Controlled Shares of 140,000,000 shares valued at $140,000.

## 16. Trade and other receivables (cont'd)

*Consideration due from disposal of a subsidiary (GPE) from Ms Chong Shin Mun (the "**Purchaser**") (cont'd)*

In 2021,

- On 20 October 2021, The Purchaser had completed the transfer of 37,330,000 Controlled Shares under the 27 June 2019 Share Charge, 50,000,000 Further Controlled Shares under the 12 December 2019 Share Charge, and 12,670,000 Further Controlled Shares under the 9 March 2020 Share Charge to an independent third-party investor;

- The Group had received a total of $100,000 from the said sale of Controlled Shares and Further Controlled Shares, and the same has been applied towards part payment of the outstanding Fourth Tranche Consideration owed by the Purchaser.

In 2022,

- On 26 July 2022, the Purchaser has completed the transfer of the remaining 40,000,000 Controlled Shares under the 27 June 2019 Share Charge to an independent third-party investor for a consideration of $40,000.

*Loan to a subsidiary*

During the financial year, the loan to a subsidiary was fully repaid.

## 17. Deferred tax liabilities

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| At beginning of the financial year | **22** | 42 |
| Transfer to profit or loss (Note 9) | **(3)** | (21) |
| Translation difference | **(3)** | 1 |
| At end of the financial year | **16** | 22 |
| Representing: | | |
| Deferred tax liabilities (Non-current) | **16** | 22 |

Deferred tax liabilities provided for as at the end of the financial year are related to the following:

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Accelerated tax depreciation | **(10)** | (10) |
| Other temporary differences | **26** | 32 |
| | **16** | 22 |

Deferred tax liabilities of $36,000 (2021: $39,000) have not been recognised for withholding and other taxes that will be payable on the earnings of an overseas subsidiary when remitted to the holding company as the Group has determined that the undistributed earnings of its subsidiary will not be distributed in the foreseeable future. These unremitted earnings are permanently re-invested and amounted to $382,000 (2021: $393,000) at the end of the financial year.

## 18. Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Cash at bank and on hand | **1,430** | 736 | **46** | 65 |

## 19. Fixed deposits

The fixed deposits are pledged to banks as securities for banking facilities such as importing line comprising letter of credit, trust receipts and banker's guarantee.

The fixed deposits have maturity periods ranging from 1 to 38 months (2021: 1 to 46 months) from the end of the financial year with interest rates ranging from 0.2% to 2.5% (2021: 0.2% to 5.0%) per annum.

## 20. Inventories

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Trading goods | **291** | 422 |
| Goods in transit | **10** | 127 |
| | **301** | 549 |

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $11,080,000 (2021: $4,599,000).

## 21. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| *Current* | | | | |
| Trade payables | **1,706** | 1,667 | **–** | – |
| Amounts due to subsidiaries | **–** | – | **2,794** | 2,298 |
| Amounts due to directors of the Company | **1,868** | 1,094 | **1,868** | 1,094 |
| Amounts due to directors of subsidiaries | **411** | 334 | **–** | – |
| Amount due to former corporate shareholder of a subsidiary | **–** | 20 | **–** | – |
| Other payables | **942** | 1,017 | **882** | 947 |
| Accrued purchases | **151** | 19 | **–** | – |
| Accrued operating expenses | **265** | 291 | **152** | 152 |
| Provision for unutilised leave | **50** | 49 | **22** | 16 |
| GST payables | **–** | 74 | **–** | – |
| Withholding tax payables | **543** | 114 | **141** | 113 |
| Total | **5,936** | 4,679 | **5,859** | 4,620 |

Trade and other payables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due to subsidiaries are non-trade in nature, unsecured, repayable on demand and interest-free.

**21. Trade and other payables (cont'd)**

Amounts due to directors of the Company, directors of subsidiaries and former corporate shareholder of a subsidiary are non-trade in nature, unsecured, repayable on demand and interest-free.

During the financial year 2020, the Company entered into a settlement agreement with the former employee to settle the amount of $300,000, in twenty-one equal monthly instalments started from 1 April 2020. As at 31 December 2022, the amount payable to the former employee had been fully paid.

Included in amount due to directors of the Company is an amount of $654,000 (2021: $508,000) being outstanding directors' fees for the financial years ended 31 December 2018, 2019, 2020, 2021 and 2022 (2021: 31 December 2018, 2019, 2020 and 2021).

Included in other payables is an amount of $123,000 (2021: $123,000) due to a law firm where one of the former director is an equity partner.

**22. Borrowings**

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| *Current* | | | | |
| Bank loans | | | | |
| - Term Loan - 5.1% above bank base lending rate (2021: 5.1% above bank base lending rate) per annum ("**p.a**") | **8** | 8 | **–** | – |
| - Temporary bridging loan - 2.5% p.a (2021: 2.5% p.a.) | **323** | 315 | **–** | – |
| | **331** | 323 | **–** | – |
| Loan from a third party I | **33** | 188 | **–** | – |
| Loan from a third party II - 17% per month | **174** | – | **–** | – |
| Loan from a third party III - 5% per six months | **137** | – | **–** | – |
| Loan from director of a subsidiary | **51** | – | **–** | – |
| Lease liabilities | **121** | 193 | **105** | 186 |
| | **847** | 704 | **105** | 186 |
| *Non-current* | | | | |
| Bank loans | | | | |
| - Term Loan - 5.1% above bank base lending rate (2021: 5.1% above bank base lending rate) p.a | **37** | 48 | **–** | – |
| - Temporary bridging loan - 2.5% p.a | **570** | 881 | **–** | – |
| | **607** | 929 | **–** | – |
| Lease liabilities | **11** | 107 | **6** | 96 |
| | **618** | 1,036 | **6** | 96 |
| Total borrowings | **1,465** | 1,740 | **111** | 282 |

## 22. Borrowings (cont'd)

*Bank loans*

The bank loans of the Group are secured by:

(i) legal mortgage over the Group's fixed deposits (Note 19);

(ii) legal mortgage over the Group's leasehold properties under the right-of-use assets (Note 12);

(iii) corporate guarantee by the Company; and

(iv) personal guarantee from the directors of the subsidiaries.

*Loan from a third party I*

Loan from third parties is unsecured, interest-free and repayable in 6 months effective from 23 December 2021. The amount has been fully repaid subsequent to the end of the financial year.

*Loan from a third party II*

Loan from a third party is unsecured, carries interest rate of 17% per month and repayable in 1 month effective from 18 January 2022. Interest expenses of $177,000 was charged and paid by the Group subsequent to maturity date of 18 Febraury 2022. The amount has been fully repaid subsequent to the end of the financial year.

*Loan from a third party III*

Loan from a third party is unsecured, carries fixed interest rate of 5% and repayable in 6 months effective from 24 June 2022. The amount has been fully repaid subsequent to the end of the financial year.

*Determination of fair value of borrowings*

The carrying amount of borrowings approximated its fair value at the end of the respective financial year.

Based on discounted cash flows using market lending rate for similar borrowings which the management expected would be available to the Group at the end of the respective financial year, the fair value of the non-current borrowings (excluding lease liabilities) at the end of the respective financial year approximated its carrying value as there were no significant changes in the interest rate available to the Group at the end of the respective financial year. This fair value measurement was categorised within Level 3 of the fair value hierarchy.

*Reconciliation of movements of liabilities to cash flow arising from financing activities:*

| | Bank loans $'000 | Loan from a third party $'000 | Lease liabilities $'000 | Total $'000 |
|---|---|---|---|---|
| At 1 January 2022 | 1,252 | 188 | 300 | 1,740 |
| Additions | – | – | 49 | 49 |
| Disposals | – | – | (1) | (1) |
| Changes from financing cash flows: | | | | |
| - Proceeds | – | 356 | – | 356 |
| - Repayments | (323) | (160) | (215) | (698) |
| - Interest paid | (28) | (188) | (7) | (223) |
| Non-cash changes: | | | | |
| - Interest expense | 41 | 194 | 7 | 242 |
| - Effect of changes in foreign exchange rates | (3) | 4 | (1) | – |
| At 31 December 2022 | **939** | **394** | **132** | **1,465** |

## 22. Borrowings (cont'd)

*Reconciliation of movements of liabilities to cash flow arising from financing activities (cont'd):*

| | Bank loans $'000 | Loan from a third party $'000 | Lease liabilities $'000 | Total $'000 |
|---|---|---|---|---|
| At 1 January 2021 | 1,365 | 150 | 504 | 2,019 |
| Additions | – | – | 12 | 12 |
| Change from financing cash flows: | | | | |
| - Proceeds | – | 188 | – | 188 |
| - Repayments | (111) | (136) | (203) | (450) |
| - Interest paid | (35) | (12) | (8) | (55) |
| - Write off | – | – | (4) | (4) |
| Non-cash changes: | | | | |
| - Interest expense | 35 | – | 8 | 43 |
| - Rent concession | – | – | (8) | (8) |
| - Effect of changes in foreign exchange rates | (2) | (2) | (1) | (5) |
| At 31 December 2021 | 1,252 | 188 | 300 | 1,740 |

## 23. Provision for employee benefits

| | Group | |
|---|---|---|
| | **2022 $'000** | 2021 $'000 |
| Provision for employee benefits | **71** | 94 |

Provision for employee benefits relates to the Group's estimated liabilities for employee benefits under the Group's Indonesian operating entity. The principal actuarial assumptions used to estimate liabilities for employee benefits under defined benefits plans are based on independent actuarial report of PT Kompujasa Aktuaria Indonesia.

The movements in the provision for employee benefits are as follows:

| | Group | |
|---|---|---|
| | **2022 $'000** | 2021 $'000 |
| At 1 January | **94** | 94 |
| Current service costs | **6** | 6 |
| Past service – vested | **(9)** | (22) |
| Interest expense (Note 7) | **5** | 6 |
| Actuarial (gain)/loss | **(12)** | 14 |
| Contributions by employer | **(4)** | – |
| Translation differences | **(9)** | (4) |
| At 31 December | **71** | 94 |

## 24. Contract liabilities

Contract liabilities relate to advance consideration received from customers and deferred income. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities from contracts with customers.

| | Group | | |
|---|---|---|---|
| | **2022** | 2021 | 1.1.2021 |
| | **$'000** | $'000 | $'000 |
| Trade receivables from contracts with customers | **3,170** | 2,077 | 2,389 |
| Contract liabilities | **6,755** | 985 | 749 |

Significant changes in the contract liabilities balances during the financial year are as follows:

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | **985** | 749 |
| Revenue recognised during the financial year | **(985)** | (749) |
| Increases due to advances received and deferred income, excluding amounts recognised as revenue during the financial year | **6,755** | 985 |
| | **6,755** | 985 |

## 25. Share capital

| | Group and Company | | | |
|---|---|---|---|---|
| | **2022** | | 2021 | |
| | **Number of shares '000** | **Issued share capital $'000** | Number of shares '000 | Issued share capital $'000 |
| *Issued and fully paid* | | | | |
| At beginning of the financial year | **16,674,767** | **68,459** | 16,674,767 | 68,459 |
| Issuance of ordinary shares | **300,000** | **300** | – | – |
| At end of the financial year | **16,974,767** | **68,759** | 16,674,767 | 68,459 |
| Less: | | | | |
| Share issue expenses | | | | |
| At beginning and end of the financial year | **–** | **(658)** | – | (658) |
| Net | **16,974,767** | **68,101** | 16,674,767 | 67,801 |

**25. Share capital (cont'd)**

*The Company has only one class of ordinary shares*

The equity holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction. The ordinary shares have no par value.

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

*Annica Performance Share Plan and the Annica Employee Share Option Scheme (collectively, the "**Schemes**")*

The aggregate number of ordinary shares of the Company that may be issued under the Schemes or any other share option or share scheme of the Company then in force shall not exceed 15% of the total number of issued ordinary shares of the Company from time to time. On 27 December 2018, the Company granted 42,500,000 ESOS Option under Annica Employee Share Option Scheme. The ESOS Option granted has a life span of ten years (28 December 2019 to 27 December 2028).

Other than the lapsed of 12,500,000 ESOS Options in 2021, none of the ESOS Option was exercised as at the end of the financial year.

The fair value of the Company's ESOS Options as at the date of grant is computed using the Black-Scholes model, taking into account the terms and conditions upon which the ESOS Options were granted.

The Annica Performance Share Plan had fully vested as of the date of their issue on 27 December 2018 whereas the ESOS Option had fully vested on 28 December 2019.

On 19 August 2022, the Company granted 300,000,000 new ordinary shares ("**Share Awards 2022**") under the Share Plan to the persons as set out in the table below:

| Name | Date of Award | Number of Shares awarded | Vesting Date |
|---|---|---|---|
| Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin | 19 August 2022 | 150,000,000 | 19 August 2022 |
| Muhammad Hatta Bin Sukarni[(1)] | 19 August 2022 | 50,000,000 | 19 August 2022 |
| Woon Ching Chuen | 19 August 2022 | 30,000,000 | 19 August 2022 |
| Other employees | 19 August 2022 | 70,000,000 | 19 August 2022 |

(1) Mr. Muhammad Hatta Bin Sukarni is the director of H2 Energy Sdn. Bhd..

The Share Awards 2022 issued under the Share Plan are new ordinary shares, ranking pari passu with all other issued ordinary shares of the Company. The Share Awards 2022 have vested as of the date of their issue on 19 August 2022. The Share Awards 2022 granted under the Share Plan entitled the recipients set out above to new ordinary shares issued by the Company.

***Movement during the year***

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year (excluding Annica Performance Share Plan):

| | **2022 Number** | **2022 WAEP** | 2021 Number | 2021 WAEP |
|---|---|---|---|---|
| Outstanding at 1 January | **30,000,000** | **$0.001** | 42,500,000 | $0.001 |
| Forfeited during the year | – | – | (12,500,000) | $0.001 |
| Outstanding at 31 December | **30,000,000** | **$0.001** | 30,000,000 | $0.001 |
| Exercisable at 31 December | **30,000,000** | **$0.001** | 30,000,000 | $0.001 |

## 25. Share capital (cont'd)

***Movement during the year (cont'd)***

The inputs to the model used are shown below:

| **Date of grant** | **27 December 2018** |
|---|---|
| Share price | $0.001 |
| Exercise price | $0.001 |
| Expected volatility | 156.12% |
| Expected option life | 5 |
| Risk-free interest rate | 2.04% |

The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The expected ESOS Option life used is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. No other features of the option were incorporated into the measurement of fair value.

## 26. Other reserves

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| **Composition** | | | | |
| Capital reserve | **(1,337)** | (1,337) | **89** | 89 |
| Foreign currency translation reserve | **(704)** | (486) | **–** | – |
| | **(2,041)** | (1,823) | **89** | 89 |
| **Movements** | | | | |
| *Capital reserve* | | | | |
| At beginning of the financial year | **(1,337)** | (1,334) | **89** | 89 |
| Acquisition of non-controlling interest | **–** | (3) | **–** | – |
| At end of the financial year | **(1,337)** | (1,337) | **89** | 89 |
| *Foreign currency translation reserve* | | | | |
| At beginning of the financial year | **(486)** | (412) | **–** | – |
| Net currency translation differences of financial statements of foreign subsidiaries | **(218)** | (74) | **–** | – |
| At end of the financial year | **(704)** | (486) | **–** | – |

Capital reserve comprises an excess of the cost of the acquisition over the proportionate amount of the carrying amount of (i) the net assets of the acquired non-controlling 22% interest in IES amounted to $117,000 during the financial year ended 31 December 2016; (ii) the net assets of the acquired non-controlling 40% interest in P.J. Services Pte. Ltd. amounted to $1,389,000 during the financial year ended 31 December 2011; and (iii) the net liabilities of the acquired non-controlling 49% interest in CSS amounted to $3,000 during the financial year ended 31 December 2021.

Capital reserve also comprises share option application monies of $50,000; capitalisation of accumulated profits for the issue of bonus shares of $83,000 and ESOS expenses of $39,000.

**26. Other reserves (cont'd)**

Exchange differences relating to the translation of the financial statements of foreign subsidiaries from functional currencies into Singapore dollar are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserve.

Other reserves are non-distributable.

**27. Leases**

**a) The Group as a lessee**

***Nature of the Group's leasing activities***

The Group's leasing activities comprise the following:

i) The Group leases warehouse and offices, corporate apartment and office equipment from non-related parties. The leases have an average tenure of between 2 - 5 years.

ii) The Group's leasehold properties included in property, plant and equipment were reclassified to right-of-use assets as at 1 January 2019 upon adoption of SFRS(I) 16. The lease is for 99 years from 1995.

iii) In addition, the Group leases offices with contractual terms of 12 months. The lease is short-term. The Group has elected not to recognised right-of-use asset and lease liability for the lease.

The maturity analysis of the lease liabilities is disclosed in Note 33(c).

Information about leases for which the Group is a lessee is presented below:

*Amounts recognised in profit or loss*

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| *Depreciation charge for the financial year* | | | | |
| Leasehold properties | **5** | 5 | – | – |
| Warehouse and office | **166** | 189 | **59** | 58 |
| Corporate apartment | **35** | 33 | **35** | 33 |
| Office equipment | **7** | 7 | **2** | 2 |
| | **213** | 234 | **96** | 93 |
| *Lease expense not included in the measurement of lease liabilities* | | | | |
| Lease expense - short-term leases (Note 8) | **98** | 97 | **6** | – |
| Interest expense on lease liabilities (Note 7) | **7** | 8 | **6** | 3 |

Total cash flows for the Group's and the Company's leases amounted to $222,000 (2021: $211,000) and $171,000 (2021: $195,000).

## 27. Leases (cont'd)

### b) The Company as a lessor

*Nature of the Company's leasing activities - Company as a lessor*

The Company leases warehouse and office space from a non-related party and sub-leases the warehouse and office space to its subsidiaries. The leases have a tenure of 3 years and there are no extension or escalation clauses in the lease agreement. The Company's sub-leases of warehouse and office space are classified as finance leases as the terms of the sub-leases transfer substantially all the risks and rewards of ownership to the subsidiaries.

Right-of-use asset relating to the head lease with sub-leases classified as finance lease is derecognised. The net receivables relating to sub-leases are recognised under "Lease receivables" and is presented within "Trade and other receivables" (Note 16) in the statements of financial position. Finance income on lease receivables during the financial year is $2,000 (2021: $4,000).

Information about the lease receivables is presented below:

| | Company | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Within one year | **61** | 106 |
| After one year but not more than 5 years | **–** | 61 |
| Total undiscounted lease receivables | **61** | 167 |
| Less: unearned finance income | **–*** | (2) |
| **Net lease receivables** | **61** | 165 |
| Non-current | **–** | 61 |
| Current | **61** | 104 |
| **Total lease receivables included in trade and other receivables (Note 16)** | **61** | 165 |

* Amount less than $1,000

## 28. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

*Guarantees*

The Company has provided corporate guarantees of $892,000 (2021: $1,196,000) to a bank for bank loans of $892,000 (2021: $1,196,000) drawdown by its subsidiaries as at 31 December 2022.

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

## 29. Significant related party transactions

Some of the Group's and the Company's transactions and arrangements are between entities of the Group and with related parties, the effects of which, on basis determined between the parties, are reflected in these consolidated financial statements. The balances with these parties are unsecured, interest-free and repayable on demand unless stated otherwise.

In addition to the information disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties:

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| **Within related party - director of a subsidiary** | | |
| Subscription of ordinary shares of a subsidiary | **163** | – |
| **With a director of the Company** | | |
| Advances from | **518** | –* |
| **With a director of the subsidiary** | | |
| Interest income | **1** | 3 |

*Amount less than $1,000

## 30. Discontinued Operation

During the financial year, the Group has struck off its entire shareholding interest in Nu-Haven Incorporated and Avital Enterprises Limited (collectively, the "**BVI Subsidiaries**").

In accordance with SFRS(I) 5 "Non-Current Assets Held for Sale and Discontinued Operations", the results and cashflows for the Group for the current financial year are presented separately as continuing operations and discontinued operations following the disposal of BVI Subsidiaries.

The disposal group was previously presented under "Investment and Others" reportable segment of the Group (Note 32).

(a) An analysis of the results of discontinued operation is as follows:

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Revenue | **–** | – |
| Cost of sales | **–** | – |
| Gross Profit | **–** | – |
| Expenses | **–*** | (3) |
| Loss before tax from discontinued operations | **–** | (3) |
| Income tax expense | **–** | – |
| Profit/(Loss) before tax from discontinued operations | **–*** | (3) |
| Profit on disposal of the discontinued operations | **50** | – |
| Profit/(Loss) from discontinued operation, net of tax | **50** | (3) |

**30. Discontinued Operation (cont'd)**

(b) An analysis of the results of discontinued operation is as follows:

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Operating cashflows | **–*** | – |
| Financing cashflows | **–** | – |
| Total cash (outflows)/inflows | **–*** | – |

*Amount less than $1,000

The carrying amounts of the assets and liabilities of the BVI Subsidiaries at the date of disposal are disclosed at Note 31.

**31. Striking off subsidiaries**

As disclosed in Note 30 to the financial statements, the Company has completed struck off of the BVI Subsidiaries during the financial year ended 31 December 2022.

Effect of striking off subsidiaries on the consolidated statement of financial position are:

| | **2022** |
|---|---|
| | **$'000** |
| Non-current assets | |
| Financial assets at fair value through profit or loss | **3** |
| Current assets | |
| Cash and cash equivalents | **–** |
| Trade and other receivables | **2** |
| | **2** |
| Current liabilities | |
| Trade and other payables | **55** |
| Net liabilities derecognised | **(50)** |
| Consideration received | **–** |
| Net liabilities derecognised | **(50)** |
| Gain on disposal of a subsidiary (Note 30) | **(50)** |

| | **2022** |
|---|---|
| | **$'000** |
| Net cash inflow arising on disposal: | |
| Cash consideration received | **–** |
| Cash and bank balances disposed of | **–*** |
| | **–*** |

* Amount less than $1,000

The impact of disposal of the Disposal Group on the Group's results and cash flows are disclosed in Note 30.

## 32. Segment information

The Group is organised into business units based on its products and services for management purposes. The reportable segments are engineering services, oil and gas equipment and investments and others. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

The segment information provided to management for the reportable segments are as follows:

*Business Segments*

| | Engineering services $'000 | Oil and gas equipment $'000 | Investments and others $'000 | Elimination $'000 | Continuing operations $'000 | Discontinued operations $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **For the financial year ended 31 December 2022** | | | | | | | |
| **Revenue** | | | | | | | |
| External sales | 1,187 | 13,800 | – | – | 14,987 | – | 14,987 |
| **Results** | | | | | | | |
| Segment results | (181) | 489 | (1,920) | – | (1,612) | 50 | (1,562) |
| Interest income | – | 6 | 205 | (2) | 209 | – | 209 |
| Interest expense | (10) | (233) | (6) | 2 | (247) | – | (247) |
| Profit/(Loss) before income tax | (191) | 262 | (1,721) | – | (1,650) | 50 | (1,600) |
| Income tax | – | (77) | – | – | (77) | – | (77) |
| Profit/(Loss) for the financial year | **(191)** | **185** | **(1,721)** | – | **(1,727)** | **50** | **(1,677)** |
| **Other information** | | | | | | | |
| Capital expenditure | – | 169 | 30 | – | 199 | – | 199 |
| Depreciation of property, plant and equipment | – | 141 | 54 | – | 195 | – | 195 |
| Depreciation of right of use asset | – | 117 | 96 | – | 213 | – | 213 |
| Impairment loss on trade and other receivables | 8 | – | – | – | 8 | – | 8 |
| Government grant | – | – | 7 | – | 7 | – | 7 |
| **Assets** | | | | | | | |
| Non-current assets | – | 557 | 117 | – | 674 | – | 674 |
| Other segment assets | 444 | 13,001 | 6,191 | (5,485) | 14,151 | – | 14,151 |
| Consolidated total assets | **444** | **13,558** | **6,308** | **(5,485)** | **14,825** | **–** | **14,825** |
| **Liabilities** | | | | | | | |
| Segment liabilities | 677 | 9,240 | 6,422 | (3,577) | 12,762 | – | 12,762 |
| Borrowings | 222 | 1,193 | 111 | (61) | 1,465 | – | 1,465 |
| Tax payable | – | – | – | – | – | – | – |
| Deferred tax liabilities | – | 16 | – | – | 16 | – | 16 |
| Consolidated total liabilities | **899** | **10,449** | **6,533** | **(3,638)** | **14,243** | **–** | **14,243** |

## 32. Segment information (cont'd)

*Business Segments (cont'd)*

| | Engineering services $'000 | Oil and gas equipment $'000 | Investments and others $'000 | Elimination $'000 | Continuing operations $'000 | Discontinued operations $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **For the financial year ended 31 December 2021** | | | | | | | |
| **Revenue** | | | | | | | |
| External sales | 759 | 6,896 | – | – | 7,655 | – | 7,655 |
| **Results** | | | | | | | |
| Segment results | (308) | 245 | (1,447) | 297 | (1,213) | (3) | (1,216) |
| Interest income | – | 11 | 218 | (4) | 225 | – | 225 |
| Interest expense | (9) | (37) | (7) | 4 | (49) | – | (49) |
| Profit/(Loss) before income tax | (317) | 219 | (1,236) | 297 | (1,037) | (3) | (1,040) |
| Income tax | (6) | (84) | – | – | (90) | – | (90) |
| Profit/(Loss) for the financial year | (323) | 135 | (1,236) | 297 | (1,127) | (3) | (1,130) |
| **Other information** | | | | | | | |
| Capital expenditure | 4 | 53 | 4 | – | 61 | – | 61 |
| Depreciation of property, plant and equipment | 13 | 127 | 54 | – | 194 | – | 194 |
| Depreciation of right-of-use assets | 27 | 114 | 93 | – | 234 | – | 234 |
| Fair value loss on financial assets at fair value through profit or loss | – | – | 5 | – | 5 | – | 5 |
| Impairment loss on property, plant and equipment and right-of-use assets | 65 | – | – | – | 65 | – | 65 |
| Impairment loss on trade and other receivables | 21 | 31 | – | (31) | 21 | – | 21 |
| Bad debt recovered | – | 30 | – | – | 30 | – | 30 |
| Job Support Scheme grant income | 6 | 126 | 11 | – | 143 | – | 143 |
| **Assets** | | | | | | | |
| Non-current assets | – | 672 | 238 | – | 910 | – | 910 |
| Other segment assets | 605 | 6,811 | 6,352 | (5,147) | 8,621 | 6 | 8,627 |
| Consolidated total assets | 605 | 7,483 | 6,590 | (5,147) | 9,531 | 6 | 9,537 |
| **Liabilities** | | | | | | | |
| Segment liabilities | 547 | 3,007 | 5,025 | (2,877) | 5,702 | 56 | 5,758 |
| Borrowings | 320 | 1,303 | 444 | (327) | 1,740 | – | 1,740 |
| Tax payable | 2 | 1 | – | – | 3 | – | 3 |
| Deferred tax liabilities | – | 22 | – | – | 22 | – | 22 |
| Consolidated total liabilities | 869 | 4,333 | 5,469 | (3,204) | 7,467 | 56 | 7,523 |

## 32. Segment information (cont'd)

*Geographical information*

The following table shows the revenue, the carrying amounts of segment total assets and non-current assets analysed by geographical information:

| | Revenue | | Segment total assets | | Non-current assets | |
|---|---|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| Singapore | **2,567** | 1,406 | **5,613** | 4,710 | **181** | 446 |
| Malaysia | **9,602** | 4,530 | **6,704** | 3,367 | **250** | 269 |
| Indonesia | **1,861** | 1,028 | **1,538** | 1,072 | **133** | 131 |
| Brunei | **957** | 691 | **970** | 388 | **110** | 67 |
| | **14,987** | 7,655 | **14,825** | 9,537 | **674** | 913 |

*Information about major customer*

Revenue of approximately $11,083,000 (2021: $1,107,000) are derived from 2 (2021: 2) external customers who individually contributed 10% or more of the Group's revenue reported under continuing operations. The details are as follows:

| | | **2022** | 2021 |
|---|---|---|---|
| | Attributable segments | **$'000** | $'000 |
| Customer 1 | Oil and gas equipment | **6,700** | 288 |
| Customer 2 | Oil and gas equipment | **4,383** | – |
| Customer 3 | Oil and gas equipment | **–** | 819 |
| | | **11,083** | 1,107 |

## 33. Financial instruments

***Categories of financial instruments***

Financial instruments at their carrying amounts at the end of the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Financial assets at fair value through profit or loss | **–*** | 3 | **–*** | 96 |
| Financial assets at amortised costs | **8,585** | 7,001 | **3,948** | 3,858 |
| | **8,585** | 7,004 | **3,948** | 3,954 |
| Financial liabilities, at amortised cost | | | | |
| - Trade and other payables | **6,808** | 4,442 | **5,696** | 4,491 |
| - Borrowings | **1,465** | 1,740 | **111** | 282 |
| | **8,273** | 6,182 | **5,807** | 4,773 |

*Amount less than $1,000

## 33. Financial instruments (cont'd)

***Financial risk management***

The Group's overall risk management framework is set by the directors of the Company which sets out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management approach seeks to minimise potential adverse effects on the financial performance of the Group.

There has been no change to the Group's exposure to these financial risks or the way in which it manages and measures financial risk. Market risk, credit risk and liquidity risk exposures are measured using sensitivity analysis indicated below.

### (a) Market risk

***Foreign exchange risk***

The Group operates in Asia with dominant operations in Singapore, Malaysia and Indonesia (2021: Singapore, Malaysia and Indonesia). Entities in the Group regularly transact in currencies other than their respective functional currencies ("**foreign currencies**") such as the United States dollar ("**USD**"), European dollar ("**EURO"**), British pound sterling ("**GBP**") and Singapore dollar ("**SGD**").

Currency risk arises when transactions are denominated in foreign currencies. To manage the currency risk, individual Group entities manage as far as possible by natural hedges of matching assets and liabilities.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. The Group's currency exposure based on the information provided to key management is as follows:

| | USD<br>$'000 | EURO<br>$'000 | GBP<br>$'000 | SGD<br>$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2022** | | | | |
| *Financial assets* | | | | |
| Cash and cash equivalents and fixed deposits | 462 | 3 | 1 | –* |
| Trade and other receivables | 713 | 750 | 74 | – |
| Intragroup receivables | 716 | 25 | 42 | 2,188 |
| | 1,891 | 778 | 117 | 2,188 |
| *Financial liabilities* | | | | |
| Trade and other payables | (1,243) | (439) | (80) | (61) |
| Intragroup payable | (621) | (25) | (42) | (210) |
| **Net financial assets/(liabilities) and net currency exposure** | **27** | **314** | **(5)** | **1,917** |

*Amount less than $1,000

**33. Financial instruments (cont'd)**

***Financial risk management (cont'd)***

**(a) Market risk (cont'd)**

***Foreign exchange risk (cont'd)***

| | USD $'000 | EURO $'000 | GBP $'000 | SGD $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2021** | | | | |
| *Financial assets* | | | | |
| Cash and cash equivalents and fixed deposits | 274 | 47 | 51 | 9 |
| Trade and other receivables | 658 | 23 | 163 | – |
| Intragroup receivables | 630 | – | 10 | 1,672 |
| | 1,562 | 70 | 224 | 1,681 |
| *Financial liabilities* | | | | |
| Trade and other payables | (979) | – | (127) | (1) |
| Intragroup payable | (398) | – | – | (210) |
| **Net financial assets and net currency exposure** | 185 | 70 | 97 | 1,470 |

**Group**

A 5% fluctuation in exchange rates, with all other variable held constant, will not have a significant impact on the Group's loss for the current and previous financial years.

**Company**

As at the end of the respective financial year, there is no currency risk exposure for the financial assets and liabilities as they are all denominated in the Company's functional currency.

***Price risk***

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified as fair value through profit or loss on the statements of financial position as at 31 December 2022 and 31 December 2021. These investments are quoted equity securities listed on the Singapore Exchange and unquoted securities. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The sensitivity analysis for price risk is not disclosed if prices for equity securities change by 10% (2021: 10%) with all other variables including tax being held constant, as the effect on profit or loss is considered not significant.

**33. Financial instruments (cont'd)**

***Financial risk management (cont'd)***

**(a) Market risk (cont'd)**

***Interest rate risk***

The Group's interest rate for short term bank deposits is fixed. The Company's interest rate for loan to subsidiaries is at fixed rate. For interest income from the fixed deposits, the Group manages the interest rate risks by placing fixed deposits with reputable financial institutions on varying maturities and interest rate terms. The debt obligations of the Group and the Company mainly pertain to its bank loans and lease liabilities are at fixed rates. The Group does not hedge its interest rate risk.

The Group and the Company ensures that it borrows at competitive interest rates under favourable terms and conditions.

Sensitivity analysis of the Group's and Company's interest rate risk exposures are not presented as the impact of an increase/decrease of 50 (2021: 50) basis points in interest rates are not expected to be significant.

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate exposure is significant in relation to the Group's total credit exposure. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("**ECL**"):

| **Description of evaluation of financial assets** | **Basis for recognition and measurement of ECL** |
|---|---|
| Counterparty has a low risk of default and does not have any past due amounts | 12-month ECL |
| Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition | Lifetime ECL - not credit-impaired |
| Contractual payments are more than 90 days past due or there is evidence of credit impairment | Lifetime ECL - credit-impaired |
| There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings | Write-off |

**33. Financial instruments (cont'd)**

***Financial risk management (cont'd)***

**(b) Credit risk (cont'd)**

*Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the the end of the reporting period with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the financial year. A financial instrument is determined to have low credit risk; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

*Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes. Where information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**33. Financial instruments (cont'd)**

***Financial risk management (cont'd)***

**(b) Credit risk (cont'd)**

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

*Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

*Maximum exposure and concentration of credit risk*

The Group's trade receivables comprise 3 debtors (2021: 2 debtors) that represented approximately 63% (2021: 63%) of the trade receivables as at the end of financial year.

The Group and the Company has significant other receivables due from a former subsidiary (GPE), loan to a former subsidiary and net receivable on the consideration due from the disposal of a subsidiary (GPE) from Ms Chong Shin Mun as disclosed in Note 16.

The credit risk on cash and cash equivalents is limited because the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies.

The Group and Company hold collateral on the outstanding receivable for the consideration due from the disposal of a subsidiary (GPE) from Ms Chong Shin Mun as disclosed in Note 16. Except for this collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the Group's and Company's statement of financial position, and the amount of $892,000 (2021: $1,196,000) relating to corporate guarantees given by the Company to banks for the subsidiaries' bank borrowing (Note 28).

*Trade receivables*

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables. The Group estimates the expected credit loss rates of the debtors based on multiple factors, including the age of the balances, recent payments, outlook of relevant economic environments and any other available information concerning the creditworthiness of each individual debtor. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

Based on the simplified approach for determining credit loss allowance for trade receivables as at 31 December 2022 and 31 December 2021, an allowance for impairment amounting to $25,000 (2021: $21,000) was recognised for credit-impaired receivables as a result of occurrence of credit impairment events.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic impact on the ability of the customers to settle the receivables.

**33. Financial instruments (cont'd)**

***Financial risk management (cont'd)***

**(b) Credit risk (cont'd)**

*Other financial assets at amortised cost*

Other financial assets at amortised costs are those as disclosed in Note 16 (except GST receivables, tax recoverables, advance billings from suppliers and prepayment), cash and cash equivalents and fixed deposits.

The table below details the credit quality of the Group's financial assets (other than trade receivables):

| **2022** | **12-month or lifetime ECL** | **Gross carrying amount $'000** | **Loss allowance $'000** | **Net carrying amount $'000** |
|---|---|---|---|---|
| Other receivables - former subsidiary (GPE) | Lifetime ECL | 300 | – | 300 |
| Loan to a former subsidiary (GPE) | Lifetime ECL | 2,910 | – | 2,910 |
| Loan to a former corporate shareholder of a subsidiary | Lifetime ECL | 4 | (4) | – |
| Consideration due from disposal of GPE from Ms Chong Shin Mun | Lifetime ECL | 1,158 | (933) | 225 |
| Other recoverable | Lifetime ECL | 150 | (150) | – |
| Security deposits | 12-month ECL | 69 | – | 69 |
| Cash and cash equivalents | N.A. Exposure Limited | 1,430 | – | 1,430 |
| Fixed deposits | N.A. Exposure Limited | 473 | – | 473 |

| **2021** | **12-month or lifetime ECL** | **Gross carrying amount $'000** | **Loss allowance $'000** | **Net carrying amount $'000** |
|---|---|---|---|---|
| Other receivables - a director of the subsidiary | 12-month ECL | 7 | – | 7 |
| Other receivables - former subsidiary (GPE) | Lifetime ECL | 300 | – | 300 |
| Loan to a former subsidiary (GPE) | Lifetime ECL | 2,847 | – | 2,847 |
| Loan to a former corporate shareholder of a subsidiary | 12-month ECL | 24 | – | 24 |
| Consideration due from disposal of GPE from Ms Chong Shin Mun | Lifetime ECL | 1,089 | (933) | 156 |
| Other recoverable | Lifetime ECL | 150 | (150) | – |
| Security deposits | 12-month ECL | 200 | – | 200 |
| Cash and cash equivalents | N.A. Exposure Limited | 736 | – | 736 |
| Fixed deposits | N.A. Exposure Limited | 654 | – | 654 |

**33. Financial instruments (cont'd)**

***Financial risk management (cont'd)***

**(b) Credit risk (cont'd)**

*Other financial assets at amortised cost (cont'd)*

The table below details the credit quality of the Company's financial assets:

| 2022 | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|
| Amount due from a former subsidiary (GPE) | Lifetime ECL | 300 | – | 300 |
| Loan to a former subsidiary (GPE) | Lifetime ECL | 2,910 | – | 2,910 |
| Advances to subsidiaries | 12-month ECL | 383 | – | 383 |
| Consideration due from disposal of GPE from Ms Chong Shin Mun | Lifetime ECL | 1,158 | (933) | 225 |
| Other recoverable | Lifetime ECL | 150 | (150) | – |
| Security deposits | 12-month ECL | 23 | – | 23 |
| Lease receivables | 12-month ECL | 61 | – | 61 |
| Cash and cash equivalents | N.A. Exposure Limited | 46 | – | 46 |

| 2021 | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|
| Other receivables - a director of the subsidiary | 12-month ECL | 7 | – | 7 |
| Amount due from a former subsidiary (GPE) | Lifetime ECL | 300 | – | 300 |
| Loan to a former subsidiary (GPE) | Lifetime ECL | 2,847 | – | 2,847 |
| Advances to subsidiaries | 12-month ECL | 132 | – | 132 |
| Advances to former subsidiaries | Lifetime ECL | 11 | (11) | – |
| Consideration due from disposal of GPE from Ms Chong Shin Mun | Lifetime ECL | 1,089 | (933) | 156 |
| Other recoverable | Lifetime ECL | 150 | (150) | – |
| Security deposits | 12-month ECL | 23 | – | 23 |
| Loan to a subsidiary | Lifetime ECL | 162 | – | 162 |
| Lease receivables | Lifetime ECL | 165 | – | 165 |
| Cash and cash equivalents | N.A. Exposure Limited | 65 | – | 65 |

## 33. Financial instruments (cont'd)

***Financial risk management (cont'd)***

### (b) Credit risk (cont'd)

*Movements in credit loss allowance*

There are no movement in the allowance for impairment of financial assets under SFRS(I) 9 during the financial year for the Group and the Company except for the following:

| | Trade receivables $'000 | Other recoverable $'000 | Consideration due from disposal of GPE from Ms Chong Shin Mun $'000 | Loan to former corporate shareholder of a subsidiary $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Balance at 1 January 2021 | 41 | 150 | 933 | – |
| Loss allowance measured: | | | | |
| Lifetime ECL | | | | |
| - Credit-impaired | 21 | – | – | – |
| Receivables written off as uncollectable | (41) | – | – | – |
| Balance at 31 December 2021 | 21 | 150 | 933 | – |
| Loss allowance measured: | | | | |
| Lifetime ECL | | | | |
| - Credit-impaired | 8 | – | – | 8 |
| Receivables written off as uncollectable | (4) | – | – | (4) |
| Balance at 31 December 2022 | **25** | **150** | **933** | **4** |

| | Advances to subsidiaries $'000 | Other recoverable $'000 | Consideration due from disposal of GPE from Ms Chong Shin Mun $'000 |
|---|---|---|---|
| **Company** | | | |
| Balance at 1 January 2021 | 7 | 150 | 933 |
| Loss allowance measured: | | | |
| Lifetime ECL | | | |
| - Credit-impaired | 4 | – | – |
| Receivables written off as uncollectable | – | – | – |
| Balance at 31 December 2021 | 11 | 150 | 933 |
| Loss allowance measured: | | | |
| Lifetime ECL | | | |
| - Credit-impaired | – | – | – |
| Receivables written off as uncollectable | (11) | – | – |
| Balance at 31 December 2022 | – | 150 | 933 |

**33. Financial instruments (cont'd)**

***Financial risk management (cont'd)***

**(b) Credit risk (cont'd)**

*Financial guarantees*

The Company has issued financial guarantees to banks for bank loans provided to its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations. In addition, the bank loans are secured by legal mortgage over the Group's fixed deposits, legal mortgage over the Group's leasehold properties under the right-of-use assets and personal guarantee from the directors of the subsidiaries. Hence, the Company does not expect significant credit losses arising from these guarantees.

**(c) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Management has reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future as described in Note 3.1.

The Group's financial liabilities based on the remaining year at the end of the financial year to the contractual maturity date based on contractual undiscounted cash flows are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Less than one year: | | | | |
| Trade and other payables | **5,343** | 4,442 | **5,697** | 4,491 |
| Borrowings | **856** | 650 | **84** | 84 |
| Financial guarantee contracts* | **–** | – | **892** | 1,196 |
| | **6,199** | 5,092 | **6,673** | 5,771 |
| Between 2 to 5 years: | | | | |
| Borrowings | **706** | 998 | **–** | 35 |
| More than 5 years: | | | | |
| Provision for employee benefits | **71** | 94 | **–** | – |
| Borrowings | **7** | 16 | **–** | – |
| | **78** | 110 | **–** | – |
| | **6,983** | 6,200 | **6,673** | 5,806 |

* At the financial reporting date, the maximum exposure of the Company in respect of the intra-group financial guarantee (Note 28) based on facilities drawn down by the subsidiaries is $892,000 (2021: $1,196,000). These guarantees are subject to the impairment requirements of SFRS(I) 9. The directors do not expect credit loss exposure arising from these guarantees in view of the borrowings were secured by legal charge over the Group's fixed deposits, leasehold properties under the right-of-use assets and personal guarantee from the directors of the subsidiaries.

**33. Financial instruments (cont'd)**

***Financial risk management (cont'd)***

**(d) Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares and obtain new borrowings.

The Directors review the capital structure on a periodic basis. As part of the review, the Directors consider the cost of capital and other sources of funds, including borrowings from banks and redeemable convertible bonds.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as borrowings divided by net equity.

The net equity of the Group comprising share capital, other reserves, accumulated losses and borrowings. The Group's overall strategy remains unchanged from 2021.

| | Group | |
|---|---|---|
| | **2022** | 2021 |
| | **$'000** | $'000 |
| Borrowings (Note 22) | **1,465** | 1,740 |
| Net equity of the Group | **2,100** | 3,789 |
| Gearing ratio | **0.70** | 0.46 |

As disclosed in Note 3.1, the Directors believe that the Group will continue to be guided by prudent financial policies of which gearing is monitored.

**34. Fair value of assets and liabilities**

**(a) Fair value hierarchy**

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**34. Fair value of assets and liabilities (cont'd)**

**(b) Fair value measurements of assets and liabilities that are measured at fair value**

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value at the end of the financial year at 31 December 2022.

| | Level 1<br>$'000 | Level 2<br>$'000 | Level 3<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Recurring fair value measurements** | | | | |
| **Group** | | | | |
| **2022** | | | | |
| ***Financial assets*** | | | | |
| Financial assets at fair value through profit or loss | –* | – | – | –* |
| 2021 | | | | |
| ***Financial assets*** | | | | |
| Financial assets at fair value through profit or loss | 3 | – | – | 3 |
| **Company** | | | | |
| **2022** | | | | |
| ***Financial assets*** | | | | |
| Financial assets at fair value through profit or loss | –* | – | – | –* |
| 2021 | | | | |
| ***Financial assets*** | | | | |
| Financial assets at fair value through profit or loss | –* | – | 96 | 96 |

* Amount less than $1,000

The fair values of trading securities traded in active markets are based on quoted market prices at the end of the respective financial year. The quoted market prices used for the trading securities held by the Group and the Company are the closing price as at the end of the respective financial year. These financial assets are included in Level 1.

Included in Level 3 are unquoted equity securities that are carried at fair value at the end of the respective financial year.

**(c) Assets and liabilities not carried at fair value but which fair values are disclosed**

The carrying amounts of non-current receivables and non-current borrowings approximate their fair values at the end of the respective financial year, as the market lending rate at the end of the respective financial year was not significantly different from either its coupon rate of the agreement or market lending rate at the initial measurement date.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

## 35. Other Matter

*Matter with Commercial Affairs Department*

As announced by the Company on 4 April 2014 and 29 April 2014, the Company and certain of its subsidiaries, P.J. Services Pte. Ltd., Nu-Haven Incorporated (which was disposed during the financial year ended 31 December 2022) and Industrial Power Technology Pte Ltd (which was disposed during the financial year ended 31 December 2016), were served with notices to provide the Commercial Affairs Department (the "**CAD**") with certain information and documents for the period from 1 January 2011 to 31 March 2014 in relation to its investigations into a potential offence under the Securities and Futures Act (Cap. 289) in respect of certain individuals. The Company has been co-cooperating fully with the CAD in its investigations.

On 27 May 2022, the CAD confirmed to the Company's external auditor that there is no ongoing investigation against Annica Holdings Limited.

There is no further development on the matter on current financial year.

## 36. Events after the financial year

a) On 1 February 2023, the Company has decreased its effective shareholding interest in its indirect wholly owned subsidiary, CSS from 100% to 10% following a disposal by CSE of 9,000 ordinary shares representing 90% of the shareholdings of CSS to a third party purchaser for a consideration of RM5,000.

b) Subsequent to year end, the Group has obtained a loan facility for loans of up to $2 million in aggregate principal amount on the terms and subject to the conditions of the agreement. The loan is guaranteed by a Company's director.

## 37. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 13 April 2023.

# STATISTICS OF SHAREHOLDINGS

As at 31 March 2023

| | | |
|---|---|---|
| Issued and fully paid-up share capital | : | $68,758,814 |
| Number of issued Shares | : | 16,974,767,048 |
| Class of Shares | : | Ordinary Shares |
| Voting rights | : | One vote for each Share |

The Company does not hold any treasury shares or subsidiary holdings.

### DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | Number of Shareholders | % | Number of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 3 | 0.08 | 21 | 0.00 |
| 100 - 1,000 | 156 | 4.19 | 113,099 | 0.00 |
| 1,001 - 10,000 | 505 | 13.56 | 3,739,992 | 0.02 |
| 10,001 - 1,000,000 | 2,600 | 69.84 | 549,028,410 | 3.24 |
| 1,000,001 and above | 459 | 12.33 | 16,421,885,526 | 96.74 |
| **Total** | **3,723** | **100.00** | **16,974,767,048** | **100.00** |

### SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at 31 March 2023)

| | Direct Interest | | Deemed Interest | |
|---|---|---|---|---|
| | Number of Shares held | % | Number of Shares held | % |
| Lim In Chong | 1,807,378,770 | 10.65 | – | – |
| Abdul Rahman Bin Mohamed Shariff | 1,107,500,000 | 6.52 | – | – |
| Sandra Liz Hon Ai Ling | 1,092,619,845 | 6.44 | – | – |

# STATISTICS OF SHAREHOLDINGS

As at 31 March 2023

### TWENTY LARGEST SHAREHOLDERS

| No. | Name | Number of Shares | % |
|---|---|---|---|
| 1. | Phillip Securities Pte Ltd | 2,166,483,100 | 12.76 |
| 2. | Lim In Chong | 1,807,378,770 | 10.65 |
| 3. | Abdul Rahman Bin Mohamed Shariff | 1,107,500,000 | 6.52 |
| 4. | Sandra Liz Hon Ai Ling | 1,092,619,845 | 6.44 |
| 5. | Citibank Nominees Singapore Pte Ltd | 861,194,600 | 5.07 |
| 6. | Shamsol Jeffri Bin Zainal Abidin | 700,000,000 | 4.12 |
| 7. | Musa Bin Mohamad Sahir | 554,630,992 | 3.27 |
| 8. | Pek Seck Wei | 554,630,992 | 3.27 |
| 9. | OCBC Securities Private Ltd | 545,179,600 | 3.21 |
| 10. | IPCO International Limited | 500,000,000 | 2.95 |
| 11. | UOB Kay Hian Pte Ltd | 384,435,000 | 2.26 |
| 12. | DBSN Services Pte Ltd | 370,000,000 | 2.18 |
| 13. | DBS Vickers Securities (S) Pte Ltd | 346,546,473 | 2.04 |
| 14. | Ong Siow Fong | 309,000,000 | 1.82 |
| 15. | HSBC (Singapore) Nominees Pte Ltd | 300,000,100 | 1.77 |
| 16. | DBS Nominees Pte Ltd | 299,836,105 | 1.77 |
| 17. | Lim Sze Chia | 248,578,900 | 1.46 |
| 18. | Chan Chee Yin | 150,000,000 | 0.88 |
| 19. | Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin | 150,000,000 | 0.88 |
| 20. | CGS-CIMB Securities (Singapore) Pte Ltd | 108,320,100 | 0.64 |
| | **Total** | **12,556,334,577** | **73.97** |

### SHAREHOLDINGS HELD BY PUBLIC

Based on the information provided to the Company as at 31 March 2023, there were 12,021,375,457 Shares held in the hands of the public, representing 70.82% of the total number of issued Shares of the Company. Accordingly, Rule 723 of the Catalist Rules has been complied with.

# NOTICE OF
# ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (the "**AGM**") of the Company will be convened and held at Holiday Inn Singapore Atrium on 28 April 2023 at 9.30 a.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2022, together with the Directors' Statement and Independent Auditors' Report. [**Resolution 1**]

2. To re-elect Mr. Shamsol Jeffri Bin Zainal Abidin who is retiring by rotation pursuant to Regulation 95 of the Company's constitution (the "**Constitution**"), and who, being eligible, is offering himself for re-election as a Director.
*[See Explanatory Note (a)]* [**Resolution 2**]

3. To re-elect Mr. Lim In Chong who is retiring by rotation pursuant to Regulation 95 of the Company's Constitution, and who, being eligible, is offering himself for re-election as a Director.
*[see Explanatory Note (b)]* [**Resolution 3**]

4. To re-elect Ms. Sandra Liz Hon Ai Ling who is retiring pursuant to Rule 720(4) of the Catalist Rules read with Regulation 95 of the Company's Constitution, and who, being eligible, is offering herself for re-election as a Director.
*[see Explanatory Note (c)]* [**Resolution 4**]

5. To approve the payment of Directors' fees of $215,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears (31 December 2022: $242,000). [**Resolution 5**]

6. To re-appoint PKF-CAP LLP as the Independent Auditor of the Company and to authorise the Directors to fix its remuneration. [**Resolution 6**]

7. To transact any other business that may properly be transacted at an annual general meeting.

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

8. Authority to allot and issue shares and convertible securities

   That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to: -

   (A) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force, provided that: -

(i) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) (**"Issued Shares"**), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed fifty per cent (50%) of the total number of Issued Shares;

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this authority is given, after adjusting for: -

(aa) new Shares arising from the conversion or exercise of any convertible securities;

(bb) new Shares arising from the exercise of share options or vesting of share awards or schemes which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(cc) any subsequent bonus issue, consolidation or sub-division of Shares;

(iii) in exercising the authority conferred by this Resolution 7, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

*[See Explanatory Note (d)]* [**Resolution 7**]

**By Order of the Board**

Allan Tan
Company Secretary

13 April 2023

# NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes:**

(a) In relation to Ordinary Resolution 2, Mr. Shamsol Jeffri Bin Zainal Abidin will, upon re-election as a Director, remain as a Non-Independent and Non-Executive Director of the Company.

(b) In relation to Ordinary Resolutions 3, Mr. Lim In Chong will, upon re-election as a Director, remain as a Non-Independent and Non-Executive Director of the Company.

(c) In relation to Ordinary Resolution 4, every director of the Company is required by Rule 720(4) of the Catalist Rules to submit himself or herself for re-nomination and re-appointment at least once every three years. Ms. Sandra Liz Hon Ai Ling was last re-elected in 30 June 2020. She is, therefore, up for re-election at this AGM in accordance with Rule 720(4) of the Catalist Rules.

(d) Under the Catalist Rules, a share issue mandate approved by shareholders as an ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the total number of issued shares of the issuer (excluding treasury shares and subsidiary holdings) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the total number of issued shares of the issuer (excluding treasury shares and subsidiary holdings). Ordinary Resolution 7, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

**Notes on AGM:**

1. The Company is pleased to announce that the AGM will be held, in a wholly physical format, at Holiday Inn Singapore Atrium on 28 April 2023 at 9.30 a.m. (Singapore time). **There will be no option for shareholders to participate virtually**. These documents will also be published on the Company's website at the URL https://www.annica.com.sg and the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Please take notice that the Company may implement such COVID-19 safe management measures (including vaccination-differentiated safe management measures) at the AGM as may be required or recommended under any regulations, directives, measures or guidelines that may be issued from time to time by any government or regulatory agency in light of any update by the relevant authority on the COVID-19 situation in Singapore. Shareholders should check the Company's website at the URL https://www.annica.com.sg or the SGX website at the URL https://www.sgx.com/securities/company-announcements for the latest updates.

3. Shareholders (including CPF and SRS investors) may participate in the AGM by: (a) attending the AGM in person; (b) submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or (c) voting at the AGM (i) themselves; or (ii) through duly appointed proxy(ies). For the avoidance of doubt, CPF and SRS Investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the Meeting) to attend, speak and/or vote at the AGM on their behalf.

4. Details of the steps for registration, submission of questions and voting at the AGM by shareholders, including CPF and SRS investors, are set out in the **Appendix A** which will be made available on SGXNET and the Company's corporate website. In particular, CPF and SRS investors who wish to request their CPF Agent Banks or SRS Operators to appoint the Chairman of the Meeting as their proxy in respect of their shares held by such CPF Agent Banks or SRS Operators on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 9.30 a.m. on 19 April 2023, i.e., 7 days before the date and time set for the AGM.

5. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is normally entitled to appoint not more than two (2) proxies to participate and vote in the AGM. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

6. Pursuant to Section 181(1C) of the Companies Act, any member who is a Relevant Intermediary is normally entitled to appoint more than two (2) proxies to participate in the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the number and class of Shares in relation to which a proxy has been appointed shall be specified in the proxy form.

7. Persons who hold the Company's shares through Relevant Intermediaries, other than CPF and SRS investors, and who wish to participate in the AGM by: (a) attending the AGM in person; (b) submitting questions to the Chairman of the Meeting in advance of, or at, the AGM; and/or (c) voting at the AGM (i) themselves; or (ii) by appointing the Chairman of the Meeting as proxy in respect of their shares held by such Relevant Intermediaries on their behalf, should contact the Relevant Intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

8. All voting if carried out by way of proxy forms must be directed as stipulated above.

9. The duly executed proxy form appointing the Chairman as proxy must be emailed to the Company's share registrar at main@zicoholdings.com or sent by post to B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 not later than seventy-two (72) hours before the time set for the AGM.

10. The proxy form appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the proxy form appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. A copy of the power of attorney or such other authority must be submitted together with the proxy form appointing a proxy.

11. A depositor's name must appear in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) maintained by The Central Depository (Pte) Limited not later than seventy-two (72) hours before the date and time set for the AGM for the depositor to be entitled to participate in the Live AGM Webcast and vote at the AGM.

**Personal Data Privacy Terms**:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

*The contact person for the Sponsor is Mr. Bernard Lui.*
*Tel: 6389 3000 Email: bernard.lui@morganlewis.com*

# NOTICE OF ANNUAL GENERAL MEETING

**APPENDIX 7F TO THE CATALIST RULES: ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(5) IN RELATION TO DIRECTORS SEEKING RE-ELECTION**

The following additional information on Mr. Shamsol Jeffri Bin Zainal Abidin, Mr. Lim In Chong and Ms. Sandra Liz Hon Ai Ling, each of whom is seeking re-election as a Director at the Annual General Meeting of the Company on 28 April 2023 at 9.30 a.m., is to be read in conjunction with their respective profiles in the section entitled "Board of Directors" on page 36 to 38 of the Company's annual report for the financial year ended 31 December 2022.

| Details required under Appendix 7F of the Catalist Rules | Mr. Shamsol Jeffri Bin Zainal Abidin |
|---|---|
| 1. Date of Initial Appointment | 27 September 2019 |
| 2. Date of last re-appointment (if applicable) | 26 June 2020 |
| 3. Age | 54 |
| 4. Country of principal residence | Malaysia |
| 5. The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of the Company, having considered the NC's recommendations, concluded that Mr. Shamsol Jeffri Bin Zainal Abidin has the requisite track record, qualifications and work experiences and is able to exercise objective judgement on the Company's affairs independently, and has therefore approved the appointment of Mr. Shamsol Jeffri Bin Zainal Abidin as a Non-Independent and Non-Executive Director. |
| 6. Whether appointment is executive, and if so, the area of responsibility | Non-Executive |
| 7. Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Independent and Non-Executive Director |
| 8. Professional qualifications | Bachelor in Urban & Regional Planning, University Technology Malaysia (UTM)<br><br>Corporate Member of Malaysian Institute of Planners (MIP)<br><br>Corporate Member of Lembaga Perancang Bandar Malaysia (LPBM)<br><br>Member of Malaysian Social Impact Assessment (MSIA) |
| 9. Working experience and occupation(s) during the past 10 years | Perbadanan Stadium Malaysia (PSM) (2021 to 2023): Corporate Representative<br><br>Rapat Setia Sdn Bhd (2019 to present): Chairman<br><br>Density Prospect Sdn Bhd (2017 to present): Director<br><br>Maxi Urban Sdn Bhd (2016 to present): Director<br><br>Sam Planners Sdn Bhd (2015 to present): Managing Director<br><br>Saz Properties Services Sdn Bhd (2014 to 2017): Director<br><br>Global Arts Design Sdn Bhd (2003 to 2019): Director<br><br>Principal of Sam Planners (2005 to 2015) |

| Details required under Appendix 7F of the Catalist Rules | Mr. Shamsol Jeffri Bin Zainal Abidin |
|---|---|
| 10. Shareholding interest in the listed issuer and its subsidiaries | Mr. Shamsol Jeffri Bin Zainal Abidin has a direct interest in 700,000,000 shares of the Company. |
| 11. Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil |
| 12. Conflict of interest (including any competing business) | Nil |
| 13. Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes |
| 14. Other Principal Commitments* Including Directorships<br><br>"Principal Commitments" has the same meaning as defined in the Code - "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.<br><br>These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) | |
| Past (for the last 5 years) | Saz Properties Services Sdn Bhd (2014 to 2017): Director<br><br>Global Arts Design Sdn Bhd (2003 to 2019): Director |
| Present | Perbadanan Stadium Malaysia (PSM) (2021 to 2023): Corporate Representative<br><br>Rapat Setia Sdn Bhd (2019 to present): Chairman<br><br>Density Prospect Sdn Bhd (2017 to present): Director<br><br>Maxi Urban Sdn Bhd (2016 to present): Director<br><br>Sam Planners Sdn Bhd (2015 to present): Managing Director |
| 15. Disclose the following matters concerning the Directors: | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No |

| Details required under Appendix 7F of the Catalist Rules | Mr. Shamsol Jeffri Bin Zainal Abidin |
|---|---|
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No |
| (c) Whether there is any unsatisfied judgment against him? | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No |

| Details required under Appendix 7F of the Catalist Rules | Mr. Shamsol Jeffri Bin Zainal Abidin |
|---|---|
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- | |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No |
| (l) Any prior experience as a director of an issuer listed on the Exchange?<br><br>If yes, please provide details of prior experience.<br><br>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.<br><br>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | Not applicable as Mr. Shamsol Jeffri Bin Zainal Abidin is nominated for re-election and re-appointment as a director. |

# NOTICE OF ANNUAL GENERAL MEETING

| Details required under Appendix 7F of the Catalist Rules | Mr. Lim In Chong |
|---|---|
| 1. Date of Initial Appointment | 6 July 2018 |
| 2. Date of last re-appointment (if applicable) | 29 April 2021 |
| 3. Age | 68 |
| 4. Country of principal residence | Malaysia |
| 5. The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of the Company, having considered the NC's recommendations, concluded that Mr. Lim In Chong has the requisite track record, qualifications and work experiences and is able to exercise objective judgement on the Company's affairs independently and has therefore approved the appointment of Mr. Lim In Chong as a Non-Independent and Non-Executive Director. |
| 6. Whether appointment is executive, and if so, the area of responsibility | Non-Executive |
| 7. Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Independent and Non-Executive Director |
| 8. Professional qualifications | Master of Design (Architecture & Design) - RMIT University, Melbourne, Australia<br><br>Bachelor of Art - Trent University, Peterborough, Ontario, Canada |
| 9. Working experience and occupation(s) during the past 10 years | Inchscape Pte Ltd (2015 to present): Director<br><br>Inchscape Sdn. Bhd. (2014 to present): Managing Director<br><br>Nenasi Resorts Sdn Bhd (2014 to present): Director<br><br>Folia Malaysiana Sdn Bhd (2009 to 2020): Director<br><br>C.I.J Properties (PVT) Ltd (2008 to present): Key Director<br><br>Juara Tropika Sdn Bhd (1992 to present): Director<br><br>Limex Marketing Sdn Bhd (1990 to present): Director |
| 10. Shareholding interest in the listed issuer and its subsidiaries | Mr. Lim In Chong has a direct interest in 1,807,378,770 ordinary shares of the Company. |
| 11. Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil |
| 12. Conflict of interest (including any competing business) | Nil |
| 13. Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes |

| Details required under Appendix 7F of the Catalist Rules | Mr. Lim In Chong |
|---|---|
| 14. Other Principal Commitments* Including Directorships<br><br>"Principal Commitments" has the same meaning as defined in the Code - "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.<br><br>These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) | |
| Past (for the last 5 years) | Folia Malaysiana Sdn Bhd (2009 to 2020): Director |
| Present | Inchscape Pte Ltd (2015 to present): Director<br><br>Inchscape Sdn. Bhd.(2014 to present): Managing Director<br><br>Nenasi Resorts Sdn Bhd (2014 to present): Director<br><br>C.I.J Properties (PVT) Ltd (2008 to present): Key Director<br><br>Juara Tropika Sdn Bhd (1992 to present): Director<br><br>Limex Marketing Sdn Bhd (1990 to present): Director |
| 15. Disclose the following matters concerning the Directors: | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No |
| (c) Whether there is any unsatisfied judgment against him? | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No |

# NOTICE OF
# ANNUAL GENERAL MEETING

| Details required under Appendix 7F of the Catalist Rules | Mr. Lim In Chong |
|---|---|
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- | |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No |

| Details required under Appendix 7F of the Catalist Rules | Mr. Lim In Chong |
|---|---|
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No |
| (l) Any prior experience as a director of an issuer listed on the Exchange?<br><br>If yes, please provide details of prior experience.<br><br>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.<br><br>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | Not applicable as Mr. Lim In Chong has been nominated for re-election and re-appointment as a director. |

# NOTICE OF ANNUAL GENERAL MEETING

| Details required under Appendix 7F of the Catalist Rules | Ms. Sandra Liz Hon Ai Ling |
|---|---|
| 1. Date of Initial Appointment | 6 January 2016 |
| 2. Date of last re-appointment (if applicable) | 26 June 2020 |
| 3. Age | 56 |
| 4. Country of principal residence | Malaysia |
| 5. The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of the Company, having considered the NC's recommendations, concluded that Ms. Sandra Liz Hon Ai Ling has the requisite track record, qualifications and work experiences, has, therefore, approved the appointment of Ms. Sandra Liz Hon Ai Ling as an Executive Director. |
| 6. Whether appointment is executive, and if so, the area of responsibility | As an Executive Director and the Chief Executive Officer, Ms. Sandra Liz Hon Ai Ling is responsible for the Group's strategic direction, business development and overall performance. |
| 7. Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Executive Director and Chief Executive Officer |
| 8. Professional qualifications | Master of Business Administration degree, University of Strathclyde, United Kingdom |
| 9. Working experience and occupation(s) during the past 10 years | Central Streme Sdn Bhd (2009 to 2016): Director<br><br>Habitat Resources Sdn Bhd (2015 to 2017): Director<br><br>Totewin Sdn Bhd (2015 to 2017): Director<br><br>GForce Green Energy Sdn Bhd (2015 to 2017): Executive Director<br><br>2S Consulting Sdn Bhd (2013 to 2021): Director<br><br>Choice Housing Development Sdn Bhd (2013 to 2014): Director<br><br>Borneo Sulaman Cove Sdn Bhd (2013 to 2014): Director<br><br>Season Privilege Sdn Bhd (2013 to 2014): Director<br><br>Maxtral Industry Berhad (2013 to 2014): Independent Director<br><br>Signature POPs Sdn Bhd (2009 to 2012): Business Development Director |
| 10. Shareholding interest in the listed issuer and its subsidiaries | Ms. Sandra Liz Hon Ai Ling has a direct interest in 1,092,619,845 shares of the Company. |
| 11. Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil |
| 12. Conflict of interest (including any competing business) | Nil |
| 13. Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes |

| Details required under Appendix 7F of the Catalist Rules | Ms. Sandra Liz Hon Ai Ling |
|---|---|
| 14. Other Principal Commitments* Including Directorships<br><br>"Principal Commitments" has the same meaning as defined in the Code - "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.<br><br>These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) | |
| Past (for the last 5 years) | Nil |
| Present | Nil |
| 15. Disclose the following matters concerning the Directors: | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No |
| (c) Whether there is any unsatisfied judgment against him? | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No |

| Details required under Appendix 7F of the Catalist Rules | Ms. Sandra Liz Hon Ai Ling |
|---|---|
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- | |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No |

| Details required under Appendix 7F of the Catalist Rules | Ms. Sandra Liz Hon Ai Ling |
|---|---|
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No |
| (l) Any prior experience as a director of an issuer listed on the Exchange?<br><br>If yes, please provide details of prior experience.<br><br>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.<br><br>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | Not applicable as Ms. Sandra Liz Hon Ai Ling is nominated for re-election and re-appointment as a director. |

# APPENDIX

**Steps for registration, submission of questions and voting at the AGM**

The AGM will be held, in a wholly physical format, at Holiday Inn Singapore Atrium on 28 April 2023 at 9.30 a.m. (Singapore time). **There will be no option for shareholders to participate virtually**. Shareholders (including CPF and SRS investors) can attend the AGM in person, submit questions to the Chairman of the Meeting in advance of, or at, the AGM and/or vote at the AGM by themselves or through duly appointed proxy(ies).

To do so, they will need to complete the following steps:

| No. | Steps | Details |
|---|---|---|
| 1. | Register in person to attend the AGM | Shareholders, including CPF and SRS investors, and (where applicable) duly appointed proxies can attend the AGM in person.<br><br>To do so, they will need to register in person at the registration counter(s) outside the AGM venue on the day of the event. Registration will commence at 8.30 a.m. on that day. Please bring along your NRIC/passport to enable the Company to verify your identity.<br><br>Shareholders are advised not to attend the AGM if they are feeling unwell. |
| 2. | Submit questions in advance of, or at, the AGM | Shareholders, including CPF and SRS investors, can submit questions in advance of, or at, the AGM.<br><br>Submission of substantial and relevant questions in advance of the AGM. Shareholders, including CPF and SRS investors, can submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting, in advance of the AGM, in the following manner:<br><br>(a) Via email to agm2023@annica.com.sg; or<br><br>(b) By post to the Company's registered address at 40 Ubi Crescent, #01-01, Singapore (408567).<br><br>Shareholders who submit questions via email or by post must provide the Company with the following details:<br><br>(a) the shareholder's full name;<br><br>(b) the shareholder's address; and<br><br>(c) the manner in which the shareholder holds shares in the Company (e.g., via CDP, CPF/SRS and/or scrip).<br><br>Deadline to submit questions in advance of the AGM. All questions submitted in advance of the AGM via any of the above channels must be received by 9.30 a.m. on 21 April 2023.<br><br>**Asking substantial and relevant questions at the AGM**. Shareholders, including CPF and SRS investors, and (where applicable) duly appointed proxies can also ask the Chairman of the Meeting substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself. |

| | | |
|---|---|---|
| | | **Addressing questions**. The Company will address all substantial and relevant questions received from shareholders by 21 April 2023 submission deadline by publishing its responses to such questions on the Company's corporate website at the URL https://www.annica.coms.g and the SGX website on 24 April 2023, and, in any event, no later than 72 hours prior to the deadline for the submission of instruments appointing a proxy(ies). The Company will address any subsequent clarifications sought, or substantial and relevant follow-up questions (which are related to the resolutions to be tabled for approval at the AGM) received after the 21 April 2023 submission deadline which have not already been addressed prior to the AGM, as well as those substantial and relevant questions received at the AGM, at the AGM itself. **Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.**<br><br>**Minutes of AGM**. The Company will publish the minutes of the AGM on the Company's website and the SGX website within 30 days from the date of the AGM, and the minutes will include the responses to substantial and relevant questions from shareholders which are addressed during the AGM. |
| 3. | Vote, or submit instruments appointing a proxy(ies) to vote, at the AGM | Shareholders can vote at the AGM themselves or through duly appointed proxy(ies). Shareholders who wish to appoint a proxy(ies) must submit an instrument appointing a proxy(ies).<br><br>Submission of instruments appointing a proxy(ies). The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:<br><br>(a) if submitted by post, be lodged with the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or<br><br>(b) if submitted electronically, be submitted via email to main@zicoholdings.com; in any case no later than seventy-two (72) hours before the time set for the AGM.<br><br>A shareholder who wishes to submit an instrument appointing a proxy(ies) by post or via email can either use the printed copy of the proxy form which is sent to him/her/it by post or download a copy of the proxy form from the Company's website at the URL https://www.annica.com.sg or the SGX website at the URL https://www.sgx.com/securities/company-announcements, and complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. |

| | | |
|---|---|---|
| | | **Deemed revocation of proxy appointment if shareholder attends the AGM in person**. Completion and submission of the instrument appointing a proxy(ies) by a shareholder will not prevent him/her from attending, speaking and voting at the AGM if he/she so wishes. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the shareholder attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.<br><br>**CPF and SRS investors**. CPF and SRS investors:<br><br>(a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or<br><br>(b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 9.30 a.m. on 19 April 2023. |

# ANNICA HOLDINGS LIMITED

(Company Registration Number: 198304025N)
(Incorporated in the Republic of Singapore)

**IMPORTANT:**

1. For investors who have used their Central Provident Fund or Supplementary Retirement Scheme monies to buy Shares in the Company (the "**CPF Investors**" or "**SRS Investors**"), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF or SRS investors:
   (a) may attend and vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM to allow sufficient time for their respective relevant intermediaries to, in turn, submit a proxy form to appoint the Chairman of the meeting to vote on their behalf by the cut-off date at 9.30 a.m. on 19 April 2023.

**PROXY FORM**
**ANNUAL GENERAL MEETING ("AGM")**

I/We ______________________ (Name), ____________________ (NRIC/Passport/Company Registration Number)

of ______________________________________________________ (Address)

being a member/members* of ANNICA HOLDINGS LIMITED (the "**Company**") hereby appoint:

(a)

| Name | Address | Email | NRIC/Passport Number | Proportion of Shareholdings | |
|---|---|---|---|---|---|
| | | | | No. of Shares | % |
| | | | | | |

OR

(b) the Chairman of the Annual General Meeting (the "**AGM**") as my/our* proxy to vote for me/us* on my/our* behalf at the AGM to be held at Holiday Inn Singapore Atrium on 28 April 2023 at 9.30 a.m. and at any adjournment thereof,

as my/our* proxy to participate at the AGM and vote for me/us* on my/our* behalf at the AGM and at any adjournment thereof.

I/We* direct the Chairman to vote for or against or abstain from voting on each of the Resolution to be proposed at the AGM as indicated hereunder.

Please indicate with a "√" in the space provided below to exercise your vote "For" or "Against", or "Abstain" from voting on, the Resolutions as set out in the Notice of AGM dated 13 April 2023. Alternatively, please indicate the number of Shares as appropriate.

The resolution(s) put to the AGM will be decided by way of a poll.

| No. | Ordinary Business | Number of votes | | |
|---|---|---|---|---|
| | | For** | Against** | Abstain** |
| 1 | **Ordinary Resolution 1**<br>To receive and adopt the audited financial statements for the financial year ended 31 December 2022, together with the Directors' Statement and Independent Auditors' Report. | | | |
| 2. | **Ordinary Resolution 2**<br>To re-elect Mr. Shamsol Jeffri Bin Zainal Abidin who is retiring by rotation pursuant to Regulation 95 of the Company's constitution (the "**Constitution**"), and who, being eligible, is offering himself for re-election as a Director. | | | |
| 3. | **Ordinary Resolution 3**<br>To re-elect Mr. Lim In Chong who is retiring by rotation pursuant to Regulation 95 of the Company's constitution (the "**Constitution**"), and who, being eligible, is offering himself for re-election as a Director. | | | |
| 4. | **Ordinary Resolution 4**<br>To re-elect Ms. Sandra Liz Hon Ai Ling who is retiring by rotation pursuant to Rule 720(4) of the Catalist Rules, and who, being eligible, is offering herself for re-election as a Director. | | | |
| 5. | **Ordinary Resolution 5**<br>To approve the payment of Directors' fees of $215,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears (31 December 2022: $242,000). | | | |
| 6. | **Ordinary Resolution 6**<br>To re-appoint PKF-CAP LLP as the Independent Auditor of the Company and to authorise the Directors to fix its remuneration. | | | |
| **No.** | **Special Business** | **Number of votes** | | |
| 7. | **Ordinary Resolution 7**<br>Authority to allot and issue shares and convertible securities** | For** | Against** | Abstain** |

** Please note that any short description given above of a particular Resolution to be passed does not in any way whatsoever reflect the intent and purpose of the Resolution. The short description has been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM dated 13 April 2023 for the full purpose and intent of the Resolution to be passed.

Dated this ________ day of ________________ 2023.

| Total no. of shares in | No. of shares |
|---|---|
| (a) in CDP Register | |
| (b) in Register Members | |

_______________________________________
Signature(s) of Member(s)/Common Seal of Corporate Member(s)

* Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**NOTES FOR PROXY FORM**

1. For this AGM, members of the Company (including Relevant Intermediaries) may vote by way of this proxy form appointing their duly appointed proxy or proxies.

2. Please insert the total number of Shares held by you: (a) if you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number; (b) if you have Shares registered in your name in the Register of Members of the Company, you should insert that number; (c) if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate the numbers. If no number is inserted, this proxy form shall be deemed to relate to all the Shares held by you.

3. A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

5. "Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.

6. A proxy need not be a member of the Company.

7. The instrument appointing a proxy must be signed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. The duly executed instrument appointing a proxy must be sent by post to the office of the Company's share registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, or emailed to the Company at main@zicoholdings.com, not later than seventy-two (72) hours before the time set for the AGM.

9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2023.

ANNICA HOLDINGS LIMITED

(COMPANY REGISTRATION NO: 198304025N)

**40 Ubi Crescent**
**#01-01**
**Singapore 408567**