ANNICA
HOLDINGS LIMITED

ANNICA HOLDINGS LIMITED

ANNUAL REPORT 2023

*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.*

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All $ in this Annual Report refers to Singapore Dollars unless otherwise specified

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LETTER TO SHAREHOLDERS

Dear Shareholders,

2023 was another eventful year for Annica Holdings Limited ("**Annica**" or the "**Company**", and together with its subsidiaries, the "**Group**") wherein we have continued to fortify our various business segments by:

- expanding the business of our Integrated Engineering Solutions Segment. During the year, we were appointed by XTorc Bolting Technologies Pte Ltd as a distributor of their products as well as to conduct product training. We were also appointed as the authorised distributor in Brunei for the Nautilus™ line of marine cranes manufactured by Oil States Industries (Thailand) Ltd. Meanwhile, the PLIDCO® Authorised Refurbishment Centre in Brunei, which is operated by our subsidiary Panah Jaya Makmur Sdn Bhd ("**PJM**"), has moved into a new one-acre facility, a site which is four times larger than our previous facility, to cater for the increased demand from our customers and to provide a greater range of services efficiently.

- building on our success in the Renewable Segment on the back of our Rural Electrification Pilot Green Power Project in Sarawak, Malaysia (the "**Pilot Project**"), we are currently negotiating with the Ministry of Health, Malaysia to commercialise the aforesaid project and to explore the rolling out of our H2E Solar-Hydrogen Pilot Power Module model "H2E1" (the "**H2E1 System**") to a further 29 off-grid rural clinics across Sarawak. Further, the Group is also collaborating with various federal, state and local government and statutory bodies in Malaysia to explore replacing existing batteries used in off-grid villages across Malaysia with our H2E1 System as well as electrifying other facilities such as infrastructure and rural schools.

Each change and improvement that we made during the year was rooted in our strategy of "resetting and reshaping" our core businesses to serve more markets along our value chain.

Our path ahead remains challenging and uncertain as we continue to face persistent headwinds from external factors. Tensions between the world's major powers have not shown signs of abating, while global growth is expected to be anaemic (projected at 3.1% for 2024). Further, geopolitical conflicts such as the Russo-Ukraine War and the Israel-Hamas war continue to cast uncertainty over our operating environment and threaten global supply chains, especially in the energy sector. 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

We maintained our day-to-day focus of meeting customer commitments and making operational progress, and achieved several milestones during the financial year ended 31 December 2023 ("**FY2023**"). Annica closed FY2023 with a revenue of $16.0 million, an approximately 7% increase from the revenue of $15.0 million in the financial year ended 31 December 2022 ("**FY2022**"). This increase in revenue was due to the higher revenue generated from our oil and gas equipment segment in FY2023. This was mainly attributable to the wider range of products and services offered by the Group as it continues to execute its reshape and reset strategy, as well as the increased industry activity following the recovery of the regional oil and gas sector from COVID19.

All our business segments accounted for the Group's total revenue in FY2023. As we took on higher margin projects under the oil and gas sub-segment during the year, we recorded a better gross profit margin of 35% in FY2023, representing an increase of 15% from 20% in FY2022, and our loss for FY2023 was $0.9 million, representing a decrease of $0.8 million from $1.7 million in FY2022. The Group also reported a higher gross profit for FY2023 of $5.6 million as compared to $3.0 million in FY2022, and this was mainly due to the higher revenue generated and the lower cost of sales incurred in FY2023 as compared to FY2022.

The Group's FY2023 total assets stood at $12.1 million. Meanwhile, the Group's net assets decreased by $1.1 million from a net assets position of $0.6 million as at FY2022 to a net liabilities position of $0.5 million as at FY2023, mainly due to impairment losses on other receivables of $1.1 million. Please refer to Note 16 in the audited consolidated financial statements for FY2023 for further details on such impairment losses.

Let's take a closer look at our businesses during the year.

INTEGRATED ENGINEERING SOLUTIONS

Since the financial year ended 31 December 2020, the Group has performed a reset on its Integrated Engineering Solutions Segment and has reshaped the business segment's strategic direction to serve other markets along its value chain as further described in the following paragraphs.

Oil & Gas ("O&G") Equipment recorded revenues of $15.8 million in FY2023, which is an increase of 15% over the preceding year. O&G Equipment continued to improve its operating margins and broaden its revenue base with stronger performances in Brunei, Indonesia and Malaysia. Meanwhile, we have also stepped up the marketing activities in Brunei and Singapore. In FY2023, as previously mentioned above, PJM moved its warehouse to a larger facility in Brunei, which is four times larger than our previous facility, to provide a more efficient and expanded range of value-added services to our customers as well as to cater for increased demand. Meanwhile, PJM has been appointed by Oil States Industries as an authorised distributor for the Nautilus™ line of marine cranes in Brunei. 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 revenues of $0.2 million in FY2023, which is a decrease of 82% from $1.2 million in FY2022. This decrease was mainly due to delays in sales recognition and a failure to secure project tenders. Nevertheless, during the year, Engineering Services continued its reinvention as the engineering arm of the Renewable Segment, and pursued opportunities in international markets for renewable energy and green technology.

RENEWABLE SEGMENT

Green Technology ("GT") – Following our successful launch of the H2E1 System at the government clinic in Long Loyang, Sarawak on 8 August 2022 in connection with the Pilot Project, the Group has continued to make inroads towards commercialising the H2E1 System across multiple applications in Malaysia. The H2E1 System 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 facilities. 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.

Currently, the Group is in discussions with other stakeholders regarding the possibility of replacing existing batteries used in off-grid villages across Malaysia with our H2E1 System. We are also actively seeking out other potential GT projects which include the electrification of rural schools and infrastructure such as telecommunication towers.

On 26 August 2023, the key personnel of H2 Energy Sdn Bhd ("**H2E**"), an indirect subsidiary of the Company, were appointed as key members of the hydrogen cluster of the newly incorporated Malaysia Association of Bumiputera Contractors for Infrastructure and Facility Management (*Persatuan Kontraktor Infrastruktur Dan Pengurusan Fasiliti Bumiputera*) ("**PKIF**"). The aforesaid appointments are a recognition of H2E's efforts in the development of hydrogen-related business in Sarawak and place the Group in a favourable position to undertake future projects such as infrastructure and public facility projects.

On 31 August 2023, H2E was inducted as a member of the UN Global Compact (UNGC), thereby enhancing its international profile in the world climate and energy transition space. Meanwhile, the Group participated in the 2023 United Nations Climate Change Conference (COP28) from 4 – 6 December 2023 as part of the Alliance for Rural Electrification ("**ARE**") delegation. Our strategic partnership with ARE continues to open new pathways for the Group, enabling us to reach more markets, partners and customers worldwide, in our quest to provide reliable and affordable sustainable energy solutions to address the energy trilemma of global rural communities.

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. During the year, we have submitted two proposals to EMA with respect to RFP2 and are currently waiting for the formal replies from EMA on the aforesaid proposals.

LETTER TO SHAREHOLDERS

POWERING GROWTH THROUGH RENEWABLES

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 anaemic global growth, the Russo-Ukraine and Israel-Hamas wars, and the persistent sabre-rattling amongst the leading world powers. Meanwhile, Malaysia, a key market for the Group, is currently in the middle of implementing new policy thrusts to reform its economy, which may inadvertently delay some of our own RE projects. This, coupled with global macroeconomic concerns, continues to weigh down on our operating environment.

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 technologies that increase the flexibility of, and which have the effect of streamlining the Group's operations to better manage changes in the market will be embraced and adopted. We expect our Renewable Segment to continue to grow and contribute to the Group's revenue and earnings 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 (including emerging hydrogen technologies) to address climate change.

In recognition of H2E's work in green hydrogen-based off-grid electrification, H2E won first place under Category A (Malaysian Board of Technologists ("**MBOT**") Professional Members) in an inaugural innovation competition held in conjunction with the Malaysian Technology and Innovation Expo organised by MBOT in June 2022. MBOT is a professional body that gives professional recognition to technologists and technicians in related technology and technical fields and was established pursuant to the recommendation of the Tenth Malaysia Plan, which has identified the needs for setting up a professional body to register and recognise graduates of skills and technology. The Group also won the National Energy Award ("**NEA**") under Category 3: Renewable Energy (Special Submission) at the recent NEA 2023. This NEA award is given by the Ministry of Energy Transition and Water Transformation of Malaysia to recognise the adoption of sustainable energy concepts and practices for Malaysia's business organisations to support Malaysia's ambition to achieve net-zero GHG emissions by 2050. Especially with our energy transition businesses, we are extremely honoured and proud to be associated with projects that have both positive societal and environmental impacts. Our projects can transform 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, especially pertaining to the United Nations' Sustainability Development Goals ("**SDGs**") 7, 8 and 13[1].

Despite the challenging operating environment, we remain confident in the growth opportunities for 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.

NOTES

(1) SDG 7 pertains to ensuring access to clean and affordable energy, which is key to the development of agriculture, business, communications, education, healthcare and transportation; SDG 8 pertains to promoting inclusive and sustainable economic growth, employment and decent work for all; and SDG 13 pertains to taking urgent action to combat climate change and its impacts.

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.

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.

Meanwhile, we are continuing our rebuilding and transformation 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 stewardship of the Board, the dedication and diligence of the management and staff, and the support of our shareholders, we are confident that we have right tools 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
11 April 2024

CORPORATE STRUCTURE

As at 31 December 2023

COMPREHENSIVE INCOME

During the financial year ended 31 December 2023 ("**FY2023**"), the Group posted total revenues of $16.0 million, a 7% increase from the preceding financial year ended 31 December 2022 ("**FY2022**"), with our primary business segments of oil and gas equipment and engineering services contributing 99% and 1% of the total revenue respectively. This increase was mainly due to higher revenue generated from the oil and gas equipment segment in FY2023. The Group's gross profit margin was 35% in FY2023, representing an increase of 15% from 20% in FY2022, and this was, again, due to the higher revenue generated from our oil and gas equipment segment in FY2023. The Group's total comprehensive loss attributable to equity holders of the Company has decreased by $0.3 million from $1.7 million in FY2022 to $1.4 million in FY2023, and this was primarily driven by the higher revenue generated by the Group offset against the one-off loss of $1.1 million arising from the impairment losses on other receivables.

FINANCIAL POSITION

The Group's FY2023 and FY2022 total assets stood at $12.1 million and $14.8 million respectively. The Group's net assets have decreased by $1.1 million from a net assets position of $0.6 million as at the end of FY2022 to a net liabilities position of $0.5 million as at the end of FY2023. The decrease in total assets is mainly due to the one-off loss of $1.1 million arising from the impairment losses on other receivables.

CASH FLOWS

The Group held cash and cash equivalents and fixed deposits of an aggregate amount of $3.4 million as at the end of FY2023, as compared to $1.8 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 11 April 2024 in relation to the material variances between the Group's audited and unaudited financial statements for FY2023, there is no other significant development subsequent to the release of the Group's unaudited condensed interim consolidated financial statements for FY2023, as announced on 29 February 2024, which would materially affect the Group's and the Company's operating and financial performance as of 11 April 2024, being the date of the Directors' Statement on pages 79 to 84 of this Annual Report.

CORPORATION INFORMATION

BOARD OF DIRECTORS

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)

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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PKF-CAP LLP
6 Shenton Way OUE Downtown 1,
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Singapore 068809

Partner in-charge: Jonathan Lim Ryh Jye
(Appointed from the financial year ended 31 December 2023)

SHARE REGISTRAR
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Telephone: +65 6593 4848

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SOLICITORS
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Singapore 068914

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

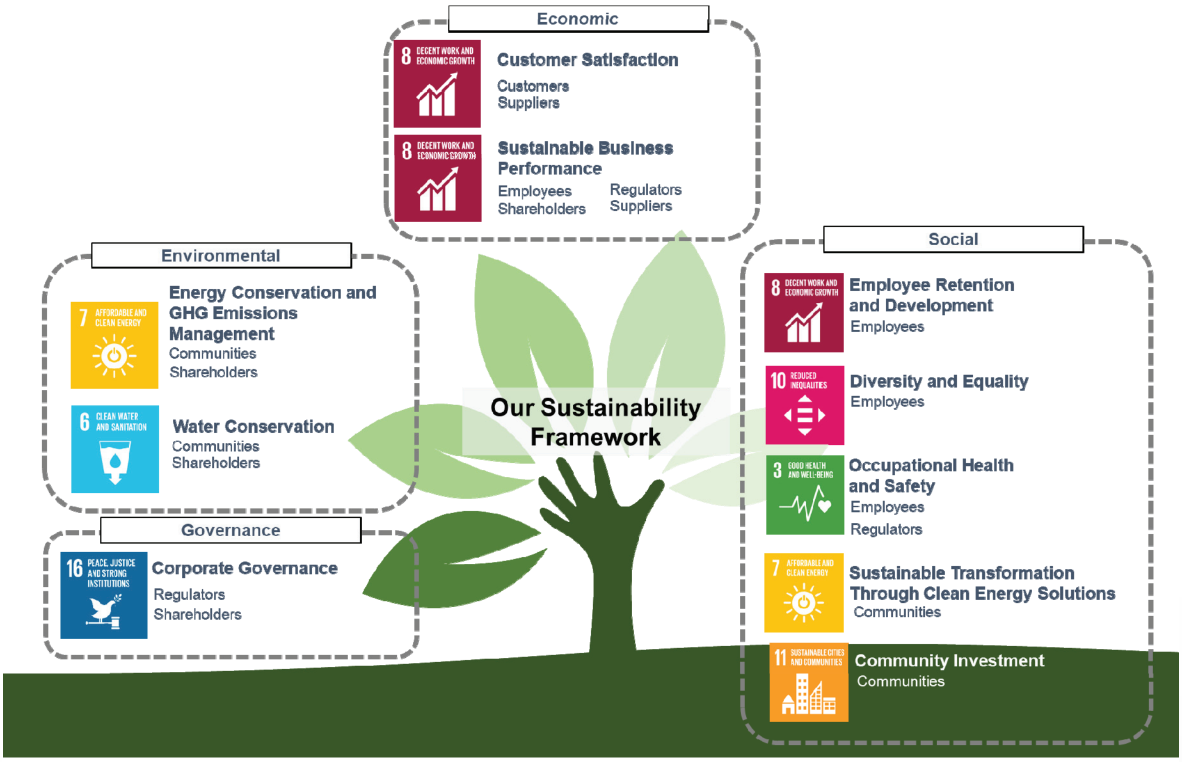
CIMB Bank Berhad
50 Raffles Place
#01-02 Singapore Land Tower
Singapore 048623

1. Board Statement

The Board of Directors ("**Board**") of Annica Holdings Limited ("**Annica**" or the "**Company**", and together with its subsidiaries, the "**Group**" or "**We**") are pleased to publish our Sustainability Report ("**Report**") for the financial year ("**FY**") ended 31 December 2023 ("**FY2023**" or the "**Reporting Period**"). In this Report, we provide insights into the way we do business, while highlighting our management approaches towards addressing our key sustainability factors under the sustainability pillars of economic, environmental, social and governance issues (collectively, "**Sustainability Factors**") that are not only material to our business but are also important for the well-being of the local communities where we operate.

Whilst mindful of our profit-oriented objective, we are committed to driving sustainable business growth, protecting the environment, and empowering our people and communities to secure the long-term future of our Group. Building upon our efforts to integrate sustainability into our values, strategy and business activities, we will continue to expand our energy transition business by building long-term capabilities, delivering sustainable products and services as well as exploring projects and collaborations to serve our clients and markets better.

We are also committed to supporting the United Nations' Sustainability Development Goals ("**SDGs**") which, in many respects, are similar to the concerns of our key stakeholders. Through our sustainability reporting framework ("**SR Framework**"), we strive to work closely with key stakeholders to actively address and manage our key Sustainability Factors as illustrated below:



2. Sustainability Performance at a Glance

A summary of the key aspects of our sustainability performance in FY2023 is as follows:

Sustainability Pillar	Performance Indicator	Sustainability Performance	
		FY2023	FY2022
Economic	Market standards relevant to our operations adopted	Adopted relevant market standards in our operations	Adopted relevant market standards in our operations
	Economic value generated[1]	S$16.61 million	S$15.36 million
	Operating costs[2]	S$11.75 million	S$13.84 million
	Employee benefits expenses	S$2.65 million	S$2.59 million
	Payments to providers of capital[3]	S$0.22 million	S$0.24 million
	Tax paid to governments	S$0.11 million	S$0.09 million
Environmental	Total Greenhouse Gas ("**GHG**") emissions (Scope 1 and 2) (tonnes CO_2e)	63.85	43.50
	GHG emissions intensity (tonnes CO_2e per S$1,000 of revenue)	0.004	0.003
	Water consumption per employee (Cu M/total number of employees)	190	202
Social	Employee turnover rate[4]	10%	16%
	Number of workplace fatalities	–	–
	Number of high-consequence work-related injuries[5]	–	–
	Number of recordable work-related injuries	–	–
	Number of recordable work-related ill-health cases[6]	–	–
	Number of reported incidents of unlawful discrimination against employees[7]	–	–
Governance	Number of incidents of serious offences[8]	–	–

We adopt a cautious approach towards our sustainability performance by closely monitoring developments and implementing measures to mitigate potential negative impacts. Our diversification into the renewable energy and green technology business unit ("**Renewable BU**") since 2016 has strategically positioned us as an energy transition company and is expected to play a critical role in balancing the energy trilemma of security, affordability, and environmental sustainability. Apart from smaller-scale projects involving the electrification of off-grid facilities using green hydrogen, we are exploring opportunities to support larger-scale projects for cross border energy export through various strategic alliances. Further to our business resetting strategy, we are also considering streamlining our current operations by consolidating our business units and/or business segments to, inter alia, improve cost-efficiency and attain wider brand awareness.

1 Economic value generated includes revenue, other revenue and share of results of joint ventures, net of government grants.

2 Operating costs include cost of sales, selling and distribution costs, administrative expenses and other expenses, net of depreciation, impairment loss and write-off of property, plant and equipment, right-of-use asset and employee-related costs.

3 Payments to providers of capital include interest payments to providers of financing and dividends to ordinary shareholders (if any).

4 Employee turnover is computed based on confirmed full-time employees.

5 High-consequence work-related injuries refer to injuries from which the worker cannot recover, or does not or is not expected to recover fully to pre-injury health status within six months.

6 Work-related ill health cases refer to negative impacts on health arising from exposure to hazards at work

7 Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigations and issued a penalty to a company in connection thereto

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

3. Our Business

We are principally involved in (i) distributing a comprehensive range of products and services in relation to oil and gas equipment; (ii) engineering services; and (iii) developing renewable energy solutions for rural electrification projects.

Our "Integrated Engineering Solutions" business segment comprises both oil and gas equipment and engineering services business units. Our business units are as follows:

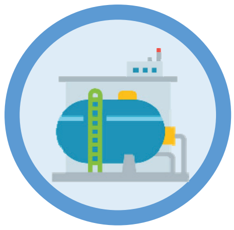
Oil and Gas Equipment business unit ("Oil and Gas BU")

Upstream

Our products and equipment are sourced from distributorships, strategic suppliers and manufacturers in the oil and gas industry.

Operations

We distribute equipment and products, and provide related services, in the oil and gas industry.



Downstream

We sell to customers from the oil and gas exploration, production and petrochemical industries.

Engineering Services business unit ("Engineering BU")

Upstream

We maintain a core team of experienced and professional engineers with a wealth of experience in technical solutions.

Operations

We specialise in design and engineering, manufacture and assembling as well as testing, commissioning and servicing of bespoke solutions for offshore industries.

Downstream

We supply to customers from the oil and gas exploration, production and petrochemical industries.

Renewable BU

Upstream

We procure components for the assembly of our proprietary energy management systems.

Operations

We provide integrated solutions relating to renewable energy, off-grid electrification, and energy storage systems (green hydrogen).

Downstream

We provide uninterrupted supplies of sustainable energy to rural or off-grid communities and facilities.

4. Reporting Period and Scope

This Report provides an overview of our sustainability performance for FY2023. It covers the following key operating entities within the Group which contributed approximately 100% (FY2022: 100%) of the Group's total revenue for the Reporting Period:

S/N	Entity	Business segment
1	Annica	Investment holding
2	Industrial Engineering Systems Pte. Ltd. ("**IES**")	Engineering BU
3	P.J. Services Pte. Ltd. ("**PJS**")	Oil and Gas BU
4	Panah Jaya Services Sdn. Bhd. ("**PJKL**")	
5	PT Panah Jaya Sejahtera	
6	Panah Jaya Makmur Sdn. Bhd.	
7	H2 Energy Sdn. Bhd. ("**H2E**")	Renewable BU

5. Reporting Framework

This Report has been prepared in accordance with Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as well as the Global Reporting Initiative ("**GRI**") Standards for the Reporting Period. We have chosen to report using the GRI framework as it is an internationally recognised reporting standard that covers a comprehensive range of sustainability disclosures. The GRI content index can be found in Section 14 of this Report.

As part of our continuous efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts against the 2030 Agenda for Sustainable Development which was adopted by all United Nations Member States in 2015 ("**UN Sustainability Agenda**"). Further details can be found in Section 12 of this Report. The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. The 17 SDGs form an urgent call for action by all countries – developed and developing – in a global partnership. We incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

Our climate-related disclosures have been prepared based on the 11 recommendations of the Task Force on Climate-Related Financial Disclosures ("**TCFD**").

Although we have not sought external assurance for this Report, we have relied on internal data monitoring and verification to ensure its accuracy. An internal review of our sustainability reporting process is incorporated as part of our internal audit review cycle and we will work towards seeking external assurance for our future sustainability reports.

6. 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.

7. Sustainability Governance Structure

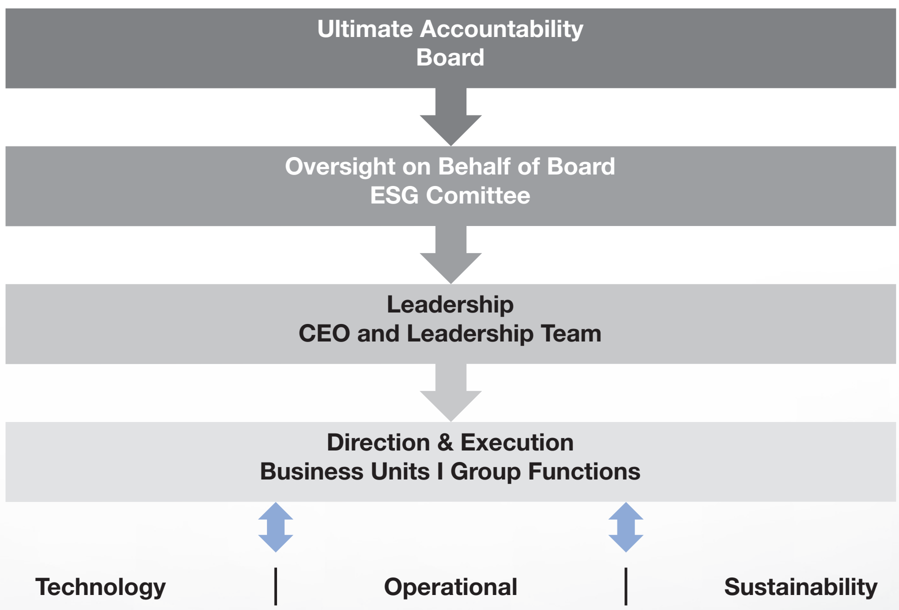
We believe that the foundation for an organisation's success is built on a culture of sustainability and is dependent on strong, committed and accountable leadership. As part of our continuous efforts to improve the Board's knowledge on sustainability reporting and to satisfy the requirements of Rule 720(6) of the Catalist Rules, we confirm that all of our five directors have attended the sustainability training courses prescribed by the SGX-ST.

Our Board holds ultimate responsibility, provides strategic direction, and monitors and considers sustainability-related risks and opportunities, including the management of key Sustainability Factors, in the formulation of the Group's strategies and policies. Our Group's ESG Committee is led by Mr. Robin Stevens (Independent and Non-Executive Director) and is supported by Mr. Lim In Chong (Non-Independent and Non-Executive Director) and Mr. Su Jun Ming (Independent and Non-Executive Director). It is tasked with developing the Group's sustainability strategy as well as providing oversight on the Group's sustainability matters, including climate risks and opportunities, on behalf of the Board. Additionally, it is responsible for developing the Group's sustainability and climate-related strategies, evaluating key Sustainability Factors, considering stakeholder priorities, setting sustainability goals, as well as monitoring our progress towards achieving performance targets across the Group.

Our Chief Executive Officer ("**CEO**"), together with the senior management (the "**Leadership Team**"), report to the ESG Committee on sustainability matters, and lead the strategic management and implementation of sustainability matters, 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 sustainability considerations are integrated into both our immediate and long-term business plans.

Our business unit management teams and group functional heads report to the Leadership Team and play a critical role in supporting our sustainability strategy. Sustainability is the responsibility of every employee, and the individual contribution and commitment from each and every employee is required to ensure success on our sustainability journey.

Our sustainability governance structure is as follows:



As we are still refining our sustainability-related metric measuring, tracking and target-setting mechanism, we will aim to link key executives' remuneration to sustainability performance in the future when the mechanism is more matured and stable.

8. Stakeholder Engagement

Through an internal stakeholder mapping exercise, we identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that have an effect on or are affected by the Group and its activities.

Our sustainability efforts focus on creating sustainable value for our key stakeholders, namely communities, customers, employees, regulators, shareholders and suppliers. As a Group, we actively engage with all our key stakeholders. Regular engagements are held through both formal and informal communication channels.

We actively engage our key stakeholders through the following channels:

S/N	Stakeholder	Engagement channel	Frequency of engagement	Key concerns raised
1	Communities	▪ Campaigns ▪ Community initiatives	Ongoing	▪ Social inclusion ▪ Environmental conservation
2	Customers	▪ Customer feedback ▪ Regular meetings ▪ Email queries	Regularly	▪ Product quality and reliability ▪ Customer service standards
3	Employees	▪ Email communications ▪ Communication sessions ▪ Virtual employee meetings ▪ Employee evaluation sessions (in person and virtual)	Regularly	▪ Equal employment opportunity ▪ Job security ▪ Remuneration ▪ Safe and fair working environment ▪ Lifelong learning
4	Regulators	Consultations and briefings organised by key regulatory bodies such as the SGX-ST and relevant government agencies or bodies	Ad hoc	▪ Corporate governance ▪ Sustainable business performance ▪ ESG reporting
5	Shareholders	Annual reports	Annually	▪ Sustainable business performance ▪ Market valuation ▪ Dividend payment ▪ Corporate governance
		Annual general meetings	Annually	
		Results announcements	Quarterly	
		Corporate announcements / press releases	Ad hoc	
		Other channels such as our corporate website (https://www.annica.com.sg), business publications and investor relation events	Ongoing	
6	Suppliers	▪ Email communications ▪ Phone calls ▪ Feedback from procurement team ▪ Exhibitions and trade shows	Regularly	▪ Ability to deliver products and services ▪ Maintain and expand brand presence ▪ Maximise end customers' satisfaction ▪ Fair and ethical procurement practices

Through the above channels and interactions, we seek to identify relevant material issues, and thereby effectively communicate with our key stakeholders and address their concerns.

9. Policy, Practice, and Performance Reporting

9.1 Sustainability Reporting Processes

A sustainability policy ("**SR Policy**") covering our sustainability strategies, reporting structure, materiality assessment, and processes in identifying and monitoring key Sustainability Factors is in place and serves as a point of reference in the conduct of our sustainability reporting.

Under our SR Policy, our sustainability reporting process begins with the identification of relevant factors and issues. The most pervasive and significant factors and issues are then prioritised as key Sustainability Factors which are then validated. From this process, we are able to distil a list of key Sustainability Factors which are then disclosed in our sustainability reports. The interaction and flow between the various processes are depicted in the chart below:

Context
Understand the Group's sustainability context by considering the activities, business relationships and stakeholders of the Company and the entities it controls or has an interest in, including minority interests.

Identification
Identify actual and potential impacts on the economy, the environment, people and their human rights.

Rating
Assess the pervasiveness and impact of Sustainability Factors across the Group and cluster similar Sustainability Factors.

Prioritisation
Prioritise the Sustainability Factors and their impact based on their significance to determine the key Sustainability Factors for reporting.

Validate
Sustainability factors will be internally validated by leadership.

Review
In each reporting period, review the key Sustainability Factors from the previous reporting period to account for changes in impacts which can result from feedback received from engagements with stakeholders as well as organisational and external developments.

9.2 Materiality Assessment

To better align with the GRI standards, we consistently refine our management approach towards sustainability reporting in order to effectively respond and adapt to the various shifts in dynamics within the business landscape. In this regard, we undertake an annual materiality assessment to review and confirm the ongoing relevance and materiality of the sustainability issues which are addressed and disclosed in our sustainability reports.

The scope of the materiality assessment covers both the positive and negative as well as the actual and potential impacts of the sustainability issues. The assessment also considers (i) the likelihood of occurrence of such impacts and (ii) their significance vis-à-vis the economy, the environment and society, and in terms of their contribution to sustainable development.

9.3 Performance Tracking and Reporting

We track the progress of our key Sustainability Factors by identifying, monitoring and measuring the relevant data points. 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.

10. Key Sustainability Factors

In FY2023, we conducted a stakeholder engagement session and materiality assessment[9] to better understand the concerns and expectations of our key stakeholders. Following this stakeholder engagement and materiality assessment, we were able to re-examine and update our key Sustainability Factors for the purposes of our annual sustainability reporting exercise. In this Report, we have reported on our progress in managing these factors and have also set related targets to improve our performance in connection thereto.

Presented below is a list of key Sustainability Factors applicable to the Group:

S/N	Key Sustainability Factor	SDG	Key stakeholder
Economic			
1	Customer Satisfaction	Decent work and economic growth	■ Customers ■ Suppliers
2	Sustainable Business Performance	Decent work and economic growth	■ Employees ■ Regulators ■ Shareholders ■ Suppliers
Environmental			
3	Energy Conservation and GHG Emissions Management[10]	Affordable and clean energy	■ Communities ■ Shareholders
4	Water Conservation	Clean water and sanitation	■ Communities ■ Shareholders
Social			
5	Employee Retention and Development	Decent work and economic growth	■ Employees
6	Diversity and Equality	Reduced inequalities	■ Employees
7	Occupational Health and Safety	Good health and wellbeing	■ Employees ■ Regulators
8	Sustainable Transformation Through Clean Energy Solutions	Affordable and clean energy	■ Communities
9	Community Investment	Sustainable cities and communities	■ Communities
Governance			
10	Corporate Governance	Peace, justice and strong institutions	■ Regulators ■ Shareholders

We review and update the key Sustainability Factors annually and when necessary to reflect changes in the Group's business operations, environmental developments, stakeholders' feedback, and/or sustainability trends in the short, medium and long term.

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[9] In FY2023, the Company engaged some of its suppliers and employees for purposes of the materiality assessment exercise by circulating an electronic survey on a random sampling basis.

[10] "Environmental protection management", a key Sustainability Factor identified in our sustainability report for FY2022, has now been subsumed under the broader third key Sustainability Factor, "Energy Conservation and GHG Emissions Management".

10.1 Customer Satisfaction

We firmly believe that our customer satisfaction is crucial to our business sustainability. With this in mind, we are committed to building and retaining a loyal customer base by maximising our customers' experience through the following:

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

With an established track record of 40 years in the industry, our Oil and Gas BU prides itself as a manufacturer's representative and strives to offer a diversity of products and technical solutions to our valued customers. As part of its mission, our Oil and Gas BU, comprising PJS and its subsidiaries, aims to provide its customers with excellent service and products with optimum value. Our Oil and Gas BU plays a role which extends beyond a traditional distributor by providing one-stop solutions for its customers. Similarly, the same strategy is adopted by our Engineering BU, comprising IES and its subsidiaries, which aims to offer bespoke engineering solutions to all customers.

Key brands under distribution

Our Oil and Gas BU constantly grows and develops its core team of experienced and professional engineers to provide value-added services to its customers through the customisation of technical solutions and the management of fabrication and installation processes. Our Oil and Gas BU is focused on expanding our business portfolio to enhance customer relations and to meet our customers' evolving needs, so as to ensure the long-term sustainability of our business.

The Oil and Gas BU's facilities in Singapore, which had commenced operations in FY2023, is approved by the Engineering Construction Industry Training Board ("**ECITB**") of the United Kingdom as an ECITB Approved Training Provider to provide mechanical joint integrity / flange management training for clients in Singapore. This recognition awarded by ECITB helped to expand the range of value-added services provided at our Singapore facility. The business unit also operates training centres in Batam, Indonesia and in Brunei, both of which are similarly approved by the ECITB.

Furthermore, PJKL is appointed by Sensor Networks Inc., a US engineering and manufacturing company which manufactures non-destructive testing equipment for industrial applications, as its authorised agent in Malaysia to supply, design, engineer, test, commission, and conduct trainings on pipeline corrosion monitoring sensors.

Adopting international standards for our services

Apart from offering a wide range of products, our Oil and Gas BU also places a strong emphasis on the quality of its services. The business unit adopts and complies with market standards and best practices in its operations to ensure product quality and safety. For instance, PJS is ISO 9001:2015 certified and under the certification, a quality manual is in place 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 its employees so as to achieve desired operational outcomes.


LRQA

Certificate of Approval

PJ Services Pte Ltd

ISO 9001:2015

Excellence in Renewable BU

In recognition of H2E's work in green hydrogen-based off-grid electrification (particularly through our H2E Solar-Hydrogen Pilot Power Module model "H2E1" system (the "**H2E1 System**")), H2E won first place under Category A (Malaysian Board of Technologists ("**MBOT**") Professional Members) in an inaugural innovation competition held in conjunction with the Malaysian Technology and Innovation Expo organised by MBOT in June 2022. MBOT is a professional body that gives professional recognition to technologists and technicians in related technology and technical fields and was established pursuant to the recommendation of the Tenth Malaysia Plan, which has identified the needs for setting up a professional body to register and recognise graduates of skills and technology. The Group also won the National Energy Award ("**NEA**") under Category 3: Renewable Energy (Special Submission) at the recent NEA 2023. This NEA award is given by the Ministry of Energy Transition and Water Transformation of Malaysia to recognise the adoption of sustainable energy concepts and practices for Malaysia's business organisations to support Malaysia's ambition to achieve net-zero GHG emissions by 2050. Especially with our energy transition businesses, we are extremely honoured and proud to be associated with projects that have both positive societal and environmental impacts.

For further details on our H2E1 System, please refer to Section 10.8 of this Report titled "Sustainable Transformation Through Clean Energy Solutions".

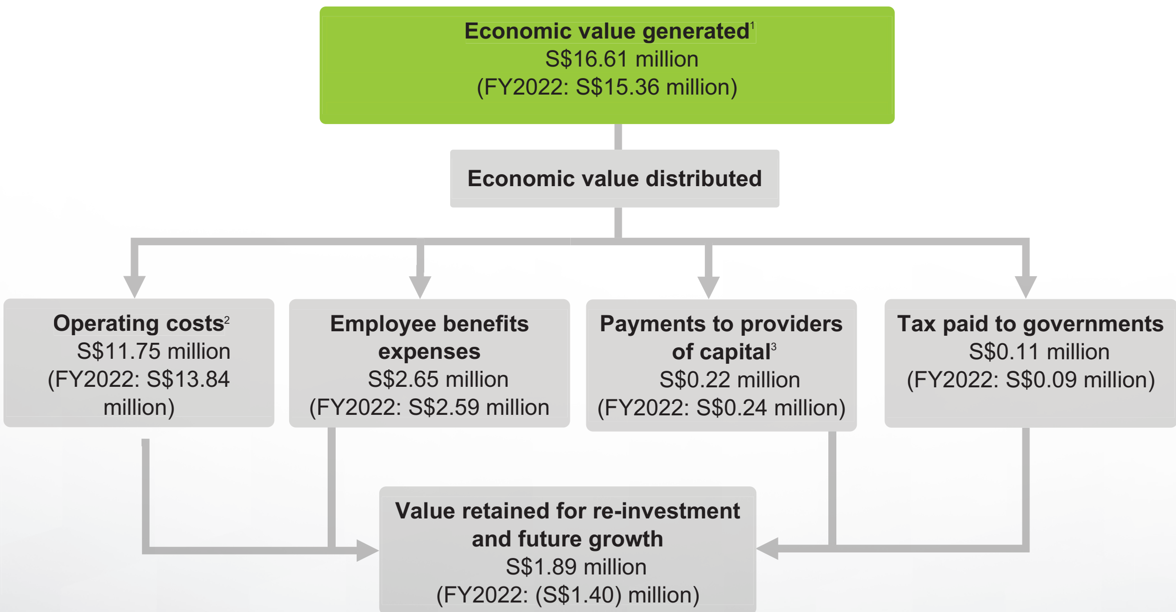
Proactively gather customer feedback for improvements and strategy development

We strongly encourage our customers to provide feedback on our products and services via various touchpoints such as our corporate website, emails and LinkedIn. Customer feedback is analysed to provide valuable insights into current and future customer requirements and preferences. Responses gathered are reviewed and discussed during management meetings to drive product and service improvements.

We will continue to enhance customer satisfaction by sourcing for more complimentary product distributorships and building good rapport with our strategic suppliers in an effort to expand our product and service offerings to our customers.

10.2 Sustainable Business Performance

We believe in creating long-term economic value for our stakeholders by adopting responsible business practices and growing our business in a sustainable manner. In line with this commitment, economic value generated[1] by the Group in FY2023 is distributed as follows to achieve a more sustainable future for the Group:



Since FY2017, the management has embarked on a diversification initiative into the renewable energy and green technology business. This initiative primarily aims to reduce our reliance on the Oil and Gas BU as well as the Engineering BU, and thereby provide shareholders with diversified returns and enhance shareholders' value. Examples of projects that we undertook in the Renewable BU are disclosed in Section 10.8 of this Report.

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.

Further details of our economic performance can be found in the audited consolidated financial statements of our annual report for FY2023 (the "**Annual Report**").

10.3 Energy Conservation and GHG Emissions Management

We acknowledge that our energy consumption and the resultant GHG emissions contribute to climate change. Accordingly, we are committed to reducing our carbon footprint and transitioning to become a low-carbon organisation.

We aim to reduce our environmental footprints and, at the same time, establish operational resilience to deliver long-term and sustainable value to our key stakeholders. Accordingly, we adopt a balanced approach in managing and minimising the environmental impacts arising from our business operations.

Decarbonisation approach

To achieve our decarbonisation goals, we have implemented a seven-step continuous circular process for our decarbonisation efforts as follows:

In FY2023, we conducted a life cycle assessment to map our carbon profile in respect of Scope 1, 2 and 3 GHG emissions based on defined organisational boundaries. Our operations in the various countries in which we conduct business in rely mainly on the following energy sources:

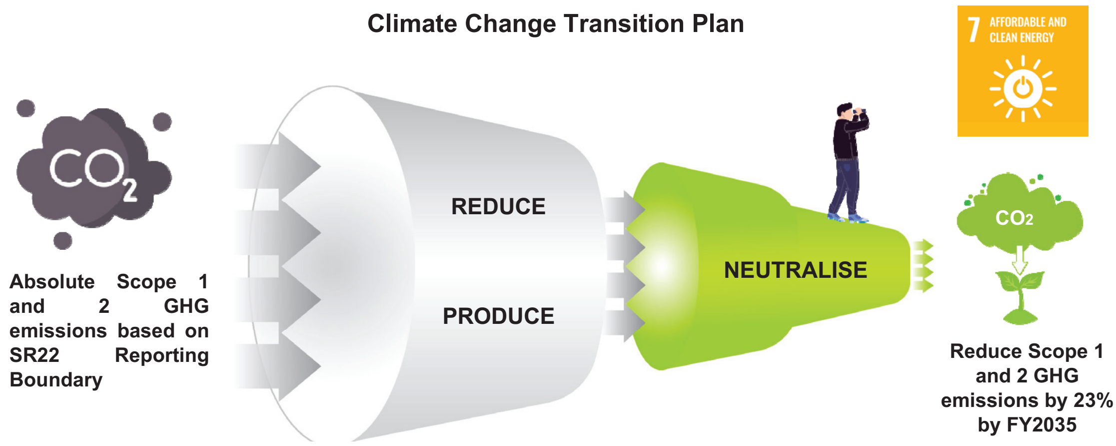
- Petrol for the motor vehicles; and
- Electricity for office essentials such as lighting, office equipment and air-conditioning.

We track and monitor our Scope 1, Scope 2 and certain categories of Scope 3 GHG emissions closely, and are developing mechanisms to better track the other categories of our Scope 3 GHG emissions, where relevant and practicable. We also developed a climate change transition plan (as elaborated on below) and will refine and improve the plan as we progressively implement it, by considering changes in business operations, the environment and market trends. Progress updates and our performance will be disclosed in our sustainability reports, with assurance on the reporting process covered by an internal review.

Climate Change Transition Plan

Our climate change transition plan steers us on our decarbonisation journey. Under this plan, we have committed to reduce our absolute Scope 1 and Scope 2 GHG emissions by 23% each by FY2035, with FY2022 as our baseline.

Our climate change transition plan is focused on three strategic levers – namely, reduce, produce and neutralise – as illustrated below:



An elaboration on our strategic levers is set out below:

Lever	Reduce	Produce	Neutralise
Description	▪ Reduce absolute Scope 1 and 2 GHG emissions first within our operations and followed by our supply chain ▪ Replace existing energy source(s) with alternative low or zero-carbon sources to reduce GHG emissions	On-site generation of green or renewable energy	Neutralise unavoidable residual GHG emissions
Focus area	▪ Energy efficiency – Machinery & Equipment – Lighting – Cooling – Electric vehicles ▪ Clean energy	▪ Solar energy	▪ Renewable energy certificates (“**RECs**”) ▪ Carbon credits

We track and review our spending on energy consumption regularly to control our energy usage and to take corrective actions when unusual consumption patterns are observed. We continuously strive to improve our energy use and efficiency through the following initiatives:

Lever	Key initiative	Description
Reduce	Reduction in energy consumption through the use of energy-efficient machinery and equipment	Our initiatives on this front include: ■ Regular maintenance of machinery and equipment to ensure good working conditions to optimise energy efficiency; ■ Regular cleaning of filters for air-conditioning systems to reduce air flow resistance; and ■ Adopt greener work practices such as switching off appliances when not in use and enabling power saving modes.
	Reduction in energy consumption through the use of energy-efficient lighting	We use motion sensors in our lighting systems.
	Reduction in energy consumption by switching to renewable energy source(s)	We constantly explore opportunities to adopt clean and/or renewable energy in the locations that we operate in.
	Reduction in energy consumption through replacement of existing vehicles with electric vehicles	Our forklifts are electric-powered – these emit less GHG than diesel-powered forklifts, and are cleaner and greener. We are considering switching our fleet of motor vehicles, which are currently powered by petrol, to hybrid or electric-powered vehicles when practicable.
Produce	Solar Energy Storage Solutions	The H2E1 System[11] is fuelled by two parallel resources (i.e. solar and water) that enables continuous, uninterrupted electrification (both day and night) for users. In addition, water filtration systems are in place to provide clean water for users to consume and utilise for their daily needs. Please refer to Section 10.8 for more details.
Neutralise	■ REC ■ Carbon credits	We plan to explore the use of RECs and carbon credits to offset unavoidable residual GHG emissions when the relevant markets mature.

Energy conservation and GHG emissions management are of paramount concern to us. As part of our efforts to mitigate the effects of climate change, we are committed to the responsible usage of energy and to reducing our GHG emissions by enhancing our energy usage efficiency and pursuing carbon reduction initiatives.

[11] Please refer to Section 10.8 of this Report for more information on the H2E1 System.

Key statistics on our energy consumption and GHG emissions during the Reporting Period are as follows:

Performance indicator	Unit of measurement	FY2023	FY2022
Energy consumption			
Petrol consumption[12]	litres	2,670	1,305
Petrol consumption intensity	litres per S$1,000 of revenue	0.17	0.09
Electricity consumption[13]	kWh	101,418	80,100[14]
Electricity consumption intensity	kWh per S$1,000 of revenue	6.32	5.34
GHG emissions			
Direct GHG emissions (Scope 1)[12]	tonnes CO^2e	6.09	2.98
Indirect GHG emissions (Scope 2)[13]	tonnes CO^2e	57.76	40.52[14]
Total GHG emissions (Scope 1 and 2)	tonnes CO^2e	63.85	43.50
GHG emissions intensity	tonnes CO^2e per S$1,000 of revenue	0.004	0.003

The increase in the GHG emissions intensity for FY2023 was largely due to an increase in commuting in connection with the sales and marketing activities of our Oil and Gas BU post-pandemic.

We shall continue to intensify our energy conservation efforts by tracking our energy consumption and relevant GHG emissions, observe fluctuation patterns and take corrective actions if required.

In FY2023, we started to track our Scope 3 GHG emissions[15] arising from fuel and energy-related activities (category 3), business travel (category 6) and employee commuting (category 7) as follows:

Category	Coverage	Entity	Unit of measurement	FY2023	FY2022
Category 3 Fuel and energy-related activities	Transmission and distribution losses	Group	tonnes CO_2e	1.91	1.51
Category 6: Business travel	Air travel	▪ Annica ▪ PJS ▪ IES	tonnes CO_2e	22.29	NA[13]
Category 7: Employee commuting	Transportation of employees between their homes and worksites		tonnes CO_2e	15.93	NA[16]

10.4 Water Conservation

We recognise the importance of managing our water consumption efficiently and preventing the depletion of valuable water resources. Accordingly, we are committed to the responsible usage of water resources through enhancing our water consumption efficiency.

[12] GHG emissions from consumption of petrol and diesel (Scope 1) are calculated based on the GHG Emissions Measurement and Scope 1 Reporting Guidelines published by the Singapore National Environment Agency.

[13] GHG emissions from electricity purchased (Scope 2) are calculated based on the average GHG emissions factors published by the Singapore Energy Market Authority for our Singapore operations and the Malaysia Institute for Global Environmental Strategies for our Malaysia operations.

[14] Restated figures due to certain omissions in tracking the energy consumption figures of Annica, IES and PJS in FY2022.

[15] GHG emissions from indirect sources (Scope 3) are computed based on emission factors published by the relevant authorities.

[16] No comparative data is available as the data was not previously tracked in FY2022.

We utilise natural water resources to fuel our H2E1 System as well as for cleaning and sanitation purposes. Key statistics on the Group's water consumption during the Reporting Period are as follows:

Resource	Water consumption (Cu M)		Water consumption intensity (Cu M / total number of employees)	
	FY2023	FY2022	FY2023	FY2022
Water	9,866	10,293	190	202

Water consumption trends are regularly tracked and analysed, and corrective actions are taken when unusual consumption patterns are observed.

10.5 Employee Retention and Development

As our primary businesses involve the provision of services, human capital is crucial to our business sustainability. Effective talent attraction and recruitment, without any bias and discrimination, are essential in building a strong and sustainable talent pipeline for the continued success of our business.

Key statistics on new hires and the turnover[4] of full-time employees during the Reporting Period are as follows:

New hires[17]

Performance indicator	FY2023		FY2022	
	Number of new hires	New hires rate	Number of new hires	New hires rate
Overall				
New hires	9	17%	9	18%
Gender				
Male	8	27%	7	24%
Female	1	5%	2	9%
Age				
Age under 30	3	43%	2	29%
Age 30 - 50	3	11%	7	26%
Age above 50	3	18%	–	-%

[17] The new hires rate is computed based on the number of new hires over total employees in the relevant financial year.

Turnover[18]

Performance indicator	FY2023		FY2022	
	Number of turnovers	Turnover rate	Number of turnovers	Turnover rate
Overall				
Turnover	5	10%	8	16%
Gender				
Male	5	17%	5	17%
Female	–	–%	3	14%
Age				
Age under 30	1	14%	–	–%
Age 30 - 50	4	14%	6	22%
Age above 50	–	–%	2	12%

Our turnover rate improved (i.e. decreased) between FY2022 to FY2023 due to higher job satisfaction and increased employee engagement. Nonetheless, we will continue to work towards further improving our turnover rate and employee retention through the following efforts:

- Leading by example in both business and operations;
- Empowering employees to make decisions at the workplace;
- Regular communication between leaders and employees to obtain feedback and align business goals across all levels of the workforce; and
- Re-employment arrangements for our senior employees.

We prioritise developing the skills and talents of our employees as we believe that well-trained employees are vital to the long-term success of our business. To address skill gaps and help our employees achieve their career development goals, we regularly assess our employees' training needs, and review our existing training initiatives for continued relevance.

Our training and development programmes include the following:

- Upskilling programmes on technical courses related to job functions such as the ECITB training course;
- Product knowledge programmes and sales-related training;
- Webinars conducted by subject-matter experts for middle managers and Leadership Team members;
- Capacity building via professional certifications; and
- Safety-related trainings such as first-aid courses, Basic Offshore Safety Induction and Emergency training, International Minimum Industry Safety Training courses and deployment safety trainings.

[18] The turnover rate is computed based on the number of turnovers over total employees in the relevant financial year.

Key statistics on training hours are as follows:

Performance indicator	FY2023	FY2022
Overall		
Total training hours	452.0	252.5
Average training hours per employee	8.7	5.0
Gender (Male)		
Total training hours	349.5	137.0
Average training hours per employee	11.7	4.7
Gender (Female)		
Total training hours	102.5	115.5
Average training hours per employee	4.7	5.3
Management		
Total training hours	105.5	47.0
Average training hours per employee	6.2	2.9
Non-management		
Total training hours	346.5	205.5
Average training hours per employee	9.9	5.9

In FY2023, our employees were engaged in more training and development programmes to enhance their job knowledge and skills so as to boost their potential and optimise performance. Additionally, our employees were also engaged in more health and safety trainings to ensure workplace safety.

Training and development aside, we value our employees' welfare and well-being. Therefore, we are committed to improving employee benefits which include medical insurance coverage, medical and dental benefits, and monetary gifts for celebrations or condolence gifts.

Parental leave

We also provide pro-family benefits, which include wedding gifts, baby gifts, matrimonial leave, adoption leave, maternity leave and paternity leave, to eligible confirmed employees. Key statistics on maternity leave and paternity leave (collectively, "**Parental Leave**") taken by confirmed full-time employees are as follows:

Disclosure	FY2023		FY2022	
	Male	Female	Male	Female
Number of employees entitled to Parental Leave	5	2	6	4
Number of employees who took Parental Leave	4	2	3	2
Number of employees who returned to work after Parental Leave ended	4	2	3	2
Return to work rate of employees who took Parental Leave	100%	100%	100%	100%
Retention rate of employees 12 months after they returned to work from Parental Leave[19]	100%	100%	75%	100%

[19] The retention rate is calculated based on the number of employees who took Parental Leave in the preceding reporting period.

We conduct employee performance appraisals to ensure expectation-setting conversations are conducted and to promote a high-performance culture within the organisation. We also perform a year-end performance review for our employees, providing them with the opportunity to self-assess, provide feedback, and engage in competency discussions. We are guided by our internal procedures and directives on merit-based employee promotions, and salary revisions are performance driven. We believe this motivates our employees to seek continuous self-improvement and personal development.

Key statistics on the performance review are provided below:

Performance indicator	FY2023	FY2022
Overall	71%	71%
Gender		
Male	73%	72%
Female	68%	68%
Employee category		
Management	59%	56%
Non-management	77%	77%

10.6 Diversity and Equality

We aim to provide and foster a fair, inclusive, and non-discriminatory working environment for all our employees that respects community and cultural diversity, regardless of gender, age and educational background.

As at 31 December 2023, the Group had a total workforce of 52 permanent full-time (FY2022: 51 permanent full-time employees). Most of our employees are based in Singapore. A breakdown of our headcount is as follows:

FY	Singapore	Malaysia	Indonesia	Brunei	Total
Overall[20]					
2023	17	19	10	6	52
2022	18	12	15	6	51

Key statistics on the demographics of our employees are as follows:

Gender diversity (%)

With regard to gender diversity, as at the end of FY2023, 42% of our full-time employees were female employees (FY2022: 43%)[21].

We also view diversity at the Board level as an essential element in supporting sustainable development. As at the end of FY2023, we have one (1) female Executive Director (FY2022: one (1)) out of five (5) Directors on the Board (FY2022: six (6)) or, in other words, 20% (FY2022: 17%) female representation on the Board. For further information on our board diversity policy, please refer to our Corporate Governance Report.

[20] There were no temporary employees, non-guaranteed hours employees, and part-time employees employed by the Group in FY2023.

[21] Restated figures (from those originally disclosed in the sustainability report for FY2022) due to an inadvertent omission of employees in the computation of the gender diversity ratio for FY2022.

Key statistics on the gender diversity of our full-time employees are as follows:

Performance indicator	FY2023		FY2022	
	Male	Female	Male	Female
Overall	58%	42%	57%[21]	43%[21]
Employee category				
Management	76%	24%	69%	31%
Non-management	49%	51%	51%	49%

Age diversity (%)

With regard to age diversity, we value matured workers for their experience, knowledge and skills. As at 31 December 2023, 33% of the workforce is above 50 years old (FY2022: 33%).

Key statistics on the age diversity of our full-time employees are as follows:

Performance indicator	FY2023			FY2022		
	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50
Overall	13%	54%	33%	14%[22]	53%	33%
Employee category						
Management	–	41%	59%	-	44%	56%
Non-management	20%	60%	20%	20%	57%	23%

Educational background diversity (%)

With regard to diversity in educational background, we seek to create an inclusive environment for employees of various academic attainment. Due to the nature of our operations, our workforce is predominantly tertiary educated as we require technical personnel in delivering engineering solutions, and such employees contribute to 73% of our total workforce as at 31 December 2023 (FY2022: 69%). We invest continuously in our employees through the provision of training programmes.

Performance indicator	FY2023		FY2022	
	Tertiary	Non-tertiary	Tertiary	Non-tertiary
Percentage of employees by educational diversity	73%	27%	69%	31%

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

- Employee 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; and
- To promote equal opportunities in the workplace, we provide opportunities for promising employees to attend relevant training programmes regardless of their background.

For FY2023, we had zero reported incidents of unlawful discrimination against employees[7] (FY2022: zero incidents).

[22] Restated figure (from that originally disclosed in the sustainability report for FY2022) due to a rounding error in the computation of the age diversity ratio for FY2022.

10.7 Occupational Health and Safety

The health and safety of our employees are of great importance to us, and we are committed to creating a workplace that allows employees to perform and develop in a safe and healthy environment. We believe that a safe and healthy working environment helps to enhance the productivity and operational efficiency of the Group.

We have adopted the following key measures to manage health and safety in our workplaces:

- Health and safety training courses;
- A set of occupational health and safety procedures is in place; and
- An emergency response plan is in place for fire safety.

Key statistics on our work-related injuries and ill health cases are as follows:

Performance indicator	FY2023	FY2022
Number of fatalities	–	–
Number of high-consequence work-related injuries[5]	–	–
Number of recordable work-related injuries	–	1
Number of recordable work-related ill health cases[6]	–	–

We had no instances of work-related injuries or ill health cases in FY2023 and remain committed to safeguarding the health and safety of our employees in the workplace.

10.8 Sustainable Transformation Through Clean Energy Solutions

As part of our mission to help clients reduce their GHG emissions and to give back to the community, and further to our business diversification into the Renewable BU, we undertook the following initiatives:

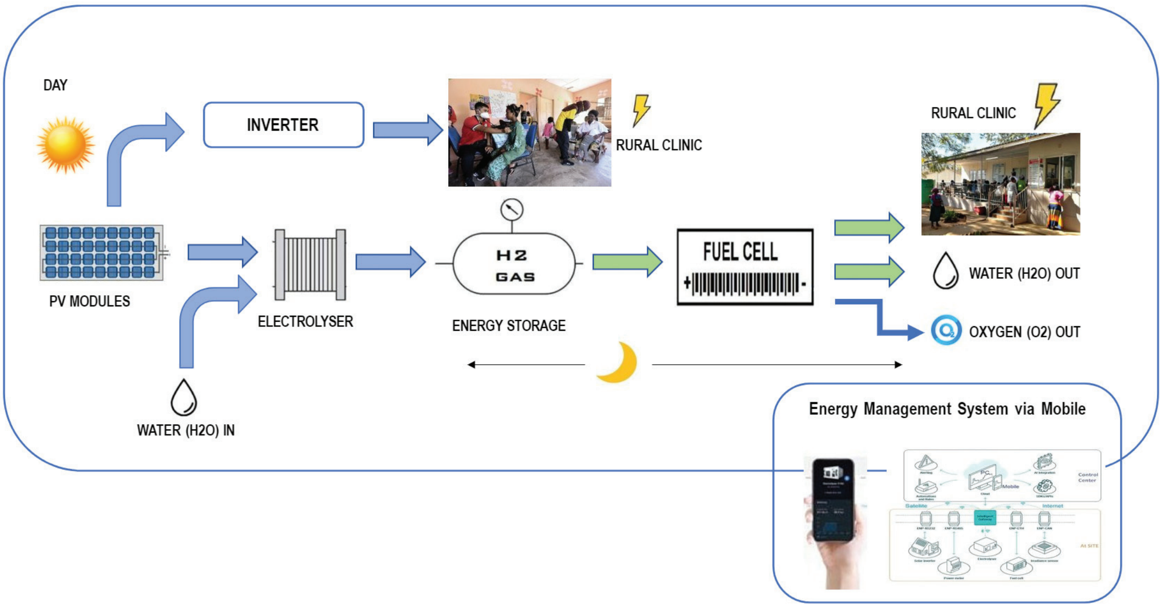
<u>Rural Electrification Project in Sarawak, Malaysia</u>

Through our subsidiary, H2E (formerly known as HT Energy (S) Sdn. Bhd.), we managed to obtain the support of the Sarawak State Health Department of Malaysia under the Ministry of Health (MOH), Malaysia, to carry out the pilot project for the electrification of clinics in rural, off-grid communities located in Sarawak, Malaysia (the "**Pilot Project**"). 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. As a result, the electrification of such communities is highly intermittent, and this negatively impacts the quality of life of the inhabitants.

Under the Pilot Project, the H2E1 System was set up to replace the diesel generators at the Long Loyang Clinic. A schematic illustration of the process involved is as follows:

The H2E1 System



Remarks

Day

(i) DAYTIME

- Solar panels generate direct current ("**DC**") power.
- Electrolyser produces hydrogen gas ("$\mathbf{H_2}$") and oxygen gas ("$\mathbf{O^2}$") from water.
- H_2 is stored in tanks and O^2 is released into the air.

Night

(ii) NIGHTTIME

- Inverter converts DC from H_2 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 control and manage the H2E1 System remotely.

The H2E1 System is fuelled by two parallel resources (i.e. solar and water), both of which are naturally abundant and non-pollutive, and enable continuous, uninterrupted electrification (both day and night) for the users. In addition, water filtration systems are added to provide clean water for users to consume and utilise for their daily needs. By providing a continuous source of electricity as well as clean water, we help to improve the quality of life of these rural communities in Sarawak and enable them to carry out more activities which require electricity.

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

By promoting the application of the H2E1 System for rural/off-grid communities, H2E is in line with the following SDG goals:

- SDG 7 – Affordable and clean energy;
- SDG 9 – Industry, innovation and infrastructure;
- SDG 11 – Sustainable cities and communities; and
- SDG 13 – Climate action.

In alignment with Malaysia's Low Carbon Nation Aspiration 2040 initiative to reduce the intensity of GHG emissions and generate tradeable carbon credits, our Pilot Project is expected to reduce the generation of GHG emissions in Malaysia. A calculation of the anticipated reduction in GHG emissions as a result of the Pilot Project is set out below:

30kWh/clinic	1 year	20 years	25 years
Electricity produced (kWh)	10,950	219,000	273,750
Anticipated GHG emissions reduced through generation of clean energy (tonnes CO_2e)[23]	6.4	128.1	160.1

We are committed to delivering more of such projects going forward so as to to reduce the generation and release of GHG emissions into our environment. Currently, we are also finalising the commercialisation of the H2E1 System.

[23] The anticipated amount of GHG emissions reduced is computed based on the amount of renewable energy generated (in substitution for traditional energy sources).

10.9 Community Investment

We recognise that the long-term success of our business is closely tied to the health and prosperity of the communities that we are operating in. Accordingly, we strive to be a responsible corporate citizen by enriching and supporting the local communities in the locations which we operate, through our corporate social responsibility ("**CSR**") initiatives.

Key highlights of our CSR initiatives in FY2023 are as follows:

Outreach programme and provision of Kentucky Fried Chicken (KFC) set meals to employees of Rumah Charis (Home For The Children) and 22 children in the local community

Donation of a wall fan to the Rumah Charis (Home For The Children), a charitable welfare organisation based in Malaysia

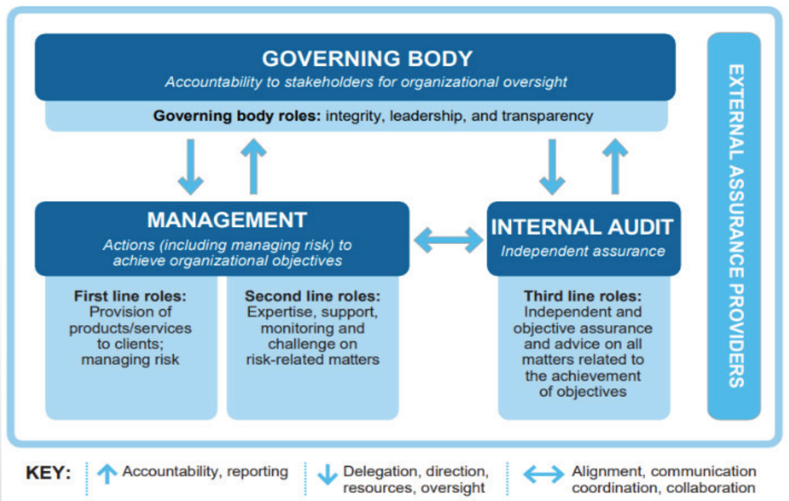
Donation of groceries to the underprivileged community near Taman Tekno Workshop, followed by Buka Bersama (Iftar Get Together) with the orphanage, youth organisation and sub-district government.

The Group is in the process of 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 key Sustainability Factor.

10.10 Corporate Governance

Maintaining a high standard of corporate governance is an integral part of ensuring the sustainability of our business, safeguarding shareholders' interests, and maximising long-term shareholder value.

We aligned our corporate governance framework and multi-layered risk management approach with the Three Lines Model issued by the Institute of Internal Auditors ("**IIA**"). The Three Lines Model serves to identify structures and processes which best assist the achievement of organisational objectives and which facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of the governing body (i.e. the Board), management (first- and second-line roles) and internal audit (third line roles), and the relationship amongst them, are defined as follows:



Source: Three Lines Model issued by the IIA

The Group has adopted an enterprise risk management ("**ERM**") framework, which is ongoing process for identifying, evaluating and managing the significant risks faced by the Group. Separately, we have in place a whistleblowing policy and a dedicated whistleblowing channel to provide an avenue for employees and external parties to raise concerns about any misconduct or improprieties in the Group, and at the same time assure them that they will be protected from victimisation for whistleblowing in good faith. Please refer to page 74 to 75 of the Annual Report for more information on our whistleblowing policy.

During the Reporting Period, there were no reported incidents of serious offence[8] (FY2022: zero incidents). We also recorded zero incidents of non-compliance with laws and regulations during the Reporting Period for which fines and/or non-monetary sanctions were incurred.

For further information on our corporate governance practices, please refer to the Corporate Governance Report in the Annual Report.

11. Targets and Performance Highlights

To measure our ongoing sustainability performance and facilitate continuous improvement in that regard, we have developed a set of targets related to our key Sustainability Factors. Our progress against these targets is reviewed and reported on an annual basis with details as follows:

Legend:	Progress tracking
○○○	New target
●●●	Target achieved
●●○	On track to meet target
●○○	Not on track, requires review

S/N	Key Sustainability Factor	Target / Time Horizon [24]	Current year performance
Economic			
1	Customer Satisfaction	<u>Ongoing</u> ■ Maintain a comprehensive range of solutions ■ Adhere to the market standards and best practices in operations	●●●
2	Sustainable Business Performance	<u>Ongoing</u> ■ Maintain or improve economic value generated subject to economic conditions	●●●
Environmental			
3	Energy Conservation and GHG Emissions Management	<u>Short term</u>[25] ■ Maintain or reduce GHG emissions intensity by FY2025 with FY2022 as our baseline <u>Medium term</u> ■ Reduce absolute Scope 1 and Scope 2 GHG emissions by 23% each by FY2035 with FY2022 as our baseline	○○○

[24] Short term" refers to the time horizon commencing as at the date of this Report and ending on 31 December 2024; "medium term" refers to the time horizon between FY2025 to FY2035 (both years inclusive); "long term" refers to the time horizon commencing from FY2035 onwards; and "ongoing" refers to a continuous and indefinite time horizon commencing as at the date of this Report.

[25] As disclosed in the Company's sustainability report for FY2022, the target set for FY2023 was originally to "maintain or reduce electricity consumption rate". Although this target was not achieved as the electricity consumption rate in FY2023 was 1,950.35 kWh per employee (FY2022: 1,041.97 kWh per employee), we have amended the target going forward to be more in line with the market standard and practice on such disclosures, which the Company believes will be more meaningful.

S/N	Key Sustainability Factor	Target / Time Horizon [24]	Current year performance
Social			
5	Employee Retention and Development	Ongoing ▪ Maintain or reduce employee turnover rate	●●●
6	Diversity and Equality	Ongoing and long term[26] ▪ Maintain zero incident of unlawful discrimination against employees	●●●
7	Occupational Health and Safety	Ongoing and long-term ▪ Maintain zero incident of workplace injuries	●●●
8	Sustainable Transformation Through Clean Energy Solutions	Ongoing ▪ Improve the quality of life for inhabitants of rural communities ▪ Increase access to renewable energy resources for rural communities through commercialisation and wider roll-out of the H2E1 System across Sarawak and other off-grid areas	●●○
9	Community Investment	Ongoing ▪ Initiate various campaigns to help the local communities in locations where we operate in	●●●
Governance			
10	Corporate Governance	Ongoing and long-term target[27] ▪ Maintain zero incidents of serious offence[8]	●●●

For certain key Sustainability Factors identified above, we are still in the process of determining and setting the appropriate medium and long-term targets as their historical data trends have yet to stabilise. We will disclose such targets in our future sustainability reports when the data trends have stabilised and market trends can be more fully appreciated.

[26] As disclosed in the Company's sustainability report for FY2022, the target set for FY2023 was originally to "move towards more balanced gender and age diversity ratios (or at least maintain the existing ratios from the previous financial year)". This target was not achieved as the percentage of female to total full-time employees in FY2023 was 42% (FY2022: 43%[21]). Further, the percentage of employees aged below 30, between 30 to 50, and above 50 in FY2023 was 13%, 54% and 33% respectively (FY2022: 14%[22], 53% and 33% respectively). We have, nevertheless, amended the target going forward to be more in line with the market standard and practice on such disclosures, which the Company believes will be more meaningful.

[27] As disclosed in the Company's sustainability report for FY2022, one of the targets originally set for FY2023 was to "maintain or improve our SGTI Score". As the SGTI Score is not always available in time for our annual report, we have amended the target going forward to be more in line with the market standard and practice on such disclosures, which the Company believes will be more meaningful.

12. Supporting the SDGs

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 SDGs, which form an urgent call for action by all countries – developed and developing – in a global partnership. As 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 to through our business practices, products and services. The SDGs that we focus on and the related Sustainability Factors are as follows:

SDGs		Our efforts
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Section 10.7 Occupational Health and Safety We implement measures to ensure that all our employees are working in a safe and secure environment.
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	Section 10.4 Water Conservation We implement checks and measures to reduce water wastage in our business operations, which in turn help us to work towards achieving sustainable management and efficient use of natural resources.
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable, and modern energy for all	Section 10.8 Sustainable Transformation Through Clean Energy Solutions Our continued efforts to expand into the renewable energy sector and to provide communities with clean and sustainable resources allow us to diversify our business and advance the Group's sustainability goals and objectives. Section 10.3 Energy Conservation and GHG Emissions Management We place a heavy emphasis on the efficient use of energy within our office premises as well as business practices, with a view to 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 10.1 Customer Satisfaction 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 stakeholders. Section 10.2 Sustainable Business Performance We contribute to economic growth through creating long-term economic value for our stakeholders. Section 10.5 Employee Retention and Development 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 stakeholders.
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	Section 10.6 Diversity and Equality We ensure equal opportunity for all regardless of gender, age or educational background by establishing various HR related policies to facilitate this goal.

SDGs		Our efforts
	Make cities and human settlements inclusive, safe, resilient and sustainable	Section 10.9 Community Investment We are committed towards enriching and supporting the local communities in the locations which we operate, through our CSR initiatives.
	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 10.10 Corporate Governance We maintain a high standard of corporate governance to safeguard our shareholders' interests and maximise long-term shareholder value.

13. TCFD Disclosures

The Group acknowledges that our energy consumption and GHG emissions contribute to climate change. In order to work towards our goal of net zero GHG emissions, we adopt environmentally friendly practices in our business operations and across the value chain, while encouraging our employees to inculcate sustainable habits in their daily lives. We also develop products and solutions that will help our customers in meeting their climate change-related commitments.

We are committed to supporting the recommendations by the TCFD. In this regard, we disclose our climate-related financial disclosures in the following key areas as recommended by the TCFD:

TCFD recommended disclosures	
Governance	
a.	*Describe the Board's oversight of climate-related risks and opportunities.*
	Our sustainability governance structure includes the Board, ESG Committee, the Leadership Team and various working groups across our businesses and geographies. The Board is ultimately accountable for climate-related risks and opportunities and considers climate-related issues in setting the Group's strategic direction, policies and sustainability targets.
b.	*Describe management's role in assessing and managing climate-related risks and opportunities.*
	Our sustainability strategy is formulated by the Group's ESG Committee in consultation with the Board. The responsibilities of the ESG Committee include, but are not limited to, the consideration of climate-related issues in the development of the Group's sustainability strategy, integrating climate risks within the Group's enterprise risk management ("**ERM**") framework, undertaking climate scenario analysis, and monitoring the implementation of climate-related initiatives. Our Group CEO assists the ESG Committee in ensuring that the Group's impact on climate change is taken into consideration in all business strategies and operational plans. Business, regional and function heads are tasked with addressing the climate-related risks and opportunities in their respective areas of responsibility and support the execution of strategies and plans together with all business units.
Strategy	
a.	*Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.*
b.	*Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.*
	We recognise that climate change poses a variety of risks to our business. These include physical risks and transition risks which can have adverse operational and financial impacts on our operations.

TCFD recommended disclosures

In FY2023, the Group undertook a climate scenario analysis to identify and assess climate-related risks and opportunities for all our operations. Consistent with the intended scope of our study, we selected scenarios relevant to our businesses and assessed the potential implications of our assets, supply chain resilience as well as business strategies in respect of climate change based on the Representative Concentration Pathway ("**RCP**") adopted by the Intergovernmental Panel on Climate Change ("**IPCC**"). The potential implications of our assets, supply chain resilience as well as business strategies in respect of climate change are as follows:

Scenario	Description
IPCC RCP 2.6/1.5°C	This scenario is in line with the Paris Agreement to limit global warming to below 2°C by 2100 as a result of efficiency enhancements and behaviour changes as key mitigation strategies.
IPCC RCP 8.5/4°C	The 'business-as-usual' scenario assumes that GHG emissions continue to rise with significant increases in global temperatures of about 4.3°C by 2100, as no concerted efforts are made to reduce GHG emissions.

Based on the scenarios above, we identified the following potential impacts of climate change, including physical and transition risks, on our business as well as climate-related opportunities which the Group can capitalise on:

Climate-related risk and opportunities	Potential impact	Our response
Physical risk -Increased frequency of extreme weather events and changes in precipitation patterns	Increased frequency of extreme weather events such as flash floods, variability in weather patterns, and changes in precipitation patterns may adversely impact the Group's renewable energy business (e.g., increased cloud cover leading to lower yield for our solar dependent assets).	Raise awareness amongst our employees to be more environmentally conscious and reduce our environmental impact throughout our operations.
Transition risk -Expansion of carbon pricing mechanism	Expansion of carbon tax coverage and increase in carbon tax rates may have operational impacts on our business. Carbon tax and costs are likely to be passed on to the Group through suppliers, particularly in respect of goods and services with embodied carbon.	Work towards reducing our carbon footprint across the value chain in collaboration with suppliers where possible to meet the expectations of regulators and customers on the environment.
Opportunities - Access to new and emerging markets	Rising demands of the transition to a low carbon economy and shifts in consumer preferences within our industries will require more of the Group's attention to track sectoral structural shifts such as competitors' efforts to launch greener products, and/or investing into climate-related businesses and technology opportunities to place ourselves in a more competitive position.	Tap into the potential market of decentralised off-grid electrification business for our Renewable BU by establishing new and potential partnerships with governments for domestic and international renewable energy supply and cross border energy trade.
Opportunities -Development and expansion of low GHG emission goods and services through innovation	Increasing market demand for products and services with lower GHG emissions as well as our commitment to continuously support our clients in achieving their decarbonisation goals are the key driving forces for our continuous development and innovation of sustainability-linked and climate-focused solutions.	Further enhancement of our H2E1 System to minimise waste and capture useful by-products such as oxygen and water.

TCFD recommended disclosures

The impact of the above climate-related risks is analysed on group-wide activities over the short term (before FY2025), medium term (FY2025 - FY2035) and long term (after FY2035) with details as follows:

Warming scenario 1: 1.5°C warming (RCP 2.6)

Climate-related risks and opportunities	Significance of financial impact[28]		
	Short term	Medium term	Long term
Key physical risk identified			
Increased frequency of extreme weather events and changes in precipitation patterns	🟢	🟢	🟢
Key transition risk identified			
Expansion of carbon pricing mechanism	🟢	🟡	🟡
Key climate opportunities identified			
Access to new and emerging markets	🟢	🟡	🟡
Development and expansion of low GHG emission goods and services through innovation	🟢	🟡	🟡

Warming scenario 2: > 4°C warming (RCP 8.5)

Climate-related risks and opportunities	Significance of financial impact		
	Short term	Medium term	Long term
Key physical risk identified			
Increased frequency of extreme weather events and changes in precipitation patterns	NA[29]		🔴
Key transition risk identified			
Expansion of carbon pricing mechanism	NA[27]		🟢
Key climate opportunities identified			
Access to new and emerging markets	NA[27]		🟢
Development and expansion of low GHG emission goods and services through innovation	NA[27]		🟢

Legend

🟢 Minor 🟡 Moderate 🔴 Major

In terms of our business strategy and financial planning based on the scenarios above, the Group will continue formulating adaptation and mitigation plans, and explore further opportunities for transitioning to low-carbon practices, to minimise the climate risks associated with our business and seize the climate opportunities in an effective manner.

[28] Significance of financial impact is determined based on the risk appetite established.

[29] Not applicable as this scenario is unlikely in the short and medium term.

TCFD recommended disclosures	
c.	*Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.* The resilience of an organisation's strategy is dependent on its ability to adapt and thrive in the face of changing circumstances and emerging risks. The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities. Through our climate scenario analysis, we concluded that unmitigated climate risks (under warming scenario 2: > 4°C warming) may result in major adverse financial impacts in the long term. Under warming scenario 1: 1.5°C, there may be moderate levels of financial impact in the short and medium term arising from the combined effects of carbon tax increase, uncertainty in market signals, increased operating expenses, and potential revenue loss. We incorporated these findings and considerations into our strategy, decision-making and ERM approach. To effectively manage climate risks and capitalise on opportunities associated with climate change, we will continuously build on our strategy to remain resilient as we progress in our sustainability journey. We will 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.
Risk Management	
a.	*Describe the organization's processes for identifying and assessing climate-related risks.*
b.	*Describe the organization's processes for managing climate-related risks.*
c.	*Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.*
We updated our Group ERM framework to incorporate climate-related considerations. Additionally, we revised 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.	
Metrics and Targets	
a.	*Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.*
	Our environmental performance, including energy consumption and GHG emissions, are tracked and measured, and related metrics are subsequently disclosed in our sustainability reports. The monitoring and reporting of these metrics assist in identifying areas with material climate-related risks and enable us to track our progress towards reaching our goals.
b.	*Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.*
	We have made steady strides in our decarbonisation journey by disclosing our Scope 1, Scope 2 and certain Scope 3 GHG emissions in the Report and setting climate-related targets such as those relating to GHG emissions. We recognise the importance of monitoring our indirect Scope 3 GHG emissions. In this regard, the indirect Scope 3 GHG emissions disclosed in this Report include GHG emissions from fuel-and-energy-related activities (category 3), business travel (category 6) and employee commuting (category 7). We aim to improve our disclosure of material Scope 3 GHG emissions by expanding the reporting coverage of our Scope 3 GHG emissions to other categories relevant to the Group and where data is available.
c.	*Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.*
	As a commitment towards mitigating climate change, we have set climate-related targets relating to GHG emissions and water conservation. For further details, please refer to Sections 10.3 and 10.4 of this Report. Aligned with our aim to harness technology and innovation to enable a more secure and sustainable world, we set an internal revenue target for our sustainability-linked businesses this year including the Renewable BU. 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.

14. GRI Content Index

Statement of use	Annica reported the information cited in the GRI content index for the period from 1 January 2023 to 31 December 2023 in accordance with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Oil and gas

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisational details	2-6, 122
	2-2 Entities included in the organisation's sustainability reporting	12
	2-3 Reporting period, frequency and contact point	12-13
	2-4 Restatements of information	22, 26-27
	2-5 External assurance	12
	2-6 Activities, value chain and other business relationships	2-6, 11-12
	2-7 Employees	26-27
	2-8 Workers who are not employees	We have approximately 31 workers who are not employees as at 31 December 2023 who are mainly sub-contractors.
	2-9 Governance structure and composition	8, 50-54
	2-10 Nomination and selection of the highest governance body	57-63
	2-11 Chair of the highest governance body	8, 44, 55
	2-12 Role of the highest governance body in overseeing the management of impacts	8, 13, 48-49, 51-52
	2-13 Delegation of responsibility for managing impacts	8, 13, 48-49, 51-52
	2-14 Role of the highest governance body in sustainability reporting	13
	2-15 Conflicts of interest	51
	2-16 Communication of critical concerns	32-33, 55-57, 74-75
	2-17 Collective knowledge of the highest governance body	13, 53-54
	2-18 Evaluation of the performance of the highest governance body	48-53, 59-69
	2-19 Remuneration policies	64-69
	2-20 Process to determine remuneration	64-69
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	2-5, 9
	2-23 Policy commitments	15-16, 26, 32-33, 48
	2-24 Embedding policy commitments	15-16, 26, 32-33, 48
	2-25 Processes to remediate negative impacts	32-33, 74-75
	2-26 Mechanisms for seeking advice and raising concerns	32-33, 74-75
	2-27 Compliance with laws and regulations	32-33, 48
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	14-16
	2-30 Collective bargaining agreements	None

GRI standard	Disclosure	Location
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	15-16
	3-2 List of material topics	16
	3-3 Management of material topics	17-33
Sustainable Business Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	18-19
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	18-19
	201-2 Financial implications and other risks and opportunities due to climate change	36-39
	201-3 Defined benefit plan obligations and other retirement plans	98, 114
	201-4 Financial assistance received from government	98, 113
Corporate Governance		
GRI 3: Material Topics 2021	3-3 Management of material topics	32-33
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	32-33
	205-2 Communication and training about anti-corruption policies and procedures	32-33
	205-3 Confirmed incidents of corruption and actions taken	32-33
Energy Consumption and GHG Emissions Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	19-22
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	22
	302-2 Energy consumption outside of the organization	22
	302-3 Energy intensity	22
	302-4 Reduction of energy consumption	19-22
	302-5 Reductions in energy requirements of products and services	19-22
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	22
	305-2 Energy indirect (Scope 2) GHG emissions	22
	302-3 Energy intensity	22
	305-4 GHG emissions intensity	22
	302-5 Reductions in energy requirements of products and services	19-22
	303-6 Emissions of ozone-depleting substances (ODS)	Disclosure is not applicable as we do not emit a material amount of these emissions through our products, services and operations.
	303-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant all emissions	Disclosure is not applicable as we do not emit a material amount of these emissions through our products, services and operations.

GRI standard	Disclosure	Location
Water Conservation		
GRI 3: Material Topics 2021	3-3 Management of material topics	22-23
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	22-23
	303-2 Management of water discharge-related impacts	Disclosure is not applicable as we do not emit a material amount of these emissions through our products, services and operations.
	303-3 Water withdrawal	22-23
	303-4 Water discharge	Disclosure is not applicable as we do not emit a material amount of these emissions through our products, services and operations.
	303-5 Water consumption	22-23
Employee Retention and Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	23-26
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	23-24
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	25
	401-3 Parental leave	25
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	25
	404-2 Programs for upgrading employee skills and transition assistance programs	24
	404-3 Percentage of employees receiving regular performance and career development reviews	26
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	28
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	28
	403-2 Hazard identification, risk assessment, and incident investigation	28
	403-3 Occupational health services	28
	403-4 Worker participation, consultation, and communication on occupational health and safety	28
	403-5 Worker training on occupational health and safety	28
	403-6 Promotion of worker health	28
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	28
	403-8 Workers covered by an occupational health and safety management system	28
	403-9 Work-related injuries	28
	403-10 Work-related ill health	28

GRI standard	Disclosure	Location
Diversity and Equity		
GRI 3: Material Topics 2021	3-3 Management of material topics	26-27
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	26-27
	405-2 Ratio of basic salary and remuneration of women to men	Information is not provided due to confidentiality constraints.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	27
Community Investment		
GRI 3: Material Topics 2021	3-3 Management of material topics	31-32
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	28-32
	413-2 Operations with significant actual and potential negative impacts on local communities	19-23

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 2023)
4 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:
28 April 2023

Length of service as a director (as at 31 December 2023)
8 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.

Sandra is an avid proponent of green energy and actively steers the group towards achieving its goal of powering growth through renewables through its energy transition businesses. She passionately advocates the continued development and adoption of green hydrogen technology at forums, conferences and industry events.

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 2023)
7 Years 11 Months

Country of Principal Residence
Singapore

Jun Ming has more than 15 years of experience, and holds leadership positions, in professional chartered accountant firms that specialise mainly in insolvency and restructuring / transactional services, as well as in a multinational auditing firm providing corporate finance advisory services in respect of M&A, independent valuations, fairness opinions, and capital raising exercises in Asia covering a range of industries. He was also formerly a Financial Controller of a company listed on the SGX-ST. He currently holds executive roles in a homegrown retail lifestyle company that is listed on the Catalist Board of the SGX-ST.

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

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:
28 April 2023

Length of service as a director (as at 31 December 2023)
5 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 2023)
1 year 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.

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

WOON CHING CHUEN (MARCUS)
Group Financial Controller

Marcus joined the Group as the Finance Manager in 2017 and transitioned to the role of Group Financial Controller in February 2023. He is responsible for the corporate finance and accounting functions of the Group. Prior to his tenure with the Group, Marcus built a robust foundation in business valuations, statutory audits, liquidations, and financial due diligence for M&A exercises across various international accountancy firms. Marcus is a member of the Association of Chartered Certified Accountants.

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 16 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 2023, Musa was appointed as the Vice President of Corrosion Association Singapore. Musa graduated from the Temasek Polytechnic with a Diploma in Mechatronics Engineering

PEK SECK WEI
Director – Industrial Engineering Systems Pte. Ltd. ("**IES**") and IES Engineering Systems Sdn. Bhd. (collectively, the "**IES Group**"), H2E International Pte Ltd ("**H2EI**"), and Cahya Suria Energy Sdn. Bhd.

Seck Wei is the co-founder of IES and Director of the IES Group. In this capacity, he is responsible for the overall management and development of the Group's business in the 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 H2E International Pte Ltd. Seck Wei graduated with a Bachelor of Electrical Engineering (Honours) degree from the Nanyang Technological University.

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.

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 businesses and performance, safeguards the interests of the Company's 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 2023 ("**FY2023**") 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 practices (details of which are set out in our sustainability report for FY2023 (the "**Sustainability Report**"), serve as the foundation upon which the Group's overall business sustainability framework is based. Our overall business sustainability framework provides the Group with the ability to respond to the changing needs of stakeholders (including future generations of stakeholders) and to the evolving market, legislative, and geo-political environments in which we operate.

The Board, alongside our key management personnel and their respective teams ("**Management**"), continuously monitor and enhance the Group's overall business sustainability framework through a number of processes, including engagements with stakeholders, effectiveness reviews, control reviews, and risk assessments.

Shareholders are encouraged to read this CG Report in its entirety together with the Sustainability Report and the audited consolidated financial statements for FY2023.

The Code

This edition of the Code, which was published in August 2018 (and 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 substantiated by various Provisions which facilitate the interpretation of, and compliance with, the relevant Principle. Companies are expected to comply with the Provisions, and deviations from the Provisions are acceptable to the extent that they disclose and explain how their practices are otherwise consistent with the aim and philosophy of the Principle in question. The emphasis is for companies to provide thoughtful and meaningful disclosure, or adequate explanation where their practices deviate from the Principles, to enable stakeholders to understand their corporate governance practices in a meaningful and comprehensive manner.

(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 <u>Primary Function</u>

The primary functions of the Board are to provide overall stewardship, leadership and 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, generate value for shareholders (and other stakeholders), and ensure that the Group contributes to people and planet through its overall sustainability framework and practices, in addition to generating profits. 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 affairs by way of briefings conducted by Management as well as on-site visits, if necessary.

In particular, the Board oversees the Group by:

- setting the Group's objectives, strategies, values and standards (including sustainability practices) and ensuring that all obligations to shareholders and other stakeholders are understood and met;
- ensuring that the appropriate resources (both financial and human) are in place (as far as practicable) for the Group to meet its objectives, strategies, values and standards, and monitoring the performance of these objectives, strategies, values and standards;
- establishing a framework of effective internal controls that is aligned with the risk appetites agreed on by the Board, and holding Management accountable to safeguard the Group's assets and shareholders' interests – thereby ultimately promoting sustainable success for the Group;
- establishing a framework for corporate governance and sustainability practices;
- approving annual budgets, business plans, major funding proposals, financial restructuring, share issuance, investment and divestment proposals;
- identifying the interests and concerns of key stakeholder groups, and recognising that any adverse perceptions may negatively impact the Group's reputation and businesses;
- ensuring that the Group achieves high corporate governance standards;
- 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 is required to recuse himself or herself from discussions and decisions in relation to the matter which the Director has a conflict of interest.

1.2 **The Board**

The composition of the Board and information regarding each Director's designation, date of initial appointment, date of last re-election, directorships in other listed companies and other principal commitments 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 Messrs Hafarizam Wan & Aisha Mubarak – Consultant
Sandra Liz Hon Ai Ling	Executive Director and Chief Executive Officer	6 January 2016	28 April 2023	–	–	–
Shamsol Jeffri Bin Zainal Abidin[1]	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	28 April 2023	–	–	Inchscape Sdn. Bhd. – Director and Principal
Su Jun Ming	Lead Independent and Non-Executive Director	20 January 2016	28 June 2022	–	–	Mary Chia Holdings Limited – Executive Director and Group Chief Financial Officer
Robin Stevens	Independent and Non-Executive Director	20 May 2022	28 June 2022	–	–	MHA MacIntyre Hudson – Senior Advisor and Head of Capital Markets Hercules Site Services Plc – Non-executive Director Aura Renewable Acquisition Plc – Non-executive Director Vector Capital Plc – Non-executive Director Robin Stevens Consulting Limited – Director East Imperial Plc – Non-executive Director

[1] Mr. Shamsol Jeffri Bin Zainal Abidin ("**Mr. Shamsol**") withdrew his consent from being re-appointed to the Board on the date of the Company's last annual general meeting on 28 April 2023, and the resolution proposing his re-appointment was, therefore, withdrawn at the meeting. Mr. Shamsol ceased to be a director of the Company as of 28 April 2023.

1.3 Delegation of authority by the Board

To facilitate effective management and to support the Board in its duties and responsibilities, certain Board functions have been delegated to various committees. In this regard, 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
Robin Stevens	Member	Chairman	Member

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 Board meetings are held. Prior to each Board meeting, Management will circulate a board pack containing comprehensive 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 Group's key projects.

Board meetings are held by way of physical meetings, by electronic means, or a combination of both. Management is invited to attend such meetings to present information and/or provide clarification where required. Aside from meetings, the Board may deal with certain routine matters by the circulation of written resolutions.

Conflicts of Interest

A register of conflicts of interest is maintained and updated by the Company and a copy is provided to the Company Secretary. The Directors 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 decision-making relating to the matters in which the conflict exists.

Matters reserved for the Board

The following key matters are specifically reserved for the approval of the Board only:

- Statutory requirements such as the approval of audited and unaudited financial statements, all announcements, annual reports and public communication with shareholders and investors;
- Long-term corporate objectives, strategies, policies, and annual budgets of the Group;
- Oversight of the Group's operations and management;

- Corporate transactions which are not in the ordinary course of business, and investment and divestment proposals (whether or not in the ordinary course of business);
- Significant financial and/or funding arrangements and decisions of the Group;
- Nomination of Directors and appointment of key executives;
- Approval of the terms of reference for Board Committees and any changes;
- Remuneration policy (including share and other incentive schemes) for Management, Directors, and employees of the Group, as recommended by the RC;
- Material acquisitions and disposals of assets/investments;
- Extension or diversification of the Group's activities into new areas;
- Material capital expenditures;
- Issuance of policies and key business initiatives;
- Declaration of interim dividends and the proposal of final dividends;
- Convening of shareholders' meetings;
- Processes for evaluating the adequacy of internal controls, risk management, and compliance with applicable laws and regulations;
- Commencement, defence, and settlement of significant litigation;
- The appointment and removal of the Company Secretary, internal and external auditors, and key management staff;
- Share issuances;
- Other transactions of a material nature requiring announcement and/or approval by the SGX-ST and compliance with the Catalist Rules, and all other matters of strategic importance;
- Any matter that is outside of the ordinary course of business, or any significant issue arising from the ordinary course of business of any of the Group Subsidiaries; and
- All matters that require approval from shareholders,

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

There is in place a process where Reserved Matters are referred to the Board for approval.

Each Director has separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the Company's expense.

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, businesses, operations, and overall sustainability framework. Any Director who has no prior experience as a director of a listed issuer on the SGX-ST will undergo the relevant trainings 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 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. Changes to regulations and accounting standards are monitored closely by the Chief Executive Officer, the Group Financial Controller and the AC in close consultation with, and guidance from, the Group's external auditors, PKF-CAP LLP. During FY2023, 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.

The Board recognises the importance of training and continuing education. Directors are encouraged to keep themselves updated on any new rules and regulations which are relevant to the Group, and to keep apace 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 themselves up to date with new developments that are relevant to the Group's businesses as well as changes to relevant regulatory and legal requirements.

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 <u>Independence</u>

The Board is currently made up of three (3) Independent and Non-Executive Directors (the "**Independent Directors**", and each an "**Independent Director**"), one (1) Executive Director, and one (1) Non-Independent and Non-Executive Director.

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 Independent Director is reviewed annually by the NC. Each Independent Director is required to complete a declaration annually to confirm his independence based on the guidelines set out in the Code. For the fiscal year under review, the Independent Directors have provided written declarations of their independence, and the Board, having considered the views of the NC, has determined that all Independent Directors have satisfied the criteria of independence.

On 11 January 2023, the SGX-ST announced that 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. Nevertheless, 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.

2.2 <u>Board size and composition</u>

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

(a) the different cultural backgrounds facilitate diversity of thought and, consequently, a willingness to speak up and challenge ideas, which, in turn, foster a culture of openness and constructive debate;

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

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

(d) the different cultural backgrounds, ages, expertise, and experience reduce the risk of groupthink which, in turn, support the management of risks.

Notwithstanding the diverse ethnicities, ages and skillsets of its Board members, the Company is striving for a more equal representation of females on its Board. In this connection, the Company will prioritise 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 one of its current Independent Directors, Mr. Su Jun Ming, would have served on the Board for more than nine (9) years since his initial appointment.

The Company recognises that gender diversity is an important aspect of Board diversity. Accordingly, the NC will strive to ensure that:

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

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

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

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

The NC has determined, and will meet annually to re-assess and, if necessary, revise, the agreed framework for the required combination of skills, talents, experience, and diversity of the Board that will best serve the needs and plans of the Group. In particular, the NC will assess whether:

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

(b) any further or revised recommendations are required to be put forward 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.

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 in any one person, increased accountability, and greater capacity for independent decision-making by the Board.

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 the communications and 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 may communicate their concerns to, and may be reached 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. Mr. Su can be reached by email at martinsu@annica.com.sg .

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.

The Board's Report for the financial year ended 31 December 2023 ("FY2023")

For FY2023, the Board is pleased to report as follows:

A. Changes to Board and Senior Management

Save for:

(i) Mr. Shamsol Jeffri Bin Zainal Abidin who withdrew his consent from being re-appointed to the Board on the date of the Company's last annual general meeting on 28 April 2023 and who ceased to be a director of the Company from that day; and

(ii) Mr. Woon Ching Chuen who was appointed Group Financial Controller on 10 February 2023,

there were no other changes to the Board or key management personnel in FY2023. No alternate director has been appointed by any of the current Directors.

The Directors consider the Board's (and each Board Committee's) size and composition as at the end of FY2023 to be largely appropriate, considering the nature and scope of the Group's operations as well as the skillsets and expertise of the Directors. All major decisions relating to the operations and management of the Group are jointly and collectively made by the Board after considering the opinions of all Directors. There is an appropriate balance of power and authority, and no single individual controls or dominates the decision-making process of the Group. Although the separate responsibilities of the Chairman and the CEO have not been reduced in writing, the Board is satisfied that this separation of authority and responsibility is well-understood by all members of the Board.

B. Board Activities

As stated above, the Board is responsible for the overall leadership and management of the Company. The Board works closely with the CEO and key management personnel of the Group Subsidiaries. Management is collectively accountable to the Board for the businesses of the Group and reports to the Board at scheduled board meetings and on an as-required basis. Agenda items discussed at board meetings held during the fiscal year under review were accompanied by reports from the CEO and/or the Group Financial Controller (regarding the Group's operations and businesses outside of Singapore), and from each Board committee. Other important updates throughout the year were reported by the various business units and key functions, including the external and internal auditors and the Company Secretary.

The Board also oversees critical financial communication with stakeholders by approving all SGXNet announcements, such as annual reports and the Company's audited and unaudited financial statements. During meetings, the Board considers proposals for investment, divestment and financing while also evaluating the performance of existing plans and strategies. They further ensure responsible governance by reviewing the Group's annual operating plan, and the qualifications and key audit matters raised by the external auditor in the prior year's audit report. For more information on how these matters have been addressed and the steps taken to resolve them, please refer to the notes to the audited consolidated financial statements of the Group for FY2023 (the "**Audited Financial Statements for FY2023**") which are contained in this annual report.

The number of Board and Board Committee meetings held in FY2023, and the attendance of the Directors at these meetings, are set out below:

	Board	**Board Committees**		
		Audit Committee	**Nominating Committee**	**Remuneration Committee**
Number of meetings held:	4	4	1	1
Name of Director	**Number of meetings attended**			
Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin	4	4	1	1
Sandra Liz Hon Ai Ling	4	4*	1*	1*
Lim In Chong	4	4*	1*	1*
Su Jun Ming	4	4	1	1
Robin Stevens	4	4	1	1
Shamsol Jeffri Bin Zainal Abidin**	–	–	–	–

* Attendance by the invitation of the respective Board Committees.

** Mr. Shamsol Jeffri Bin Zainal Abidin ceased to be a director of the Company as of 28 April 2023.

In addition to scheduled board meetings, the Independent Directors do discuss regularly issues arising from scheduled Board meetings without the presence of Management. For FY2023, the Independent Directors met to discuss the whistleblowing incident discussed below outside of scheduled Board meetings, initiated and led by the Chairman and the Lead Independent Director.

C. Compliance with the Code

For the fiscal year under review, the Board confirms that the Company has generally, applied and complied with the Principles and Provisions of the Code, both in spirit and in form. Where the Company has deviated from any Principle or Provision, it has provided explanations for such deviation.

D. Governance Framework

The Company has a single-tier Board of Directors which is led by the Independent and Non-Executive Chairman. Independent Directors comprise a majority of the Board. Management is led by the Executive Director and Chief Executive Offer as well as the key management personnel of the respective Group Subsidiaries. The Board has also established an AC, RC, NC and ESG Committee ("**ESGC**"), and has appointed external and internal auditors to provide additional assurance in relation to its internal control and risk management systems. The Company Secretary provides advice, as and when necessary, regarding compliance with the Listing Rules of the SGX-ST.

Other than the AC, RC, NC, and ESGC, no other board or management committee has been established.

In accordance with Provisions 9.1 & 9.2 of the Code, based on (a) the internal controls and procedures put in place and maintained by the Group, (b) assurances received from the Executive Director and Chief Executive Officer, the Group Financial Controller, and key management personnel of Group Subsidiaries, and (c) the work and reviews performed by external auditors, internal auditors and Management, the Board, with the concurrence of the AC, is of the view that (i) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and (ii) the Group's internal controls (including financial, operational compliance and information technology controls) and risk management systems in place are adequate and effective as at 31 December 2023.

With regard to Provision 9.1 of the Code which exhorts the Board to set up a Board Risk Committee (if appropriate), the Board has not done so after giving due consideration to the Group's structure, size, complexity and overall risk profile (in accordance with the proportionality principle) and the well-established risk management frameworks already in place within its two (2) current significant Group Subsidiaries, i.e., P.J. Services Pte. Ltd. and Industrial Engineering Systems Pte. Ltd., whose business activities are largely synergistic under the Integrated Engineering Solutions sector.

The Board, therefore, believes that a separate Board Risk Committee is not currently necessary as its existing corporate governance structure, which leverages the expertise of its Directors, Group Subsidiary directors and key management personnel, and the added assurance provided by annual internal and external audits, allows for effective oversight of the Group's overall risk profile.

However, as the Group expands its renewable energy and green technology business segments, the Board may soon establish a Board Risk Committee. This committee would streamline overall risk oversight across all business segments, ensuring a cohesive and synergistic risk management policy.

The Board, with the assistance of the NC, reviews and assesses the members of the Board Committees to ensure that each member is appropriately qualified to discharge his responsibilities. The Board is of the view that, for the fiscal year under review, adequate and reasonable assistance and support have been properly rendered by the Directors, the Management, and key executives to enable the Board Committees to carry out their respective roles effectively and efficiently.

In particular, the AC comprises members who have recent and relevant accounting and finance-related expertise and experience and are qualified to discharge their responsibilities. Through updates provided by the external auditors and informational updates published by the big-four accounting firms, and by attending relevant seminars and courses, the AC has kept abreast of changes to accounting standards and issues which have a direct impact on the financial statements of the Company.

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.

E. Directors and Key Management Personnel Remuneration Report

The Company has disclosed the remuneration of its Directors and key management personnel in section 8 of this CG Report.

F. ESG & Sustainability

The Board has adopted a Diversity Policy aimed at supporting the Group's businesses and strategic objectives as well as fostering sustainable growth. Moreover, the Board believes that a more gender-diverse Board can enhance its decision-making and deliberation process. Although there were no new appointments of Directors or key management personnel in FY2023, the Board intends to adhere to its commitment of achieving better gender diversity with the next appointment of a director to the Board.

For FY2023, the sustainability factors (as identified in the Sustainability Report for FY2023) identified by the Company to be material to the businesses and operations of the Group are as listed below:

- Customer Satisfaction;
- Sustainable Business Performance;
- Energy Conservation and GHG Emissions Management;
- Water Conservation;
- Employee Retention and Development;
- Diversity and Equality;
- Occupational Health and Safety;
- Sustainable Transformation Through Clean Energy Solutions;
- Community Investment; and
- Corporate Governance.

As at the end of FY2023, the Group's sustainability targets set during the previous financial year were either fully or partially achieved.Please refer to (*Targets and Performance Highlights*) of our Sustainability Report for FY2023 for more information.

Shareholders are nevertheless encouraged to read the Company's Sustainability Report in full.

G. Dividend Policy

The Board is not recommending any dividend distribution to the Company's shareholders for the fiscal year under review as it continues to focus on strengthening the Group's financial position. Please refer to section 13 of this CG Report titled "Dividend Policy" for an explanation of the Group's current policy on dividends.

H. Other legal, statutory & regulatory information

(1) Directors' Interests

Please refer to the Directors' Statement on pages 79 to 84 of the Annual Report for information regarding the Directors' shareholdings in the Company. Save for such shares in the Company held by the Directors, no Director has any interest in any transaction or business of the Company which is required to be reported under section 156 of the Companies Act nor any interest in the shares of the Company or its related corporations which is required to be reported under section 165 of the Companies Act.

There are no material contracts or loans involving the CEO, Directors, or controlling shareholders that were active or subsisting at the end of FY2023 or entered into since the end of the previous financial year.

(2) Listing Rule Disclosures

For the fiscal year under review, to the best of the Directors' knowledge, information and belief, the Company has complied with its disclosure obligations under the Catalist Rules, including but not limited to its continuing obligations under Chapter 7 of the Catalist Rules, as further supplemented and expounded by Appendix 7A and Practice Note 7A of the Catalist Rules.

No new shares or any other securities of the Company were issued during the fiscal year under review. Additionally, the Company did not enter into any significant transactions (within the meaning of Chapter 10 of the Catalist Rules) or interested person transactions (within the meaning of Chapter 9 of the Catalist Rules) ("**IPTs**") which required the approval of shareholders during the fiscal year under review. For further information on IPTs which, in aggregate, were less than S$100,000 during the fiscal year under review, please also refer to the Notes to the Audited Consolidated Financial Statements for FY2023.

The Company also does not have a general mandate from shareholders in respect of any IPTs pursuant to Rule 920 of the Catalist Rules.

(3) Dealings in the Company's securities

For FY2023, the Company has complied with the requirements of Rule 1204(19) of the Catalist Rules and the Company's internal code on the restrictions or prohibitions on dealing in the securities of the Company.

(4) 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., for sponsor services during FY2023 amounted to S$176,609. No non-sponsor fees were paid or are payable to the Sponsor during FY2023.

(5) Use of Proceeds

There were no outstanding IPO proceeds or any other proceeds arising from any offerings pursuant to Chapter 8 of the Catalist Rules during, and as at the end of, FY2023. For the avoidance of doubt, no other proceeds have been raised since the end of the previous financial year.

(6) Shareholders' Engagement & Other Presentations

Shareholders are to note that that the Company will be preparing a separate investors' presentation for the upcoming annual general meeting to be held on 29 April 2024. In engaging with shareholders, the Board ensures that, in compliance with the Catalist Rules, the Code and its fiduciary duties, all shareholders are fairly and equitably treated. Please refer to sections 11 and 12 of this CG Report for further information on, amongst other things, how the Company normally engages with its shareholders.

The Group was invited to attend and give a presentation on its renewable energy business at the 2023 United Nations Climate Change Conference (COP28) held from 4 to 6 December 2023 in Dubai.

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 Establishment of the NC

The NC currently comprises three (3) Board members, all of whom are Independent Directors. They are Mr. Robin Stevens (who is the NC Chairman), Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr. Su Jun Ming.

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 for 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; and

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

4.2 Majority of the NC is Independent

The current members of the NC are all Independent Directors.

4.3 Process of selection and appointment of, and criteria to identify and evaluate, potential directors, channel of search etc.

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 as well as to the constitution of the Company (the "**Constitution**");
- 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.

Where a vacancy on the Board exists, or where additional directors are required, the Board will generally identify potential candidates from their own sources of contact and refer them to the NC for an interview and to assess their credentials and suitability. In addition, the NC has the liberty to instruct executive search companies, receive referrals from personal contacts (when relevant), and deliberate on and consider recommendations in its search and nomination process for the right candidates.

New directors are appointed by the Board after the NC has reviewed and recommended their appointments. When the need for a new director arises, the NC will review the expertise, skills, and attributes of the Board as a whole, identify its needs, and thereafter shortlist candidates with the appropriate profiles for nomination. In its search and selection process, the NC will interview at least 2 shortlisted candidates. The criteria used in identifying new director candidates are based primarily on the skills and experience required by the Board and/or the Group at the relevant point in time, and while gender in and of itself is not considered a criterion, female candidates are identified for consideration in pursuit of our Diversity Policy.

4.4 <u>Board Independence & Renewal</u>

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.

In accordance with Regulation 95 of the Constitution, at each annual general meeting, 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 considered 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. 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.

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 <u>Evaluation of Board Performance</u>

The NC is responsible for evaluating and proposing the performance criteria for assessing the performance of the Board and each Board Committee separately, as well as the contributions 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 Committee 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 used by the NC 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 compiled by the Company Secretary who then prepares and 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, and recommendations for re-election and training are thereafter made to the Board.

The NC's Report for FY2023

For FY2023, the NC is pleased to report as follows:

A. Assessment of the Board, the AC, RC and NC, and the Directors

For the fiscal year 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. The criteria of assessment used by the NC for FY2023 was similar to that of FY2022. No external facilitator was appointed in connection with such performance evaluation for the fiscal year 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 Independent Director, Mr. Robin Stevens, and supported by Mr. Lim In Chong and Mr. Su Jun Ming as members. The ESG Committee is tasked with developing the Group's 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. For FY2023, the ESG Committee met on 8 August 2023 to discuss the Company's sustainability measures and framework;

- there is a desire for continuous improvement, and the Board has discussed succession plans while being mindful that financial stability, continuous improvements in its established businesses and the successful growth of its new green and renewable energy business should take 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.

For the fiscal year under review, the other directorships (in other listed companies) and other principal commitments of the Directors are set out in section 1.2 of this report.

The NC has assessed and determined that the current size of the Board is appropriate for the size, complexity and scope of the Group's businesses. Accordingly, no new additions to the Board were considered in FY2023. Also, none of the Directors has appointed an alternate director.

The NC has also assessed each Independent Director to be independent in accordance with the definition and criteria set out in Rule 406(3)(d) of the Catalist Rules, the Code, Practice Guidance 2 issued by the SGX-ST on “Board Composition and Guidance”, and Transitional Practice Note 3 (Transitional Arrangements Regarding the Tenure Limit for Independent Directors) to the Catalist Rules. The NC is, therefore, satisfied that all Independent Directors are in fact independent. No Independent Director has any relationship with the Company, its related corporations, its substantial shareholders, or its officers which may affect his independence.

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 may have multiple board representations and/or principal commitments. Where a Director has multiple board representations and/or principal commitments, the NC will consider whether that Director is able to carry out (and has in fact adequately carried out) his or her duties as a Director of the Company, taking into consideration the Director’s number of listed company board representations and/or principal commitments.

The NC will, however, continue to review, from time to time, the board representations of each Director to ensure they continue to be able to meet the demands of the Group adequately, and discharge their duties as a Director of the Company satisfactorily.

In particular, Mr. Robin Stevens has given his assurance to the NC and the Board that he is able to commit sufficient time and effort to the affairs of the Company.

B. Recommendation for reappointment

The NC has recommended, and the Board has agreed, that at the forthcoming annual general meeting, Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr. Robin Stevens will retire in accordance with the Company’s Constitution and the requirements of the Catalist Rules and the Code. Further, as each of the aforementioned Directors has agreed to be put up for re-appointment, separate resolutions seeking shareholders’ approval for each of their re-appointments have been tabled in the notice of the annual general meeting for FY2023 (the “**FY2023 AGM**”).

Upon re-election, Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr. Robin Stevens will continue to be Independent Directors of the Board. Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin will continue to be the Independent Non-Executive Chairman of the Board, the chairman of the RC, and a member of the NC and AC. Mr. Robin Stevenswill continue to be the chairman of the NC, and a member of the AC and RC.

C. Succession Planning

The NC has not yet formally put in place a succession plan as the priority of the Company is to ensure that the Group’s businesses and operations are stabilised and steered in the right direction. In particular, as the Group has recently entered into the renewable energy business, it is imperative that the key management personnel who play leading roles in the renewable energy business continue to steer this new business.

D. Tenure of Independent Directors

Currently, no Independent Director has been a director of the Company for more than nine (9) years (the “**Maximum Period**”).

E. Continuing development and education

In the fiscal year under review, the Directors kept themselves abreast of changes to the applicable accounting standards and regulatory developments through briefings by the external auditors and updates by the Company Secretary. In addition, the Directors kept up with their knowledge of the renewable energy sector and sustainability practices through self-directed study. Notably, Ms. Sandra Liz Hon Ai Ling, our Executive Director and CEO, participated in industry panel and forum speaking events, thereby contributing to the Group’s ongoing dialogue within the sector.

(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 & 6.2 The RC & remuneration matters

The RC makes recommendations on the remuneration of Directors and executive officers of the Company as well as key management personnel of the Group. The RC comprises three (3) Board members who are all Independent 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.

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.

6.3 RC considers all aspects of remuneration and terms of service

The RC meets at least once a year to review and deliberate 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 the service contracts of Executive Directors and key management personnel, individual performance, and the financial results and performance of the Company and the Group as a whole.

No Director is involved in deciding his or her own remuneration. The RC has full authority to obtain independent professional advice on matters relating to remuneration when the need arises, at the Company's expense. For FY2023, no remuneration consultant was engaged.

Each member of the RC abstains from making any recommendation or voting on any resolution in respect of his/her own remuneration package but may provide 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 and comprises fixed and variable components. The fixed component is in the form of a fixed monthly salary, and the variable component is linked to individual performance and the overall performance of the Group.

The remuneration of employees who are related to any of the Directors (if any) is reviewed annually by the RC to ensure such remuneration 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 which (i) reward individual performance, (ii) attract, retain, and motivate the Directors to provide good stewardship of the Company, and (iii) incentivise Management to successfully manage the Company for the long-term benefit of Shareholders.

7.2 Remuneration of Non-Executive Directors

Each Non-Independent and Non-Executive Director and Independent Director receives a director's fee annually, the quantum of which is reviewed and recommended by the NC to the Board who then, after internal deliberation and approval, puts forth the same for Shareholders' approval at each annual general meeting.

7.3 Linking of remuneration to corporate and individual performance and alignment with shareholders' interest and long-term success of the Company

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, and the variable component is linked to individual's 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 and sustainability of the Group.

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(a) Disclosure on Remuneration of Directors

Provision 8.1(a) of the Code recommends that companies fully disclose the amount and breakdown of remuneration for each individual director and the CEO on a named basis.

For financial years ending on or after 31 December 2024, Rule 1204(10D) of the Catalist Rules requires issuers to disclose in their annual reports, the names, exact amounts, and breakdown of remuneration paid to each individual director and the CEO by the issuer and its subsidiaries. Further, such must include (in percentage terms) the base or fixed salary, variable or performance-related income or bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

8.1(b) Disclosure on Remuneration of Key Management Personnel

Provision 8.1(b) of the Code provides that companies should name and disclose the remuneration of at least the top five (5) key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000. In addition, companies should disclose in aggregate the total remuneration paid to these key management personnel (who are not Directors or the CEO).

8.2 Remuneration of related employees

The Company discloses in its annual report the names and remuneration of employees who are substantial shareholders of the Company, or who are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The disclosure states clearly the employee's relationship with the relevant director, the CEO or substantial shareholder, as the case may be.

8.3 Other forms of remuneration and share schemes

The Company discloses in its annual report all forms of remuneration and other payments and benefits paid by the Company and its subsidiaries to Directors and key management personnel of the Company. It also discloses details of share-based incentive schemes.

The RC's Report for FY2023

For FY2023, the RC is pleased to report as follows:

A. Composition of RC

The members of the RC (including its chairman) are all Independent Directors.

B. Framework for Remuneration – Level and Mix

The RC's primary 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 as well as its financial and operating performance, in order to align with shareholders' interests.

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 promotions for Management. In so doing, the RC is mindful that the fixed or base salaries are not disproportionate when compared to companies which are of a comparable size and whose businesses are similar to the Group.

The Group's current remuneration policy for key management personnel consists of a combination of fixed and variable components (the latter of which is granted at the sole discretion of the Company).

The Company does not employ 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 to the Company or a Group Subsidiary. As the Executive Director and/or relevant key management personnel owes a fiduciary duty to the Company and/or the applicable Group Subsidiary, the Company and/or a Group Subsidiary is entitled to the remedies provided under the Companies Act and/or the law generally against the errant Director or key management personnel.

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 contribution, and considering 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 annual general meeting. The Executive Director and CEO is, however, not paid a director's fee. The Non-Executive Directors (including the Independent Directors) do not receive any other remuneration from the Company other than the directors' fees approved by shareholders at annual general meetings. Such directors' fees include allowances.

The Group has ventured into the renewable energy sector with the aim of fostering sustainability and delivering value to shareholders. Although the Group's renewable energy endeavours are still in their nascent stages, significant progress has been made, notably with the successful completion of the Pilot Project. However, as at the date of this CG Report, these achievements have not yet translated into revenue generation.

As a result, although the Board credits the Management for having achieved certain milestones, no performance bonus has been given to any key management personnel with regard to the renewable energy business for FY2023.

For FY2023, discretionary bonuses equivalent to an average of 2 months' base salary have been awarded to staff members and directors of P.J. Services Pte Ltd and its subsidiaries (the "**P.J. Services Group**").

The RC is satisfied that the remuneration paid out by the Group for FY2023 appropriately reflects the Group's overall business and financial performance and is proportionate to meet the objectives of sustained performance and value creation for the Group, taking into account the strategic objectives of the Group.

Going forward, the RC and the Board will include sustainability as a measure of an individual's and Group-wide performance. Even where sustainability targets are not possible to quantify or set owing to the nature of the different businesses of the Group Subsidiaries, sustainability as an objective will, nevertheless, be included as part of the Group's overall remuneration mix and reward policy

As reported in the Directors' Statement on pages 79 to 84 of this annual report, no Share Awards under the Annica Performance Share Plan were awarded in FY2023. Additionally, no ESOS Options under the Annica Employee Share Option Scheme were granted in FY2023.

C. Disclosure of Remuneration under Provision 8.1(a) and 8.1(b)

Directors' Remuneration

The Company notes that Rule 1204(10D) of the Catalist Rules will take effect for annual reports prepared for the financial years ending on or after 31 December 2024 ("**FY2024**"). However, in this annual report, the remuneration paid to Directors and the CEO is disclosed on a named basis, in exact amounts and percentages in relation to base or fixed salary, variable or performance-related income or bonuses, and benefits in kind, in accordance with Rule 1024(10D). Stock options and share-based awards, and other long-term incentives are disclosed in the Directors' Statement on pages 79 to 84 of this annual report.

Name of Director	**Salary S$ %**	**Bonus S$ %**	**Directors' fee S$ %**	**Allowances and benefits in kind [2] S$ %**	**Total S$ %**
Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin (Independent and Non-Executive Director) *Director, Panah Jaya Services Sdn. Bhd.*	–	–	S$63,232.00[3] 98%	S$1,500.00 2%	S$64,732.00 100
Sandra Liz Hon Ai Ling (Executive Director and Chief Executive Officer) *Director, P.J. Services Pte Ltd.* *Director, Industrial Engineering Systems Pte. Ltd.* *Director, Panah Jaya Services Sdn. Bhd.* *Director, Cahya Suria Energy Sdn. Bhd.* *Director, H2 Energy Sdn. Bhd.* *Director, IES Engineering Systems Sdn. Bhd.* *Director, H2E International Pte. Ltd.*	S$216,000.00 77%	S$18,000.00 6%	–	S$46,451.46 17%	S$280,451.46 100%

[2] Allowances and benefits in kind include corporate apartment rental, utilities, transport and mobile allowance.
[3] Includes RM60,000 (approximately, S$17,000), being director's fee for his directorship on the board of Panah Jaya Services Sdn. Bhd.

Name of Director	Salary S$ %	Bonus S$ %	Directors' fee S$ %	Allowances and benefits in kind [2] S$ %	Total S$ %
Lim In Chong (Non-Independent and Non-Executive Director) *Director, P.J. Services Pte. Ltd.* *Director, Industrial Engineering Systems Pte. Ltd.* *Director, H2E International Pte. Ltd.*	–	–	S$28,000.00 95%	S$1,500.00 5%	S$29,500.00 100%
Su Jun Ming (Independent and Non-Executive Director)	–	–	S$46,000.00 97%	S$1,500.00 3%	S$47,500.00 100%
Robin Stevens (Independent and Non-Executive Director)	–	–	S$46,000.00 97%	S$1,500.00 3%	S$47,500.00 100%

Key Management Personnel Remuneration

A breakdown of the remuneration paid to each key management personnel in FY2023 (in percentage terms and in bands of no wider than S$250,000) in respect of the base or fixed salary, variable or performance-related income or bonuses, and benefits in kind in line with Provision 8.1(b) of the Code, is set out below.

Remuneration band and name of key management personnel	Salary %	Bonus %	Allowances and benefits in kind [(1)] %	Total %
S$499,999 to S$1,000,000 and above				
None	–	–	–	–
S$250,000 to S$499,999				
None	–	–	–	–
Below S$250,000				
Woon Ching Chuen *Group Financial Controller*	76%	6%	18%	100%
Pek Seck Wei *Director, Industrial Engineering Systems Pte. Ltd.* *Director, IES Engineering Systems Sdn. Bhd.* *Director, Cahya Suria Energy Sdn. Bhd.* *Director, Cahya Suria Services Sdn. Bhd.* *Director, H2E International Pte. Ltd.*	94%	–	6%	100%
Musa Bin Mohamad Sahir *Managing Director, P.J. Services Pte. Ltd.* *Director, Panah Jaya Services Sdn. Bhd.* *Director, Panah Jaya Makmur Sdn. Bhd.*	60%	25%	15%	100%
Muhammad Hatta Bin Sukarni *Director, H2 Energy Sdn. Bhd.*	88%	–	12%	100%

(1) Allowances and benefits in kind include travel, transport and mobile allowance.

In aggregate, the total remuneration paid to key management personnel during FY2023 was a total of S$893,046.

For information regarding share-based incentives and awards, please refer to the Directors' Statement on pages 79 to 84 of this annual report.

The RC has recommended that the Non-Executive Directors (including the Independent Directors) be paid directors' fees in an aggregate sum of S$185,000 for the financial year ending 31 December 2024, payable quarterly in arrears, and this will be tabled at the annual general meeting for FY2023 for approval by the shareholders. The total directors' fees recommended include directors' fees payable to an Independent Director - Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin - in connection with his service as a director of a Group Subsidiary.

If approved, payments will be made after the FY2023 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 FY2023, the total outstanding directors' fees owing to the Directors amounted to S$562,146.

Ms. Melissa Hon Ai Yuen is employed by Panah Jaya Services Sdn. Bhd., a wholly owned subsidiary of the Company. Ms. Melissa Hon is the sister of Ms. Sandra Liz Hon Ai Ling, the Company's Executive Director and CEO. 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 remuneration not exceeding S$100,000 for FY2023.

Save as disclosed above, with reference to Provision 8.2 of the Code, there is no other person employed by the Group who is an immediate family member of a Director, the CEO, a member of Management or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2023. Further, with reference to paragraph 20 of Appendix 7C of the Catalist Rules, there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, the CEO, a member of Management or a substantial shareholder of the Company.

There are no material contracts or loans involving the CEO, Directors or controlling shareholders that were active or subsisting at the end of FY2023 or entered into since the end of the previous financial year.

D. Service Contracts

The RC reviewed the terms of the Executive Director's and key management personnel's service or employment contracts as at the end of FY2023, and made no recommendation to the Board to change or vary their terms.

E. Annica Performance Share Plan and Annica Employee Share Option Scheme

At an extraordinary general meeting of the Company held on 2 September 2016, the 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**") for the granting of non-transferrable shares awards and options 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 that may be issued pursuant to the Schemes shall not exceed 15% of the total number of issued ordinary shares of the Company from time to time.

Please refer to the Directors' Statement on pages 79 to 84 of this annual report for further information on the shares and options awarded under the Schemes. The Schemes are administered by a committee comprising such Directors as may be duly authorised and appointed by the Board from time to time. The current members of the committee responsible for administering the Schemes comprise the CEO and the members of the RC. Further details on the Schemes are set out in the Company's circular dated 18 August 2016.

Committee members:

Ms. Sandra Liz Hon Ai Ling	Executive Director and Chief Executive Officer
Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin	Chairman of Remuneration Committee
Mr. Su Jun Ming	Member of Remuneration Committee
Mr. Robin Stevens	Member of Remuneration Committee

(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 & 9.2 **Risk Management & Internal Controls**

The Board is ultimately responsible for the governance of risks and works with the AC, the internal and external auditors, and Management to identify and manage risks. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board will set up a risk committee to specifically address these risks, if it becomes necessary.

The Company has in place an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group, including but not limited to sustainability and climate-related risks. This process includes a system of internal control policies and procedures which incorporates the recommendations of the internal auditors and is reviewed by the AC from time to time. 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 Board requires and discloses in the Company's annual report that it has received assurance from:

(a) the CEO and the Group Financial Controller that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) the CEO and other key management personnel who are responsible regarding the adequacy and effectiveness of the company's risk management and internal control systems.

The Company's external auditors will highlight to the AC any material internal control weaknesses within the Group which may be discovered in the course of the statutory audit. If any additional or revised internal control measures are recommended by the external auditors, the Board is responsible for ensuring that such additional or revised measures are implemented promptly. Management, in consultation with the AC and the Board, also regularly reviews the Group's overall risks position. Both existing and potential risks are assessed against the current controls in place to determine if any additional or enhanced controls need to be implemented.

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, losses, fraud, or other irregularities. A system of internal controls is designed to manage rather than eliminate risks of any such failure.

10. AUDIT COMITTEE

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

10.1, 10.2 & 10.3 The AC, Duties and Composition

The AC comprises Mr. Su Jun Ming (who is the AC Chairman), Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr. Robin Stevens.

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. Mr. Su Jun Ming (who is the AC Chairman) 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 AC assists the Board in maintaining a high standard of corporate governance for the Group, particularly by providing an independent review of the effectiveness of its financial reporting processes and its management of financial and operational risks, and by monitoring the Group's internal control systems. The AC meets at least twice a year.

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.

10.4 & 10.5 Internal Audit function and meeting with internal and external auditors

The reporting line of the internal audit function is to the AC. The AC decides on the appointment, termination, and remuneration of the internal auditors. The internal auditors have unfettered access to all Company's documents, records, properties and personnel (including the AC), and have appropriate standing within the Company.

The AC meets with the external auditors and the internal auditors at least annually, in each case without the presence of Management.

The AC's Report for FY2023

For FY2023, the AC is pleased to report as follows:

A. Financial Statements & other matters

Pursuant to Rule 705(2) of the Catalist Rules, the Company reports its financial results on a quarterly basis. In the interests of better corporate governance and to provide shareholders with regular updates, the Company discloses in each of its unaudited consolidated 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.

The AC reviewed and approved the FY2023 audit plan and each of the Company's unaudited consolidated interim financial statements.

The AC received and reviewed the group audit plan dated 16 January 2024 prepared by the external auditors on the salient features of its audit for FY2023 and discussed with Management the actions to be taken in respect of the matters highlighted. In particular, the AC considered and reviewed Management's assessment, assumptions and financial forecasts provided to the external auditors in relation to impairments made, cashflow projections, and the appropriateness of preparing the financial statements on the basis of a going concern. The AC did not have any material disagreement with any such assessments, assumptions and/or financial forecasts prepared by Management.

The Company's external auditors issued a qualified opinion and highlighted certain key audit matters in relation to the Group's consolidated financial statements for FY2023 in its Independent Auditors' Report for FY2023. On 11 April 2024, the Company released an announcement regarding the basis for the external auditors' qualified opinion.

There were also certain material discrepancies identified between the unaudited consolidated interim financial statements of the Group for FY2023 as announced on 29 February 2024 and the Audited Financial Statements for FY2023 as contained in this Annual Report. These discrepancies were announced on the SGXNET on 11 April 2024.

Other than the matters highlighted in the auditors' report, there are no other material issues raised by the external auditors. For a detailed explanation of the external auditors' qualified opinion, please refer to the Independent Auditor's Report on pages 85 to 88 of the Company's annual report for FY2023.

The AC also reviewed the Company's annual report for FY2023 in its entirety (including the audited consolidated financial statements for FY2023 therein) and recommended the same for approval by the Board.

For FY2023, the AC and the Board have received assurance from the CEO, the Group Financial Controller and the key management personnel of the Group Subsidiaries that the financial records of the Company and the Group Subsidiaries have been properly maintained and that the financial statements for FY2023 give a true and fair view of the Group's operations and finances.

The audited consolidated financial statements of the Group for FY2023 were prepared in accordance with the Singapore Financial Reporting Standards. The external auditors have noted in their Independent Auditor's Report for FY2023 that, except for the effects of the matters described in the "Basis for Qualified Opinion" section of the report, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up with the provisions of the Companies Act 1967 and the Singapore Financial Reporting Standards (International) 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 2023, 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.

In FY2023, the AC met with the internal and external auditors without the presence of the Management to discuss the scope of their work and the results of their examination and evaluation of the Company's accounting and internal control system, as well as to obtain feedback on Management and key management personnel of the Group Subsidiaries.

For FY2023, 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 procure assurances and guidance on the valuation and the key terms of such material investment or transaction.

The AC also worked with Management to resolve each matter that has been qualified and each key audit matter that has been highlighted by the external auditors in FY2022, and is satisfied that the actions taken (and continued to be taken) by Management are appropriate under the circumstances. Please refer to the Company's announcements on the SGXNET for more information on the steps the Company has taken to address these matters.

As part of its work and oversight, the AC obtains regular updates from Management on the achievement of the milestones and the progress of the Company's various projects and recommends follow-up or remedial action where required. In FY2023, there were no interested person transactions (within the meaning of Chapter 9 of the Catalist Rules) which required the Company's disclosure or the approval of the Company's shareholders, and there were no significant transactions (within the meaning of Chapter 10 of the Catalist Rules) entered into by the Company or its subsidiaries.

The Company does not have a general mandate from shareholders in respect of any interested person transactions.

B. External Auditor

The AC has assessed and is satisfied with the effectiveness and independence of the external auditors, PKF-CAP LLP, and has, therefore, recommended to the Board the re-appointment of PKF-CAP LLP as the Company's external auditors at the forthcoming FY2023 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 the Group Subsidiaries. The AC and the Directors confirm that they are satisfied that the appointment of different auditors for the Group Subsidiaries would not compromise the standard and effectiveness of the audit of the Group as a whole. Please refer to Note 14 of the Audited Financial Statements for FY2023 on pages 121 to 125 of this Annual Report for the names of the auditors of the Company's foreign subsidiaries.

The aggregate amount of fees which were paid and/or are payable to the external auditors for audit and non-audit services during FY2023 are disclosed below and in Note 8 to the Audited Financial Statements for FY2023.

Service Category	**Fees Paid/ Payable (S$'000)**
Audit Services	188
Non-Audit Services	30
Total Fees	**218**

The AC undertook a review of the non-audit services and the fees arising therefrom which were paid or are payable by the Company to the external auditors for FY2023 and are of the opinion that the value and scope of the non-audit services performed by the external auditors would not affect the independence of the external auditors.

The AC and the Board are also satisfied that, notwithstanding that the financial statements of the Company's subsidiaries in Malaysia, Brunei and Indonesia are audited by separate component auditors, the names of which are disclosed in Note 14 of the Audited Financial Statements for FY2023, such appointments do not compromise the standard and effectiveness of the overall audit of the Group by the external auditors.

C. Internal Controls and Risk management

For FY2023, the AC and the Board received assurances from the Executive Director and CEO, the Group Financial Controller, and the key management personnel of the Group Subsidiaries regarding the adequacy and effectiveness of the Group's risk management and internal control systems. The AC and the Board are, therefore, satisfied that the risk management and internal control systems put in place for the Group are adequate and effective in addressing the key risks identified in its current business environment, including its financial, operational, compliance and information technology functionalities.

The AC and the Board acknowledge and note that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud, or other irregularities; however, they are committed to strengthening internal controls on a continuing basis.

For FY2023, the AC reviewed the adequacy and effectiveness of the Group's risk management systems and internal control systems, including financial, operational, compliance and information technology controls, based on procedures established and maintained by the Group and reviewed by Management. Based on: (i) the Group's internal controls put in place, (ii) the procedures established and maintained by the Group, (iii) assurances received from the Executive Director and CEO, the Group Financial Controller, and the key management personnel of the Group Subsidiaries, and (iv) the work and reviews performed by the external auditors, the internal auditors, and Management, the Board, with the concurrence of the AC, is of the view that the Group's internal controls (including financial, operational compliance and information technology controls) and risk management systems in place are adequate and effective as at 31 December 2023.

D. Internal Audit

For FY2023, the internal auditors completed the scope of internal audits as determined by the AC for FY2023. The AC is also satisfied that the internal audit function is independent and effective and has been adequately resourced and staffed by suitably qualified and experienced professionals with relevant experience.

The Board has not established a separate risk management committee but has outsourced its internal audit function to an independent assurance service provider, Yang Lee & Associates. The internal auditors also have good standing and is well regarded within the Group.

For FY2023, an internal audit was performed on Panah Jaya Services Sdn. Bhd. (in respect of its cash management and sales and credit management), and the AC has met with the internal auditors without the presence of the Management. The AC reviewed the findings of the internal auditors' report, and recommended that the Board direct Management adopt all remedial or enhanced procedures proposed by the internal auditors.

E. Sustainability Report

The AC is satisfied with the disclosures and information contained in the Sustainability Report for FY2023 (which is issued together with the Annual Report for FY2023).

F. Whistle-Blowing

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 whistleblowing 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 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.

Whistle-blowing incident in FY2023

On 2 January 2023, the CEO received a WhatsApp message from a retired employee of a Group Subsidiary (the "**Whistle-blower**") who alleged possible wrongdoing by an executive of a Group Subsidiary in relation to purchase orders by the clients of the said Group Subsidiary for the period from FY2020 to FY2022 (the "**Relevant Period**"). After requesting for more information from the Whistle-blower, the CEO promptly informed the AC of the allegations raised by the Whistle-blower on 3 January 2023.

The AC acted on the whistle-blowing incident immediately by activating its whistle-blowing procedure. The AC directed the finance team of the Company to conduct a series of investigations, which included analysing sales transactions and other relevant documents and data of the Group Subsidiary concerned for the Relevant Period.

Based on the AC's analysis of the relevant documents and data regarding sales transactions for the Relevant Period and the written findings of the finance team, the AC concluded that there were no irregularities in relation to the subject matter alleged by the Whistle-blower.

During a meeting between the CEO and the Whistle-blower, the CEO shared with the Whistle-blower the findings of the finance team which indicated no irregularities as to the subject matter alleged by the Whistle-blower. The Whistle-blower, however, alluded to "favouritism" by the managing director of the Group Subsidiary towards a certain executive over another. The CEO then called for a discussion with the managing director, concerned and presented him with the allegation. She then asked the managing director whether he had indeed acted in a way that favoured some employees over others. The manging director refuted the allegation and stated that the employee mentioned by the Whistle-blower (as being disfavoured by him) was in fact promoted ahead of the employee alleged to be favoured. The managing director emphasised that promotion opportunities in the Group Subsidiary was based on meritocracy.

As the AC found no irregularities in respect of the subject matter alleged, it considered it appropriate to close the matter. However, the AC subsequently issued a reminder to all managing directors of Group Subsidiaries of the Company's policy of fair dealing, equal opportunity and inclusivity.

(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 the commencement of the meeting and the 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 section 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 general 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 April 2023 on its corporate website and on SGXNET.

For the forthcoming FY2023 AGM, the Company will be holding a physical meeting. Shareholders should read the Notice of AGM for details and instructions on how to appoint proxies and vote.

For the forthcoming FY2023 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.

No dividend has been declared for FY2023 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 with the Board and the Management and clarify any issues they may have. All Directors attend the Company's 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 and update on the Company's performance, position and prospects through annual reports (which are issued within the mandatory period to all shareholders), the unaudited consolidated interim financial statements announcements, and other ad-hoc announcements via the SGXNET.

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 Engagement with Stakeholders

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.

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 FY2023 is found on pages 9 to 43 of the Annual Report for FY2023.

The directors 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**") for the financial year ended 31 December 2023, and the statement of financial position of the Company as at 31 December 2023 and the statement of changes in equity of the Company for the financial year ended 31 December 2023.

Opinion of the directors

In the opinion of the directors:

(a) the audited 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 consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, after considering the measures taken by the Group and the Company with respect to their ability to continue as going concerns as described in Note 3.1 to the audited financial statements, there are reasonable grounds to believe that the Group and the Company will each be able to pay its respective 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
Su Jun Ming	- Lead Independent and Non-Executive Director
Robin Stevens	- Independent and Non-Executive Director

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, debentures or convertible securities of the Company or any other body corporate, except as disclosed under the section "Annica Performance Share Plan" and "Annica Employee Share Option Scheme" of this statement below.

Directors' interests in shares, convertible securities or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares, convertible securities or debentures of the Company and/or its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company pursuant to Section 164 of the Companies Act 1967 (the "**Act**"), except as follows:

	Shareholdings in the Company registered in the name of a director		
Name	**At 1.1.2023**	**At 31.12.2023**	**At 21.1.2024**
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	1,907,378,770	1,807,378,770
Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin (first appointed on 5 July 2019)	150,000,000	140,000,000	140,000,000
Su Jun Ming (first appointed on 20 January 2016)	54,630,992	54,630,992	54,630,992

None of the directors of the Company has, whether at the beginning or at the end of the financial year, a deemed interest in the shares, share options, debentures or convertible securities of the Company or its related corporations held by another person or entity.

The Directors' interests in shares, share options, debentures or convertible securities of the Company or its related corporations at 21 January 2024 were the same as at 31 December 2023, save for Mr Lim In Chong who had decreased his shareholdings in the Company by 100,000,000 ordinary shares between 31 December 2023 and 21 January 2024.

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 statement.

Annica Performance Share Plan

On 2 September 2016, the 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., IES Engineering Systems Sdn. Bhd., Cahya Suria Energy Sdn. Bhd., and H2E International Pte Ltd.

(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 Independent and Non-Executive Director of the Company with effect from 15 September 2022 and who had previously been awarded with 54,630,992 Share Awards 2018.

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 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 pursuant to 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 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(b)	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 a director of H2 Energy Sdn. Bhd.

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

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 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.

Annica Performance Share Plan (cont'd)

As at 31 December 2023, the following Share Awards under the 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)	–	1,092,619,845	27 December 2018
Su Jun Ming	–	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
Former Directors and Key Management Personnel(2)	–	273,154,960	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 were in excess of 5% of all the 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) The "Former Directors and Key Management Personnel" include Mr. Adnan Bin Mansor, who resigned as Independent and Non-Executive Director of the Company with effect from 15 September 2022 and who had previously been awarded with 54,630,992 Share Awards 2018.

(3) The Share Awards granted to Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin were in excess of 5% of all the 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.

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

No Share Awards under the Share Plan were granted or cancelled, or have lapsed during the financial year under review.

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 share 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 out in the table below.

(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 which have lapsed; and are null and void	12,500,000
(e)	Number of Shares comprised in the remaining 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) ESOS Options shall only be exercisable after the 1st anniversary from the Date of Grant and before the 10th anniversary of the Date of Grant.

No Director of the Company who held office at the end of the financial year ended 31 December 2023 was granted any ESOS Options.

No controlling shareholders of the Company or their associates has been granted any ESOS Options.

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.

With references to Rule 851(1) of the Catalist Rules, as at 31 December 2023, further details of ESOS Options granted under the ESOS 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.

Annica Employee Share Option Scheme (cont'd)

Except 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(s) of the Company and/or its associate(s).

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 any 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.

The remaining number of shares comprised in the ESOS Options as at 31 December 2023 are:

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 2023	**30,000,000**

Other than as set out above, as at the end of the financial year ended 31 December 2023 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 the acquisition of shares, 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; and
Mr. Robin Stevens.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act and the Code of Corporate Governance 2018 (as last amended on 11 January 2023). Their functions are detailed in the Corporate Governance Report section of the annual report of the Company for the financial year ended 31 December 2023.

In performing its functions, the Audit Committee met with the Company's independent internal and external auditor 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 and annual financial statements of the Group and the Company prior to their submission to the Board 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 transaction (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") Listing Manual Section B: Rule of Catalist (the "**Catalist Rule**")).

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that PKF-CAP LLP be nominated for re-appointment as the independent auditor of the Company at the forthcoming annual general meeting.

Independent auditor

PKF-CAP LLP, the independent auditor, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

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

11 April 2024

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**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, 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 material accounting policy information.

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 2023, 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 the disposal of a former subsidiary, GPE Power Systems (M) Sdn. Bhd. ("**GPE**") (Note 16) – Group and Company*

   As at 31 December 2023, consideration due from the disposal of GPE amounted to $Nil (2022: $225,000) after deducting allowance for impairment loss of $1,267,000 (2022: $933,000). During the year, there was an impairment loss recognised in profit or loss amounting to $334,000.

   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 a full allowance for impairment of $1,267,000 is required on the balance due from the Purchaser, due to uncertainty on the amount expected to be recoverable from a potential settlement arrangement with the Purchaser.

   We were unable to determine whether any adjustments might have been necessary in respect to the aforementioned allowance for impairment loss and the consideration due from the Purchaser recorded by the Group and the Company, and the related disclosures in the financial statements, for the year ended 31 December 2023 since we were unable to obtain sufficient appropriate evidence on the appropriateness of the opening balance of the carrying and recoverable amount of the aforementioned consideration due from the Purchaser as at 31 December 2022, and we issued a qualified opinion on the financial statements for the financial year ended 31 December 2022, on the same basis. As a result, we were unable to determine whether any adjustments might have been necessary in respect of the profit or loss for the current year reported in the statement of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

2. *Loan to a former subsidiary, GPE Power Systems (M) Sdn. Bhd. ("**GPE**") and amount due from a former subsidiary (GPE) (Note 16) - Group and Company*

   As at 31 December 2023, the Group and the Company have a loan to a former subsidiary (GPE) with a carrying amount amounted to $2,285,000 (2022: $2,910,000), after deducting allowance for impairment loss of $773,000 (2022: $Nil), and an amount due from a former subsidiary (GPE) amounted to $300,000 (2022: $300,000). During the year, there was an impairment loss recognised in profit or loss amounting to $773,000. During the current and prior financial years, no repayment has been made to the Group and the Company in respect to these receivables.

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

   We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves that no further 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. Furthermore, we are 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 these receivables. The financial statements for the financial year ended 31 December 2022 was qualified on the same basis.

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 in 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 2023, the Group reported a net loss of $928,000 (2022: $1,677,000). As at 31 December 2023, the Group's and the Company's current liabilities exceeded their current assets by $828,000 (31 December 2022: net current asset of $613,000) and $4,652,000 (31 December 2022: net current liabilities of $2,008,000), respectively, and have a net capital deficiency of $492,000 (31 December 2022: net asset of $582,000) and $2,642,000 (31 December 2022: net capital deficiency of $41,000), respectively.

As stated in Note 3.1, these events or conditions, along with other matters as set forth in Note 3.1, 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, 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 Group's 2023 Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained all the other information prior to the date of this auditor's report.

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 of our report, we are unable to obtain sufficient appropriate audit evidence with respect to the allowance for impairment loss of the balance consideration due from Ms Chong Shin Mun for 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.

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.

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 Jonathan Lim Ryh Jye.

PKF-CAP LLP
Public Accountants and
Chartered Accountants

Singapore, 11 April 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	**2023 $'000**	Restated 2022 $'000
Continuing operations			
Revenue	4	**16,047**	14,987
Cost of sales		**(10,484)**	(11,961)
Gross profit		**5,563**	3,026
Other income	5	**411**	256
Interest income	5	**208**	209
Selling and distribution expenses		**(191)**	(199)
Administrative and general expenses		**(5,227)**	(4,620)
Other expenses	6	**(274)**	(68)
Impairment losses on trade and other receivables		**(1,107)**	(8)
Finance costs	7	**(221)**	(247)
Loss before tax from continuing operations	8	**(838)**	(1,651)
Tax expense	9	**(91)**	(77)
Loss for the financial year from continuing operations		**(929)**	(1,728)
Discontinued operations			
Profit for the financial year from discontinued operations	30	**1**	51
Loss for the financial year		**(928)**	(1,677)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(149)**	(218)
Other comprehensive loss for the financial year, net of tax		**(149)**	(218)
Total comprehensive loss for the financial year		**(1,077)**	(1,895)
(Loss)/Profit attributable to:			
Equity holders of the Company		**(1,235)**	(1,496)
Non-controlling interests		**307**	(181)
Loss for the financial year		**(928)**	(1,677)
(Loss)/Profit attributable to:			
Equity holders of the Company			
- Loss from continuing operations		**(1,236)**	(1,547)
- Profit from discontinued operations		**1**	51
		(1,235)	(1,496)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(1,384)**	(1,714)
Non-controlling interests		**307**	(181)
Total comprehensive loss for the financial year		**(1,077)**	(1,895)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company			
- Loss from continuing operations		**(1,385)**	(1,765)
- Profit from discontinued operations		**1**	51
		(1,384)	(1,714)
(Loss)/Earning per share for loss attributable to equity holders of the Company (cents per share):			
Basic and diluted			
From continuing and discontinued operations	10	**(0.0073)**	(0.0089)
From continuing operations		**(0.0073)**	(0.0092)
From discontinued operations		**–***	0.0003

* Amount less than $0.0001

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**226**	317	**1**	33
Right-of-use assets	12	**804**	321	**263**	48
Intangible assets	13	**36**	36	**–**	–
Investments in subsidiaries	14	–	–	**1,890**	1,892
Trade and other receivables	16	–	–	**229**	–
Deferred tax assets	17	**25**	–	**–**	–
		1,091	674	**2,383**	1,973
Current assets					
Cash and cash equivalents	18	**3,013**	1,430	**66**	46
Fixed deposits	19	**434**	473	**–**	–
Trade and other receivables	16	**7,175**	11,947	**3,363**	3,910
Inventories	20	**383**	301	**–**	–
Financial assets at fair value through profit or loss	15	**–***	–*	**–***	–*
		11,005	14,151	**3,429**	3,956
Total assets		**12,096**	14,825	**5,812**	5,929
LIABILITIES					
Non-current liabilities					
Borrowings	22	**647**	618	**373**	6
Provision for employee benefits	23	**108**	71	–	–
Deferred tax liabilities	17	**–**	16	–	–
		755	705	**373**	6
Current liabilities					
Trade and other payables	21	**7,640**	5,936	**6,372**	5,859
Contract liabilities	24	**2,008**	6,755	–	–
Borrowings	22	**2,054**	847	**1,709**	105
Tax payables		**131**	–	–	–
		11,833	13,538	**8,081**	5,964
Total liabilities		**12,588**	14,243	**8,454**	5,970
Net assets/(liabilities)		**(492)**	582	**(2,642)**	(41)
EQUITY					
Share capital	25	**68,101**	68,101	**68,101**	68,101
Other reserves	26	**(772)**	(2,041)	**89**	89
Accumulated losses		**(68,075)**	(65,425)	**(70,832)**	(68,231)
Equity/(capital deficiency) attributable to equity holders of the Company		**(746)**	635	**(2,642)**	(41)
Non-controlling interests		**254**	(53)	**–**	–
Total equity/(capital deficiency)		**(492)**	582	**(2,642)**	(41)

* Amount less than $1,000

	Share capital $'000	Other reserves $'000	Accumulated losses $'000	Equity attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group						
Balance at 1 January 2022	67,801	(1,823)	(63,929)	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	–	(218)	(1,496)	(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	(2,041)	(65,425)	635	(53)	582
Transaction with owners, recognised directly in equity						
Bonus shares issue in a subsidiary (Note 26)	–	1,416	(1,416)	–	–	–
(Loss)/Profit for the financial year	–	–	(1,235)	(1,235)	307	(928)
Other comprehensive loss						
- Currency translation differences arising from consolidation	–	(149)	–	(149)	–	(149)
Total comprehensive (loss)/income for the financial year	–	(149)	(1,235)	(1,384)	307	(1,077)
Changes in ownership interests in a subsidiary						
Disposal of ownership interest in a subsidiary (Note 26)	–	3	–	3	–	3
- Reclassification of cumulative foreign currency translation differences from equity on the disposal of subsidiary to profit or loss	–	(1)	1	–	–	–
Balance at 31 December 2023	**68,101**	**(772)**	**(68,075)**	**(746)**	**254**	**(492)**

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Share capital $'000	Capital reserve $'000	Accumulated losses $'000	Total equity $'000
Company				
Balance at 1 January 2022	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
Total comprehensive loss for the financial year	–	–	(1,509)	(1,509)
Balance at 31 December 2022	68,101	89	(68,231)	(41)
Total comprehensive loss for the financial year	–	–	(2,601)	(2,601)
Balance at 31 December 2023	**68,101**	**89**	**(70,832)**	**(2,642)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 $'000	Restated 2022 $'000
Cash flows from operating activities			
Loss before tax from continuing operations		**(838)**	(1,651)
Profit before tax from discontinued operations		**1**	51
		(837)	(1,600)
Adjustments for:			
Depreciation of property, plant and equipment	11	**159**	195
Depreciation of right-of-use assets	12	**253**	213
Write off of property, plant and equipment		**1**	3
Impairment losses on trade and other receivables		**1,107**	8
Interest expenses		**221**	247
Interest income		**(208)**	(209)
Gain on disposal of subsidiaries	31	**–***	(50)
Share awards expense	8	**–**	300
Bad debt written off		**2**	–
Bad debt recovered		**(11)**	–
Currency translation adjustments		**(219)**	(325)
Operating cash flow before working capital changes		**468**	(1,218)
Changes in working capital:			
Inventories		**(82)**	248
Trade and other payables and contract liabilities		**(2,819)**	7,248
Trade and other receivables		**3,951**	(5,097)
Cash generated from operations		**1,518**	1,181
Income tax paid		**(109)**	(90)
Net cash generated from operating activities		**1,409**	1,091
Cash flows from investing activities			
Interest received		**12**	6
Purchase of property, plant and equipment		**(70)**	(112)
Net cash used in investing activities		**(58)**	(106)
Cash flows from financing activities			
Contribution from non-controlling interest of a subsidiary		**–**	163
Interest paid for bank loans		**(20)**	(28)
Interest paid for lease liabilities		**(16)**	(7)
Interest paid for third party loan		**(350)**	(188)
Release of fixed deposit pledged		**18**	157
Proceeds from borrowings		**1,500**	356
Repayment of principal portion of borrowings		**(600)**	(483)
Repayment of principal portion of lease liabilities		**(241)**	(215)
Net cash generated from/(used in) financing activities		**291**	(245)
Net increase in cash and cash equivalents		**1,642**	740
Cash and cash equivalents at beginning of the financial year		**1,430**	736
Effects of foreign currency translation on cash and cash equivalents		**(59)**	(46)
Cash and cash equivalents at end of the financial year (Note 18)		**3,013**	1,430

* Amount less than $1,000

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

1. Corporate information

Annica Holdings Limited (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. Material accounting policy information

2.1 Basis of preparation

These financial statements are presented in Singapore Dollars ("**$**"), which is the Company's functional currency and all financial information presented in Singapore Dollars are rounded to the nearest thousand ($'000) except when otherwise indicated. These financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") 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, trade and other current 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, 2023, 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 substantial changes to the Group's and the Company's accounting policies and had no material effect on the disclosures or on the amounts reported for the current or prior financial years.

2. Material accounting policy information (cont'd)

2.1 Basis of preparation (cont'd)

Effective for annual periods beginning on or after 1 January 2023:

- Amendments to SFRS(I) 17 Insurance Contracts
- 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) 1-12 International Tax Reform – Pillar Two Model Rules

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 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
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements

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

The new or amended accounting Standards and Interpretations listed above are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. 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. Revenue from the sale of these goods is recognised at a point in time when control of the goods has transferred to its customers, being when the goods are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products. 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.

2. Material accounting policy information (cont'd)

2.2 Revenue recognition (cont'd)

Sales of goods (cont'd)

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due. The difference between the consideration due or received in accordance with the payment terms and revenue recognised is recognised as contract liabilities.

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 at a point in time 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. Material accounting policy information (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. Material accounting policy information (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. Government grants relating to expenses are shown separately as other income.

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. Material accounting policy information (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 Dollars, which is the Company's functional currency.

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.

2. Material accounting policy information (cont'd)

2.8 Foreign currencies (cont'd)

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.

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.

2. Material accounting policy information (cont'd)

2.9 Property, plant and equipment (cont'd)

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.

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.

2. Material accounting policy information (cont'd)

2.10 Leases (cont'd)

When the Group is the lessee (cont'd)

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.

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) 16 *Leases* to allocate the consideration under the contract to each component.

2. Material accounting policy information (cont'd)

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. Material accounting policy information (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. Material accounting policy information (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. Material accounting policy information (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. Material accounting policy information (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. Material accounting policy information (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 material 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).

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

During the financial year ended 31 December 2023, the Group reported a net loss of $928,000 (2022: $1,677,000). As at 31 December 2023, the Group's and the Company's current liabilities exceeded their current assets by $828,000 (31 December 2022: net current asset of $613,000) and $4,652,000 (31 December 2022: net current liabilities of $2,008,000), respectively, and have a net capital deficiency of $492,000 (31 December 2022: net asset of $582,000) and $2,642,000 (31 December 2022: net capital deficiency of $41,000), respectively. 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.

Nevertheless, the Board of 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 Group has prepared a 16-month consolidated cash flow forecast of the Group from 1 January 2024 and it showed that the Group and the Company will be able to generate sufficient cash flows in the next 16 months subsequent to 31 December 2023 to meet their financial obligations as and when they fall due, by taking into consideration the following:

   (a) Group activities is expected to generate positive cash flows for the Group and the Company in the next 16 months;

   (b) The Group's business in the green technology and renewable energy segment is expected to further contribute to the Group during the next 16 months; and

   (c) The Group had performed a reset on its oil and gas equipment segment and engineering segment, reshaping their strategic direction to serve other markets along the value chain in these segments. Further to the Group's resetting strategy, the Group is also considering streamlining its current operations by consolidating its business units and/or business segments to improve cost-efficiency and attain wider brand awareness.

(2) During the current financial year 2023, the Group generated net positive cashflows from operating activities.

(3) Subsequent to 31 December 2023, the Group has obtained advances amounting to a total of $1,350,000 from the Company's CEO and key management personnel within the Group's subsidiaries.

(4) 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 2023 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 of their goods and services.

*Critical judgements made in concluding the Group had control over H2 Energy Sdn. Bhd. ("**H2E**")*

As disclosed in Note 14 (a) in the financial statements, the Group had an effective equity interest of 49% (2022: 49%) in H2 Energy Sdn. Bhd. ("**H2E**"). The Group has assessed and determined that it has control of H2E even though it holds less than half of the voting rights of H2E, with the following factors and indicators that established the Group has sufficient rights to give it power over H2E:

a) The Group can, without having the contractual right to do so, appoint or approve the investee's key management personnel who have the ability to direct relevant activities (i.e. the activities that significantly affect H2E's returns) of H2E.

   The Chief Executive Officer, Finance Director and Technical Director of H2E are current employees and related parties of the entities within the Group. H2E depends on the Group for these key management personnel that have specialised knowledge of H2E's operations.

b) H2E's operations are dependent on the Group; this is evident as H2E depends on the Group to fund a portion of its operations and for the supply of manpower in relation to critical services on operational, commercial, finance and administrative activities of H2E, including the supply of key management personnel.

c) A significant portion of the H2E's activities either involve or are conducted on behalf of the Group, as H2E is one of the subsidiaries of the Group's engineering arm of the Renewable Energy and Green Technology business segment, and majority of H2E employees (including key management personnel) are from the Group.

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.

Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Group's inventories as at 31 December 2023 was $383,000 (2022: $301,000). If the future expected realisable value lower by 10% of its carrying amount, the carrying amount of the Group's inventories would have been $38,000 lower (2022: $30,000 lower).

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

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 expected credit losses ("**ECL**") allowance of trade and other receivables*

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 and other 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 and other receivables. Details of ECL measurement and carrying value of trade and other receivables at reporting date are disclosed in Notes 16 and 33(b) respectively.

4. Revenue

	Group	
	2023	2022
	$'000	$'000
Sales of goods	**11,280**	8,178
Services rendered	**4,767**	6,809
	16,047	14,987

4. Revenue (cont'd)

Disaggregation of revenue

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical markets and timing of revenue recognition:

	Engineering services $'000	Oil and gas equipment $'000	Total $'000
2023			
Primary geographical markets			
Brunei & Myanmar	–	8,002	8,002
Malaysia	163	5,460	5,623
Indonesia	–	1,288	1,288
Thailand	11	536	547
Singapore	35	491	526
Others	–	59	59
Vietnam	–	2	2
	209	**15,838**	**16,047**
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
2023			
Timing of transfer of goods and services			
At a point in time	209	15,838	16,047
Overtime	–	–	–
	209	**15,838**	**16,047**
2022			
Timing of transfer of goods and services			
At a point in time	1,187	13,800	14,987
Overtime	–	–	–
	1,187	13,800	14,987

Revenue recognised during the financial year from:

	Group	
	2023 $'000	2022 $'000
Amounts included in contract liabilities at beginning of the financial year	**6,755**	985

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	
		Restated
	2023	2022
	$'000	$'000
Other income		
Extension fees on amount due from Ms Chong Shin Mun	**60**	60
Commission income	**4**	–
Government grant income	**10**	7
Exhibition income	–	26
Bad debt recovered	**11**	–
Foreign currency exchange gain	**316**	122
Miscellaneous	**10**	41
	411	256
Interest income		
- bank and fixed deposits	**12**	6
- loan to a former subsidiary (GPE) and consideration due from disposal of a subsidiary (GPE) from Ms Chong Shin Mun	**196**	203
	208	209

6. Other expenses

	Group	
		Restated
	2023	2022
	$'000	$'000
Foreign currency exchange loss	**271**	37
Write off of property, plant and equipment	**1**	3
Bad debt written off	**2**	–
Miscellaneous	–	28
	274	68

7. Finance costs

	Group	
	2023	2022
	$'000	$'000
Interest expenses:		
- lease liabilities [Note 22 and 27(a)]	**16**	7
- bank loans (Note 22)	**30**	41
- Loan from third parties (Note 22)	**170**	194
- Provision for employee benefits (Note 23)	**5**	5
	221	247

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:

	Group	
	2023	2022
	$'000	$'000
Depreciation expense on property, plant and equipment	**159**	195
Depreciation expense on right-of-use assets	**253**	213
Directors' fees		
- company	**174**	209
- subsidiary	**18**	19
Audit fees paid/payable to:		
- auditor of the Company	**188**	188
- other auditors	**30**	61
Fees on non-audit services paid/payable to:		
- auditor of the Company	**14**	11
- other auditors	**5**	4
Short term lease expense [Note 27(a)]	**154**	98
Staff costs (Note A)	**2,651**	2,588

Note A- Staff costs

	Group	
	2023	2022
	$'000	$'000
*Key management personnel**:		
Wages, salaries and other related costs excluding directors' fees	**942**	920
Share awards expense (Note 25)	**–**	200
Employer's contribution to defined contribution plans including Central Provident Fund	**49**	32
	991	1,152
Other staff:		
Wages, salaries and other related costs	**1,515**	1,185
Share awards expense (Note 25)	**–**	100
Employer's contribution to defined contribution plans including Central Provident Fund	**145**	151
	2,651	2,588
* Comprise amounts paid/payable to:		
Directors of the Company	**241**	547
Other key management personnel	**750**	605
	991	1,152

9. Tax expense

	Group	
	2023	2022
	$'000	$'000
Tax expense for the financial year consist of:		
Current income tax		
- continuing operation	**134**	80
- discontinued operation	–	–
Deferred tax (Note 17)		
- continuing operation	**(43)**	(3)
- discontinued operation	–	–
	91	77

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	
	2023	2022
	$'000	$'000
Loss before tax from continuing operation	**(838)**	(1,651)
Profit before tax from discontinued operation	**1**	51
	(837)	(1,600)
Tax calculated at a tax rate of 17% (2022: 17%)	**(142)**	(281)
Effect of different tax rates in other countries	**5**	(50)
Expenses not deductible for tax purposes	**288**	433
Income not subject to tax[(1)]	**(124)**	(266)
Income exemption and tax incentive	**(64)**	(67)
Utilisation of deferred tax assets previously not recognised	**(5)**	–
Utilisation of unabsorbed tax losses	**(91)**	(6)
Deferred tax assets not recognised	**218**	329
Others	**6**	(15)
	91	**77**

[(1)] Included in income not subject to tax mainly comprise of extension fees of $60,000 (2022: $60,000) under Note 5.

As at 31 December 2023, the Group has deferred tax assets in respect of unutilised tax losses of $24,739,000 (2022: $24,276,000) and unabsorbed capital allowance of $90,000 (2022: $152,000) 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% (2022: 17%) and 15% to 24% (2022: 17% to 24%), respectively for the year of assessment 2024.

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	
		Restated
	2023	2022
	$'000	$'000
Loss from continuing operations	**(1,236)**	(1,547)
Profit from discontinued operations	**1**	51
Loss for the year attributable to equity holders of the Company	**(1,235)**	(1,496)
Weighted average number of ordinary shares outstanding for basic (loss)/earning per share ('000)	**16,974,767**	16,785,726
Basic and diluted (loss)/earning per share (cents)		
- continuing operations	**(0.0073)**	(0.0092)
- discontinued operations	–*	0.0003
Total continuing and discontinued operations	**(0.0073)**	(0.0089)

* Amount less than S$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 2023 and 31 December 2022.

11. Property, plant and equipment

	Fixtures and fittings	**Plant and equipment**	**Motor vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Group				
2023				
Cost				
At 1 January 2023	547	496	1	1,044
Additions	5	65	–	70
Disposal	–	(1)	–	(1)
Translation differences	(4)	(8)	–	(12)
At 31 December 2023	**548**	**552**	**1**	**1,101**
Accumulated depreciation and impairment loss:				
At 1 January 2023	433	294	–*	727
Charge for the financial year	95	64	–	159
Reclassification	(6)	6	–	–
Write off	–	(1)	–	(1)
Translation differences	(4)	(7)	1	(10)
At 31 December 2023	**518**	**356**	**1**	**875**
Net carrying value				
At 31 December 2023	**30**	**196**	–	**226**

* Amount less than $1,000

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

	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**

* Amount less than $1,000

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

	Fixtures and fittings $'000	Plant and equipment $'000	Total $'000
Company			
2023			
Cost			
At 1 January 2023	192	49	241
Additions	–	–	–
At 31 December 2023	**192**	**49**	**241**
Accumulated depreciation			
At 1 January 2023	165	43	208
Charge for the financial year	26	6	32
At 31 December 2023	**191**	**49**	**240**
Net carrying value			
At 31 December 2023	**1**	–	**1**
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

12. Right-of-use assets

	Leasehold properties $'000	Warehouse and office $'000	Corporate apartment $'000	Office equipment $'000	Total $'000
Group					
2023					
Cost					
At 1 January 2023	234	543	86	32	895
Additions	–	656	91	–	747
Write off	–	(486)	(89)	–	(575)
Translation differences	(13)	(1)	–	(1)	(15)
At 31 December 2023	**221**	**712**	**88**	**31**	**1,052**
Accumulated depreciation and impairment loss					
At 1 January 2023	47	432	79	16	574
Charge for the financial year	5	198	43	7	253
Write off	–	(486)	(89)	–	(575)
Translation differences	(3)	(1)	–	–	(4)
At 31 December 2023	**49**	**143**	**33**	**23**	**248**
Net carrying value					
At 31 December 2023	**172**	**569**	**55**	**8**	**804**
2022					
Cost					
At 1 January 2022	249	544	66	31	890
Additions	–	58	20	9	87
Write off	–	(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
Write off	–	(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

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

	Warehouse and office $'000	Corporate apartment $'000	Office equipment $'000	Total $'000
Company				
2023				
Cost				
At 1 January 2023 and 31 December 2023	175	86	9	270
Addition	236	91	–	327
Write off	(175)	(89)	–	(264)
At 31 December 2023	**236**	**88**	**9**	**333**
Accumulated depreciation				
At 1 January 2023	141	79	2	222
Charge for the financial year	67	43	2	112
Write off	(175)	(89)	–	(264)
At 31 December 2023	**33**	**33**	**4**	**70**
Net carrying value				
At 31 December 2023	**203**	**55**	**5**	**263**
2022				
Cost				
At 1 January 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

Right-of-use assets are acquired under leasing arrangements. Details of leases are disclosed in Note 27.

As at 31 December 2023, leasehold properties of the Group with carrying amounts of $172,000 (2022: $187,000) are provided as security for the Group's borrowings (Note 22).

13. Intangible asset

	Group	
	2023	2022
	$'000	$'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:

	Group	
	2023	2022
	$'000	$'000
Investments		
Cahya Suria Energy Sdn. Bhd. and its subsidiaries	**36**	36

14. Investments in subsidiaries

	Company	
	2023	2022
	$'000	$'000
Unquoted equity shares, at cost		
At 1 January	**11,696**	11,697
Addition during financial year	**1**	–
Disposals during financial year	**(3)**	(1)
Less: Allowance for impairment	**(9,804)**	(9,804)
At 31 December	**1,890**	1,892
Impairment loss allowance:		
As at 1 January	**9,804**	9,805
Addition	**–**	–
Reversal	**–**	(1)
At 31 December	**9,804**	9,804

14. Investments in subsidiaries (cont'd)

(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	
			2023	2022
			%	%
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
H2E International Pte Ltd ("**H2EI**")(1)(9)	Investment holding	Singapore	**100**	–
Held by P.J. Services Pte Ltd:				
Panah Jaya Services Sdn. Bhd. (2)(6)	Trading in oilfield parts and equipment	Malaysia	**100**	100
PT Panah Jaya Sejahtera (3)(6)	Trading in oilfield equipment and related products	Indonesia	**100**	100
Panah Jaya Makmur Sdn. Bhd. ("**PJM**") (4)	Trading in oilfield equipment and related products	Brunei	**60**	60
Held by H2E International Pte Ltd:				
Cahya Suria Energy Sdn. Bhd.("**CSE**") (2)	Investment holding	Malaysia	**100**	100
Held by Cahya Suria Energy Sdn. Bhd.:				
Cahya Suria Services Sdn. Bhd. (formerly known as Renosun International Sdn. Bhd.) ("**CSS**") (2) (8)	Provision of designing, engineering, procurement, construction and commissioning of solar photovoltaic system and related products	Malaysia	**10**(8)	100
H2 Energy Sdn. Bhd. (formerly known as HT Energy (S) Sdn. Bhd.) ("**H2E**") (5)(7)	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. (5)	Designing of industrial plant engineering services systems and general wholesaler and trader	Malaysia	**100**	100

(1) Audited by PKF-CAP LLP, Singapore
(2) Audited by Khoo Teng Keat & Co., Malaysia
(3) Audited by PKF Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan, Indonesia
(4) Audited by BDO Chartered Accountants, Brunei
(5) Audited by TNT Chartered Accountants, Malaysia
(6) 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.
(7) Considered a subsidiary as the Group has sufficient rights to give it power over H2E that enables it controls over the relevant activities and policies of the entity. Please refer to Note 3.1 of the financial statements on the judgements and assumptions involved in determining the control.

14. Investments in subsidiaries (cont'd)

(a) Details of the subsidiaries as at the end of the financial year are as follows (cont'd):

(8) 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 its 9,000 ordinary shares representing 90% of the shareholdings of CSS to a third party purchaser for a consideration of RM 5,000. Since then, CSS ceased to be subsidiary of the Group and the remaining investment in CSS are classified as financial asset at fair value through profit or loss in the Statement of Financial Position (Note 15).

(9) On 12 October 2023, the Company has incorporated a new wholly-owned subsidiary, H2EI, as an investment holding company of CSE. The Company has also transferred its entire shareholding comprising 10,000 ordinary shares in CSE to H2EI for an aggregate cash consideration of RM10,000 on 2 November 2023.

(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	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Summarised Statement of Financial Position				
Current				
Assets	**3,453**	2,051	**321**	338
Liabilities	**(2,736)**	2,265	**(466)**	371
Total current net assets/(liabilities)	**717**	(214)	**(145)**	(33)
Non-current				
Assets	**95**	110	**–**	–
Liabilities	**–**	–	**–**	–
Total non-current net assets	**95**	110	**–**	–
Net assets/(liabilities)	**812**	(104)	**(145)**	(33)
Summarised Statement of Profit or Loss and Other Comprehensive Income				
Revenue	**7,407**	957	**–**	–
Profit/(Loss) before tax	**993**	(208)	**(117)**	(194)
Income tax expense	**(76)**	–	**–**	–
Profit/(Loss) from continuing operations	**917**	(208)	**(117)**	(194)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income/(loss)	**917**	(208)	**(117)**	(194)
Total comprehensive income/(loss) allocated to NCI	**367**	(83)	**(60)**	(99)
Summarised Cash Flows				
Net cash generated from/(used in) operating activities	**924**	708	**(15)**	(77)
Net cash used in investing activities	–	(59)	–	–
Net cash generated from financing activities	–	–	–	81

14. Investments in subsidiaries (cont'd)

(c) Increase in paid up share capital of H2E

During the financial year ended 2022, 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 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 and 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**").

Immediately following the allotment and issuance of the New Ordinary Shares, CSE and the non-controlling interest 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 non-controlling interest 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).

14. Investments in subsidiaries (cont'd)

(d) Disposal of ownership interest in CSS with loss of control

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. Since then, CSS ceased to be subsidiary of the Group and the remaining investment in CSS are classified as financial asset at fair value through profit or loss in the Statement of Financial Position (Note 15).

(e) Company Level - Impairment review of investment in subsidiaries

During the current financial year ended 31 December 2023, management performed impairment review for the investments in its subsidiaries. There was no impairment indicator on the investments in P.J. Services Pte Ltd ("**PJS**") as the subsidiary is making profit and was in net assets position as at 31 December 2023. Despite the consistent loss making of Industrial Engineering Systems Pte. Ltd. in current and prior financial years, there was no further impairment loss recognised on this investment as the cost of investment has been fully impaired since prior financial years. Management assessed that there is no impairment loss on investment in H2E International Pte Ltd as the subsidiary was newly incorporated during the financial year.

During the prior financial year ended 31 December 2022, management performed an impairment test for the investments in PJS as this subsidiary was loss making in the financial year. The recoverable amount of the investment in PJS 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 are 17.5% and 2.0%, respectively. No impairment loss was recognised for the year ended 31 December 2022.

15. Financial assets at fair value through profit or loss

	Group		**Company**	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Current				
Unquoted securities	**–***	–*	**–***	–*

* Amount less than $1,000

The financial assets at fair value through profit or loss comprised of investments in unquoted equity securities of Cahya Suria Services Sdn. Bhd. (Note 14) and a third party company.

16. Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables - third parties	**2,493**	3,195	**–**	–
Less: Allowance for impairment [Note 33(b)]	**(25)**	(25)	**–**	–
	2,468	3,170	**–**	–
Other receivables:				
- A former subsidiary (GPE)	**300**	300	**300**	300
- Other receivables	**7**	8	**–**	–
	307	308	**300**	300
Loans to:				
- A former subsidiary (GPE)	**3,058**	2,910	**3,058**	2,910
- A former corporate shareholder of a subsidiary	**4**	4	**–**	–
Less: Allowance for impairment [Note 33(b)]	**(777)**	(4)	**(773)**	–
	2,285	2,910	**2,285**	2,910
Advances to:				
- Subsidiaries	**–**	–	**586**	383
	–	–	**586**	383
Consideration due from disposal of a subsidiary (GPE) from Ms Chong Shin Mun	**1,267**	1,158	**1,267**	1,158
Less: Allowance for impairment [Note 33(b)]	**(1,267)**	(933)	**(1,267)**	(933)
	–	225	**–**	225
Other recoverable	**150**	150	**150**	150
Less: Allowance for impairment [Note 33(b)]	**(150)**	(150)	**(150)**	(150)
	–	–	**–**	–
Lease receivables [Note 27(b)]	**–**	–	**136**	61
Security deposits	**187**	69	**34**	23
GST receivables	**7**	10	**3**	2
Tax recoverables	**142**	44	**–**	–
Advance billings from suppliers	**1,709**	5,155	**–**	–
Prepayments	**70**	56	**19**	6
	2,115	5,334	**192**	92
	7,175	11,947	**3,363**	3,910

16. Trade and other receivables (cont'd)

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Non-current				
Lease receivables [Note 27(b)]	–	–	**229**	–
Total	**7,175**	11,947	**3,592**	3,910

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 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 $3,058,000 (2022: $2,910,000) being loan to a former subsidiary, is unsecured and bears an interest rate of 8% (2022: 8%) per annum.

During the current financial year, $773,000 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 value of certain assets proposed to be transferred in a potential settlement based on a valuation report dated 20 March 2024. Further details will be disclosed by the Company via SGXNet once the potential settlement has been finalised.

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 2023, the gross receivables of $1,267,000 from Ms Chong comprised the extension fees and Fourth Tranche amounting to $235,000 and $810,000 respectively with accrued interest of $222,000 (31 December 2022: $1,158,000 which comprised the extension fees and Fourth Tranche amounting to $175,000 and $810,000 respectively with accrued interest of $173,000). The outstanding principal amount due from Ms. Chong Shin Mun of $810,000 (31 December 2022: $810,000) as at the reporting date is subject to interest rate of 6% (2022: 6%) per annum.

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 420,000,000 Controlled Shares 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 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.

In 2023,

- A further $334,000 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 value of certain assets proposed to be transferred in a potential settlement based on a valuation report dated 20 March 2024. Further details will be disclosed by the Company via SGXNet once the potential settlement has been finalised.

17. Deferred tax (assets)/liabilities

	Group	
	2023	2022
	$'000	$'000
At beginning of the financial year	**17**	22
Charge to profit or loss (Note 9)	**(43)**	(3)
Translation difference	**1**	(3)
At end of the financial year	**(25)**	16
Representing:		
Deferred tax (assets)/liabilities (Non-current)	**(25)**	16

Deferred tax (assets)/liabilities provided for as at the end of the financial year are related to the following:

	Group	
	2023	2022
	$'000	$'000
Accelerated tax depreciation	**(1)**	(10)
Other temporary differences	**(24)**	26
	(25)	16

Deferred tax liabilities of $3,000 (2022: $36,000) 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 $244,000 (2022: $382,000) at the end of the financial year.

18. Cash and cash equivalents

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**3,013**	1,430	**66**	46

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 26 months (2022: 1 to 38 months) from the end of the financial year with interest rates ranging from 1.38% to 2.95% (2022: 0.2% to 2.5%) per annum.

20. Inventories

	Group	
	2023	2022
	$'000	$'000
Trading goods	**331**	291
Goods in transit	**52**	10
	383	301

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $9,875,000 (2022: $11,080,000).

21. Trade and other payables

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Current				
Trade payables	**2,698**	1,706	**–**	–
Amounts due to subsidiaries	**–**	–	**2,786**	2,794
Amounts due to directors of the Company	**2,196**	1,868	**2,196**	1,868
Amounts due to directors of subsidiaries	**600**	411	**–**	–
Other payables	**1,126**	942	**1,063**	882
Accrued purchases	**–**	151	**–**	–
Accrued operating expenses	**467**	265	**184**	152
Provision for unutilised leave	**40**	50	**22**	22
GST payables	**13**	–	**–**	–
Withholding tax payables	**500**	543	**121**	141
Total	**7,640**	5,936	**6,372**	5,859

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 and of the subsidiaries are non-trade in nature, unsecured, repayable on demand and interest-free.

Included in amount due to directors of the Company is an amount of $562,000 (2022: $505,000) being outstanding directors' fees for the financial years ended 31 December 2019, 2020, 2021, 2022 and 2023 (2022: 31 December 2018, 2019, 2020, 2021 and 2022).

Included in other payables is an amount of $123,000 (2022: $123,000) due to a law firm where one of the former director is an equity partner.

22. Borrowings

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Current				
Bank loans				
- Term Loan - 5.1% above bank base lending rate (2022: 5.1% above bank base lending rate) per annum ("**p.a**")	**7**	8	–	–
- Temporary bridging loan - 2.5% p.a (2022: 2.5% p.a)	**337**	323	–	–
	344	331	–	–
Loan from a third party I	–	33	–	–
Loan from a third party II - 17% per month	–	174	–	–
Loan from a third party III - 5% per six months	–	137	–	–
Loan from a third party IV	**1,450**	–	**1,450**	–
Loan from director of a subsidiary	–	51	–	–
Lease liabilities	**260**	121	**259**	105
	2,054	847	**1,709**	105
Non-current				
Bank loans				
- Term Loan - 5.1% above bank base lending rate (2022: 5.1% above bank base lending rate) p.a	**28**	37	–	–
- Temporary bridging loan - 2.5% p.a	**243**	570	–	–
	271	607	–	–
Lease liabilities	**376**	11	**373**	6
	647	618	**373**	6
Total borrowings	**2,701**	1,465	**2,082**	111

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.

22. Borrowings (cont'd)

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 during the financial year ended 2023.

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 February 2022. The amount has been fully repaid during the financial year ended 2023.

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 during the financial year ended 2023.

Loan from a third party IV

The Company had drawn down a total of three (3) tranches of $500,000 on 31 March 2023 ("**First Tranche**"), 4 May 2023 ("**Second Tranche**") and 29 September 2023 ("**Third Tranche**") respectively.

The draw down of First Tranche and Second Tranche in the total amount of $1,000,000 is unsecured and carries an interest rate of 1.5% per month. The principal amount drawn down under the First Tranche and the Second Tranche are repayable within twelve (12) months from the respective drawdown dates, and the loan interest thereon is repayable monthly.

The draw down of Third Tranche of $500,000 is similarly unsecured. The repayment term for Third Tranche is as follows:

(i) Monthly repayment of S$10,000 for the first two (2) months immediately following the drawdown date; and
(ii) Monthly repayment of loan principal and interest of S$58,333 for the next 10 months.

Loan from director of a subsidiary

Loan from director of a subsidiary is unsecured, carries fixed interest rate of 1.75% per month repayable monthly from April to December 2022. The loan was fully repaid during the current 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.

22. Borrowings (cont'd)

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 2023	939	394	132	1,465
Additions	–	–	747	747
Changes from financing cash flows:				
- Proceeds	–	1,500	–	1,500
- Repayments	(331)	(269)	(241)	(841)
- Interest paid	(20)	(350)	(16)	(386)
Non-cash changes:				
- Interest expense	30	170	16	216
- Effect of changes in foreign exchange rates	(3)	5	(2)	–
At 31 December 2023	**615**	**1,450**	**636**	**2,701**

	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
Write off	–	–	(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

23. Provision for employee benefits

	Group	
	2023	2022
	$'000	$'000
Provision for employee benefits	**108**	71

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 as follow:

23. Provision for employee benefits (cont'd)

	2023	2022
Discount rate per annum	**7.21%**	7.09%
Expected return on plan assets per annum	**Not Applicable**	Not Applicable
Salary increment rate per annum	**8.00%**	8.00%
Mortality rate	**TMI-2019**	TMI-2019
Disable rate	**10.00% from TMI-2019**	10.00% from TMI-2019
Actuarial method	**Projected Unit Credit with IFRIC-AD**	Projected Unit Credit with IFRIC-AD
Normal retirement age	**55 years**	55 years

The sensitivity analysis on the impact of changes in main assumptions on the provision for employee benefits for the years ended 31 December 2023 and 2022 are as follows:

	Increase in assumption by 1%	**Decrease in assumption by 1%**
	$'000	**$'000**
31 December 2023		
Discount rate	(8)	9
Salary growth rate	9	(8)
31 December 2022		
Discount rate	(6)	7
Salary growth rate	6	(6)

The movements in the provision for employee benefits are as follows:

	Group	
	2023	2022
	$'000	$'000
At 1 January	**71**	94
Current service costs	**12**	6
Past service – vested	**–**	(9)
Interest expense (Note 7)	**5**	5
Actuarial (gain)/loss	**22**	(12)
Contributions by employer	**–**	(4)
Translation differences	**(2)**	(9)
At 31 December	**108**	71

24. Contract liabilities

Contract liabilities relate to the Group's obligation to deliver its goods and services to customers for which the Group has received advances from customers. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts. Contract liabilities have decreased mainly due to the derecognition of two sales orders in deferred income with a total of S$6,002,000 into revenue during the financial year ended 31 December 2023.

The following table provides information about contract balances from contracts with customer:

	Group		
	31.12.2023	31.12.2022	01.01.2022
	$'000	$'000	$'000
Trade receivables (Note 16)	**2,468**	3,170	2,077
Contract liabilities	**2,008**	6,755	985

Significant changes in the contract liabilities balances during the financial year are as follows:

	Group	
	2023	2022
	$'000	$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**6,755**	985
Revenue recognised during the financial year	**(6,755)**	(985)
Increases due to advances received and deferred income, excluding amounts recognised as revenue during the financial year	**2,008**	6,755
	2,008	6,755

25. Share capital

	Group and Company			
	2023		2022	
	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	**16,974,767**	**68,759**	16,674,767	68,459
Issuance of ordinary shares	**–**	**–**	300,000	300
At end of the financial year	**16,974,767**	**68,759**	16,974,767	68,759
Less:				
Share issue expenses				
At beginning and end of the financial year	**–**	**(658)**	–	(658)
Net	**16,974,767**	**68,101**	16,974,767	68,101

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.

25. Share capital (cont'd)

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

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 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):

	2023 Number	**2023 WAEP**	2022 Number	2022 WAEP
Outstanding at 1 January	**30,000,000**	**$0.001**	30,000,000	$0.001
Forfeited during the year	–	–	–	–
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**	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Composition				
Capital reserve	**82**	(1,337)	**89**	89
Foreign currency translation reserve	**(854)**	(704)	**–**	–
	(772)	(2,041)	**89**	89
Movements				
Capital reserve				
At beginning of the financial year	**(1,337)**	(1,337)	**89**	89
Disposal of subsidiary	**3**	–	**–**	–
Bonus issue shares in a subsidiary	**1,416**	–	**–**	–
At end of the financial year	**82**	(1,337)	**89**	89
Foreign currency translation reserve				
At beginning of the financial year	**(704)**	(486)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**(149)**	(218)	**–**	–
Reclassification of cumulative foreign currency translation reserve to profit or loss upon disposal of subsidiary	**(1)**	–	**–**	–
At end of the financial year	**(854)**	(704)	**–**	–

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; (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; (iv) the net liabilities of the disposal non-controlling 90% interest in CSS amounted to $3,000 during the financial year ended 31 December 2023.

Capital reserve also comprises share option application monies of $50,000; cumulative capitalisation of accumulated profits of a subsidiary for the issue of bonus shares of $1,499,000 (which $1,416,000 pertains to bonus shares issued in current financial year); and ESOS Option reserve 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	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Depreciation charge for the financial year				
Leasehold properties	**5**	5	–	–
Warehouse and office	**198**	166	**67**	59
Corporate apartment	**43**	35	**43**	35
Office equipment	**7**	7	**2**	2
	253	213	**112**	96
Lease expense not included in the measurement of lease liabilities				
Lease expense - short-term leases (Note 8)	**154**	98	**6**	6
Interest expense on lease liabilities (Note 7)	**16**	7	**15**	6

Total cash flows for the Group's and the Company's leases amounted to $411,000 (2022: $320,000) and $247,000 (2022: $211,000).

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 $8,000 (2022: $2,000).

Information about the lease receivables is presented below:

	Company	
	2023	2022
	$'000	$'000
Within one year	**149**	61
After one year but not more than 5 years	**238**	–
Total undiscounted lease receivables	**387**	61
Less: unearned finance income	**(22)**	–*
Net lease receivables	**365**	61
Non-current	**229**	–
Current	**136**	61
Total lease receivables included in trade and other receivables (Note 16)	**365**	61

* 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 $580,000 (2022: $892,000) to a bank for bank loans of $580,000 (2022: $892,000) drawdown by its subsidiaries as at 31 December 2023.

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.

29. Significant related party transactions (cont'd)

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	
	2023	2022
	$'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	**350**	518
Repayment to	**(45)**	(22)
With a director of the subsidiary		
Interest income	**–**	1

30. Discontinued operations

During the financial year, the Group has disposed 90% of its shareholding interest in its wholly owned subsidiary, Cahya Suria Services Sdn. Bhd. ("**CSS**") to a third-party purchaser.

During the prior financial year 2022, the Group has struck off its entire shareholding interest in Nu-Haven Incorporated and Avital Enterprises Limited (collectively, the "**BVI Subsidiaries**").

The entire results and cash flows from CSS and BVI Subsidiaries were presented separately on the Group's consolidated statement of comprehensive income and consolidated statement of cash flows as "Discontinued operations" for the financial year ended 31 December 2023 and 31 December 2022, respectively, following the disposal of CSS and the strike off of BVI Subsidiaries.

The segment information of CSS and BVI Subsidiaries were previously presented under "Renewable energy" and "Investments and others" reportable segment of the Group (Note 32).

(a) The results of the discontinued operations are as follows:

	Group	
		Restated
	2023	2022
	$'000	$'000
Revenue	–	12
Cost of sales	–	(11)
Gross profit	–	1
Other income	**1**	3
Other expenses	–*	(3)
Profit before tax from discontinued operations	**1**	1
Income tax expense	–	–
Profit after tax from discontinued operations	**1**	1
Gain on disposal of the discontinued operations	–*	50
Profit from discontinued operation, net of tax	**1**	51

* Amount less than $1,000

30. Discontinued operations (cont'd)

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	Group	
		Restated
	2023	2022
	$'000	$'000
Operating cash (outflows)/inflows	(1)	1
Financing cash (outflows)/inflows	–	–
Total cash (outflows)/inflows	(1)	1

The carrying amounts of the assets and liabilities of CSS and BVI Subsidiaries at the date of disposal and date of strike off are disclosed at Note 31.

31. Striking off and disposal of subsidiaries

As disclosed in Note 30 in the financial statements, the Group has disposed 90% of its shareholding interests in CSS during the financial year ended 2023 and the Group has completed struck off of the BVI Subsidiaries during the financial year ended 31 December 2022.

Effect of disposal of CSS on the Group's consolidated statement of financial position are as follow:

	2023
	$'000
Current assets	
Cash and cash equivalents	**–***
Trade and other receivables	**11**
	11
Current liabilities	
Trade and other payables	**12**
Capital reserve	**3**
Net assets derecognised	**2**
Consideration received	**2**
Net assets derecognised	**(2)**
Gain on disposal of a subsidiary (Note 30)	**–***
Net cash inflow arising on disposal:	
Cash consideration received	**2**
Cash and bank balances disposed of	**–***
	2

* Amount less than $1,000

The impact of disposal of CSS on the Group's results and cash flows are disclosed in Note 30.

31. Striking off and disposal of subsidiaries (cont'd)

Effect of striking off of BVI Subsidiaries on the Group's consolidated statement of financial position are as follows:

	2023 **$'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
Net cash inflow arising on disposal:	
Cash consideration received	–
Cash and bank balances disposed of	–*
	–*

* Amount less than $1,000

The impact of the strike off BVI Subsidiaries 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, renewable energy 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:

	Engineering services	Oil and gas equipment	Renewable energy	Investments and others	Elimination	Continuing operations	Discontinued operations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
For the financial year ended 31 December 2023								
Revenue								
External sales	209	15,838	–	–	–	16,047	–	16,047
	209	15,838	–	–	–	16,047	–	16,047
Results								
Segment results	(267)	2,229	(149)	(2,626)	(12)	(825)	1	(824)
Interest income	–	12	–	204	(8)	208	–	208
Interest expense	(8)	(42)	–	(179)	8	(221)	–	(221)
Profit/(Loss) before income tax	(275)	2,199	(149)	(2,601)	(12)	(838)	1	(837)
Income tax	–	(91)	–	–	–	(91)	–	(91)
Profit/(Loss) for the financial year	**(275)**	**2,108**	**(149)**	**(2,601)**	**(12)**	**(929)**	**1**	**(928)**
Other information								
Capital expenditure	108	383	–	326	–	817	–	817
Depreciation of property, plant and equipment	–	127	–	32	–	159	–	159
Depreciation of right of use asset	15	127	–	111	–	253	–	253
Impairment loss on trade and other receivables	–	–	–	1,107	–	1,107	–	1,107
Government grant	–	–	–	10	–	10	–	10
Assets								
Non-current assets	93	673	337	263	(300)	1,066	–	1,066
Other segment assets	628	10,661	322	5,550	(6,131)	11,030	–	11,030
Consolidated total assets	**721**	**11,334**	**659**	**5,813**	**(6,431)**	**12,096**	**–**	**12,096**
Liabilities								
Segment liabilities	1,224	5,390	674	6,375	(3,907)	9,756	–	9,756
Borrowings	228	757	–	2,082	(366)	2,701	–	2,701
Tax payable	–	131	–	–	–	131	–	131
Deferred tax liabilities	–	–	–	–	–	–	–	–
Consolidated total liabilities	**1,452**	**6,278**	**674**	**8,457**	**(4,273)**	**12,588**	**–**	**12,588**

32. Segment information (cont'd)

	Engineering services $'000	Oil and gas equipment $'000	Renewable energy $'000	Investments and others $'000	Elimination $'000	Continuing operations $'000	Discontinued operations $'000	Total $'000
For the financial year ended 31 December 2022 (Restated)								
Revenue								
External sales	1,187	13,800	–	–	–	14,987	–	14,987
Results								
Segment results	(181)	489	(213)	(1,708)	–	(1,613)	51	(1,562)
Interest income	–	6	–	205	(2)	209	–	209
Interest expense	(10)	(233)	–	(6)	2	(247)	–	(247)
Profit/(Loss) before income tax	(191)	262	(213)	(1,509)	–	(1,651)	51	(1,600)
Income tax	–	(77)	–	–	–	(77)	–	(77)
Profit/(Loss) for the financial year	(191)	185	(213)	(1,509)	–	(1,728)	51	(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	36	81	–	674	–	674
Other segment assets	444	13,001	342	5,849	(5,485)	14,151	–	14,151
Consolidated total assets	444	13,558	378	5,930	(5,485)	14,825	–	14,825
Liabilities								
Segment liabilities	677	9,240	561	5,861	(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	561	5,972	(3,638)	14,243	–	14,243

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	
	2023	2022	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Singapore	**1,907**	2,567	**5,857**	5,613	**634**	181
Malaysia	**5,459**	9,602	**2,688**	6,704	**232**	250
Indonesia	**1,274**	1,861	**866**	1,538	**105**	133
Brunei	**7,407**	957	**2,685**	970	**95**	110
	16,047	14,987	**12,096**	14,825	**1,066**	674

Information about major customer

Revenue of approximately $5,433,000 (2022: $11,083,000) are derived from 1 (2022: 2) external customers who individually contributed 10% or more of the Group's revenue reported under continuing operations. The details are as follows:

	Attributable segments	**2023** **$'000**	2022 $'000
Customer 1	Oil and gas equipment	**–**	6,700
Customer 2	Oil and gas equipment	**–**	4,383
Customer 3	Oil and gas equipment	**5,433**	–
		5,433	11,083

33. Financial risk management

Categories of financial instruments

Financial instruments at their carrying amounts at the end of the financial year are as follows:

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Financial assets at fair value through profit or loss	–*	–*	–*	–*
Financial assets at amortised costs	**8,694**	8,585	**3,636**	3,948
	8,694	8,585	**3,636**	3,948
Financial liabilities, at amortised cost				
- Trade and other payables	**7,087**	5,343	**6,229**	5,696
- Provision for employee benefit	**108**	71	**–**	–
- Borrowings	**2,701**	1,465	**2,082**	111
	9,896	6,879	**8,311**	5,807

* Amount less than $1,000

33. Financial risk management (cont'd)

Financial risk factors

The Group's overall risk management framework is set by the Board of 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 (including foreign exchange risk, price risk and interest rate 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 (2022: 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 $'000	**EURO $'000**	**GBP $'000**	**SGD $'000**
Group				
2023				
Financial assets				
Cash and cash equivalents and fixed deposits	2,004	49	28	–*
Trade and other receivables	1,826	372	92	–
Intragroup receivables	1,744	–	67	–
	5,574	421	187	–*
Financial liabilities				
Trade and other payables	(1,942)	(107)	(138)	(118)
Intragroup payable	(2,172)	–	(42)	–
Net financial asset/(liabilities) and net currency exposure	**1,460**	**314**	**7**	**(118)**

* Amount less than $1,000

33. Financial risk management (cont'd)

(a) Market risk (cont'd)

Foreign exchange risk (cont'd)

	USD $'000	EURO $'000	GBP $'000	SGD $'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

Group

A 5% fluctuation in exchange rates, with all other variable held constant, will not have a significant impact on the Group's loss before tax 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 2023 and 31 December 2022. These investments are unquoted equity 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% (2022: 10%) with all other variables including tax being held constant, as the effect on the Group's profit or loss is considered not significant.

33. 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 a former subsidiary 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 loans from bank and third parties and lease liabilities which 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 (2022: 50) basis points in interest rates on the Group's and the Company's profit or loss 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

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.

33. Financial risk management (cont'd)

(b) Credit risk (cont'd)

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 debtor 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 debtor 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.

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.

33. Financial risk management (cont'd)

(b) Credit risk (cont'd)

Maximum exposure and concentration of credit risk

The Group's trade receivables comprise 3 debtors (2022: 3 debtors) that represented approximately 54% (2022: 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 $580,000 (2022: $892,000) 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 2023 and 31 December 2022, an allowance for impairment amounting to $25,000 (2022: $25,000) 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.

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 prepayments), cash and cash equivalents and fixed deposits.

33. 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 Group's financial assets (other than trade receivables):

2023	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
Other receivables – Others	12-month ECL	7	–	7
Loan to a former subsidiary (GPE)	Lifetime ECL	3,058	(773)	2,285
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	1,267	(1,267)	–
Other recoverable	Lifetime ECL	150	(150)	–
Security deposits	12-month ECL	187	–	187
Cash and cash equivalents	N.A. Exposure Limited	3,013	–	3,013
Fixed deposits	N.A. Exposure Limited	434	–	434

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
Other receivables – Others	12-month ECL	8	–	8
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

33. 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:

2023	**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	3,058	(773)	2,285
Advances to subsidiaries	12-month ECL	586	–	586
Consideration due from disposal of GPE from Ms Chong Shin Mun	Lifetime ECL	1,267	(1,267)	–
Other recoverable	Lifetime ECL	150	(150)	–
Security deposits	12-month ECL	34	–	34
Lease receivables	12-month ECL	365	–	365
Cash and cash equivalents	N.A. Exposure Limited	66	–	66

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
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

33. Financial risk management (cont'd)

(b) Credit risk (cont'd)

Movements in expected 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	Loan to a former subsidiary $'000
Group					
Balance at 1 January 2022	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	–
Loss allowance measured:					
Lifetime ECL					
- Credit-impaired	–	–	334	–	773
Balance at 31 December 2023	**25**	**150**	**1,267**	**4**	**773**

	Other recoverable $'000	Consideration due from disposal of GPE from Ms Chong Shin Mun $'000	Loan to a former subsidiary $'000
Company			
Balance at 1 January 2022	150	933	–
Loss allowance measured:			
Lifetime ECL			
- Credit-impaired	–	–	–
Receivables written off as uncollectable	–	–	–
Balance at 31 December 2022	150	933	–
Loss allowance measured:			
Lifetime ECL			
- Credit-impaired	–	334	773
Balance at 31 December 2023	**150**	**1,267**	**773**

33. 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**	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Less than one year:				
Trade and other payables	**7,087**	5,343	**6,229**	5,696
Borrowings	**1,936**	856	**1,689**	84
Financial guarantee contracts*	**–**	–	**580**	892
	9,023	6,199	**8,498**	6,672
Between 2 to 5 years:				
Borrowings	**320**	706	**130**	–
More than 5 years:				
Provision for employee benefits	**108**	71	**–**	–
Borrowings	**–**	7	**–**	–
	108	78	**–**	–
	9,451	6,983	**8,628**	6,672

* 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 $580,000 (2022: $892,000). 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 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 2022.

	Group	
	2023	2022
	$'000	$'000
Borrowings (Note 22)	**2,701**	1,465
Net equity of the Group	**1,956**	2,100
Gearing ratio	**1.38**	**0.70**

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 rom 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 2023**.**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Group				
2023				
Financial assets				
Financial assets at fair value through profit or loss	–	–	–*	–*
2022				
Financial assets				
Financial assets at fair value through profit or loss	–	–	–*	–*
Company				
2023				
Financial assets				
Financial assets at fair value through profit or loss	–	–	–*	–*
2022				
Financial assets				
Financial assets at fair value through profit or loss	–	–	–*	–*

* Amount less than $1,000

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. Comparative information

As disclosed in Note 14 and Note 30 to the financial statements, during the current financial year 2023, the Group has disposed 90% of its shareholding interest in its wholly owned subsidiary, Cahya Suria Services Sdn. Bhd. ("CSS") to a third-party purchaser. The entire results and cash flows from CSS were presented separately on the Group's consolidated statement of comprehensive income and consolidated statement of cash flows as "Discontinued operations" for the financial year ended 31 December 2023.

Consequently, in accordance with the requirements of SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, the Group has represented the statement of comprehensive income and statement of cash flows for the discontinued operations for prior period presented in these financial statements. The statement of financial position information of the discontinued operations for the prior year is not represented.

The effects of the restatement of the comparative information is as follows:

	Before restatement 2022 $'000	Restatement made $'000	After restatement 2022 $'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Revenue	14,987	–	14,987
Cost of sales	(11,972)	11	(11,961)
Gross profit	3,015	11	3,026
Other income	258	(2)	256
Interest income	209	–	209
Selling and distribution expenses	(199)	–	(199)
Administrative and general expenses	(4,622)	2	(4,620)
Other expenses	(56)	(12)	(68)
Impairment losses on trade and other receivables	(8)	–	(8)
Finance costs	(247)	–	(247)
Loss before tax from continuing operations	(1,650)	(1)	(1,651)
Tax expense	(77)	–	(77)
Loss from continuing operations	(1,727)	(1)	(1,728)
Profit from discontinued operations	50	1	51
Loss for the financial year	(1,677)	–	(1,677)
Consolidated Statement of Cash Flows			
Cash flows from operating activities			
Loss before tax from continuing operations	(1,650)	(1)	(1,651)
Profit before tax from discontinued operations	50	1	51
Net cash generated from operating activities	1,091	–	1,091
Net cash used in investing activities	(106)	–	(106)
Net cash used in financing activities	(245)	–	(245)

36. Events occurring after the financial year

There are no known material adjusting and non-adjusting events that took place subsequent to the financial year-end which requires adjustments to and disclosure in this set of financial statements.

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 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 11 April 2024.

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	158	4.23	114,899	0.00
1,001 - 10,000	506	13.56	3,749,992	0.02
10,001 - 1,000,000	2,608	69.88	558,125,510	3.29
1,000,001 and above	457	12.25	16,412,776,626	96.69
Total	**3,732**	**100.00**	**16,974,767,048**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders as at 28 March 2024)

	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 28 March 2024

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of Shares	%
1.	Phillip Securities Pte Ltd	2,135,730,500	12.58
2.	Lim In Chong	1,807,378,770	10.65
3.	Citibank Nominees Singapore Pte Ltd	1,275,457,400	7.51
4.	Abdul Rahman Bin Mohamed Shariff	1,107,500,000	6.52
5.	Sandra Liz Hon Ai Ling	1,092,619,845	6.44
6.	UOB Kay Hian Pte Ltd	1,034,435,100	6.09
7.	Shamsol Jeffri Bin Zainal Abidin	600,000,000	3.53
8.	IPCO International Limited	500,000,000	2.95
9.	OCBC Securities Private Ltd	450,879,600	2.66
10.	Pek Seck Wei	400,000,000	2.36
11.	DBSN Services Pte Ltd	374,842,900	2.21
12.	Raffles Nominees (Pte) Limited	361,375,373	2.13
13.	HSBC (Singapore) Nominees Pte Ltd	300,000,100	1.77
14.	DBS Nominees Pte Ltd	297,541,705	1.75
15.	Ong Siow Fong	254,900,000	1.50
16.	Lim Sze Chia	248,578,900	1.46
17.	Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin	140,000,000	0.82
18.	Chan Chee Yin	100,000,000	0.59
19.	Choong Ying Chien	100,000,000	0.59
20.	Low Koon Min	100,000,000	0.59
	Total	**12,681,240,193**	**74.71**

SHAREHOLDINGS HELD BY PUBLIC

Based on the information provided to the Company as at 28 March 2024, there were 13,325,506,449 Shares held in the hands of the public, representing 78.50% of the total number of issued Shares of the Company. Accordingly, Rule 723 of the Catalist Rules has been complied with.

ANNICA HOLDINGS LIMITED

(Company Registration No. 198304025N)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**AGM**") of the Company will be convened and held at the Village Hotel Katong, 25 Marine Parade, Singapore 449536 on Monday, 29 April 2024 at 10.00 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 2023, together with the Directors' Statement and Independent Auditors' Report. [**Resolution 1**]

2. To re-elect Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin 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. Robin Stevens 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 approve the payment of directors' fees of S$185,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears (31 December 2023: S$215,000). [**Resolution 4**]

5. To re-appoint PKF-CAP LLP as the Independent Auditor of the Company and to authorise the Directors to fix its remuneration. [**Resolution 5**]

6. 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:

7. <u>Authority to allot and issue shares and convertible securities</u>

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), 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 6, 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 (c)*] [**Resolution 6**]

By Order of the Board

Allan Tan
Company Secretary

12 April 2024

Explanatory Notes:

(a) In relation to Ordinary Resolution 2, Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin will, upon re-election as a Director, remain as an Independent and Non-Executive Director of the Company.

(b) In relation to Ordinary Resolution 3, Mr. Robin Stevens will, upon re-election as a Director, remain as an Independent and Non-Executive Director of the Company.

(c) 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 6, 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 annual general meeting of the Company ("**AGM**") will be held, in a wholly physical format, at the Village Hotel Katong, 25 Marine Parade, Singapore 449536 on Monday, 29 April 2024 at 10.00 a.m. (Singapore time). **There will be no option for shareholders to participate virtually**. This Notice of AGM (and the proxy form) will also be published on the Company's website at the URL https://www.annica.com.sg and the SGX-ST's 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 or 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-ST's 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 **Appendix A** to this announcement. 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 10.00 a.m. on 18 April 2024 i.e., seven (7) working 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 (a) emailed to the Company at main@zicoholdings.com or (b) 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, in any event 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 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

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 Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr. Robin Stevens, each of whom is seeking re-election as a Director at the annual general meeting of Annica Holdings Limited (the "**Company**") to be convened and held at Village Hotel Katong, 25 Marine Parade, Singapore 449536 on Monday, 29 April 2024 at 10.00 a.m., is to be read in conjunction with their respective profiles in the section titled "Board of Directors" on pages 44 to 46 of the Company's annual report for the financial year ended 31 December 2023.

Details required under Appendix 7F of the Catalist Rules	**Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin**
1. Date of Initial Appointment	5 July 2019
2. Date of last re-appointment (if applicable)	28 June 2022
3. Age	73
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 directors of the Company (the "**Board**"), having considered the Nominating Committee's (the "**NC's**") recommendations, concluded that Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin 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 re-election and re-appointment of Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin as the Independent and Non-Executive Chairman.
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.)	Independent and Non-Executive Chairman Chairman of the Remuneration Committee Member of the Audit Committee and the Nominating Committee
8. Professional qualifications	Bachelor of Laws (LLB) (Hons), University Malaya, Kuala Lumpur Masters of Law (LLM), University College, University of London
9. Working experience and occupation(s) during the past 10 years	1. Berjaya Assets Berhad (2021 to present): Independent and Non-Executive Deputy Chairman 2. High Court Malaysia (2021 to present): Advocate and Solicitor 3. Arbitrator and Mediator of the Malaysia Asian International Arbitration Centre (2018 to present) 4. Judge of the Syariah Court of Appeal Perak (2017 to present) 5. President of the Court of Appeal of Malaysia (2017 to 2018) 6. Chief Judge of High Court Malaysia (2011 to 2017)
10. Shareholding interest in the listed issuer and its subsidiaries	Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin has a direct interest in 140,000,000 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# "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. These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	
i. Past (for the last 5 years)	Nil
ii. Present	i. Berjaya Assets Berhad (2021 to present): Independent and Non-Executive Deputy Chairman ii. High Court Malaysia (2021 to present): Advocate and Solicitor iii. Arbitrator and Mediator of the Malaysia Asian International Arbitration Centre (2018 to present) iv. Judge of the Syariah Court of Appeal Perak (2017 to present)
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
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
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
15. Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. 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. 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 Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin has been nominated for re-election and re-appointment to the Board.

Details required under Appendix 7F of the Catalist Rules	**Robin Stevens**
1. Date of Initial Appointment	20 May 2022
2. Date of last re-appointment (if applicable)	28 June 2022
3. Age	70
4. Country of principal residence	United Kingdom
5. The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr. Robin Stevens possesses extensive capital markets and corporate finance experience, and relevant experience in the renewable energy sector. The Board believes that such experience will be valuable to the Group as it develops its renewable energy business segment. In view of Mr. Robin Stevens' position as Senior Advisor and Head of Capital Markets at MHA MacIntyre Hudson ("**MHA UK**"), which is a UK independent member firm of Baker Tilly International, the Board has also considered Mr. Steven's independence as Baker Tilly TFW LLP ("**Baker Tilly**") was the former auditor of the Company. However, the Board and the Nominating Committee of the Company are of the view that Mr. Stevens is independent for the following reasons: (a) member firms within the Baker Tilly International Network in each country work independently from each other; (b) no fees have ever been paid by the Group to MHA UK; and

	(c) Baker Tilly has ceased to be the auditor of the Company from the financial year ended 31 December 2021 ("**FY2021**") (the Company's current auditor, PKF-CAP LLP, had been appointed from FY2021). The Board, having considered the NC's recommendations, concluded that Mr. Robin Stevens 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 re-election and re-appointment of Mr. Robin Stevens as an 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.)	Independent and Non-Executive Director Chairman of the Nominating Committee Member of the Audit Committee and the Remuneration Committee
8. Professional qualifications	Fellow of the Institute of Chartered Accountants of England and Wales
9. Working experience and occupation(s) during the past 10 years	1. November 2023 to Present - Non-executive Director of East Imperial Plc 2. February 2022 to Present - Non-executive Director and Chairman of the Audit Committee of Hercules Site Services Plc 3. November 2021 to Present - Non-executive Director and Chairman of the Audit Committee of Aura Renewable Acquisitions Plc 4. July 2021 to Present - Head of Capital Markets and Senior Advisor, acting as a Consultant to MHA MacIntyre Hudson 5. February 2020 to Present - Non-executive Chairman and Chairman of the Audit Committee of Vector Capital Plc 6. November 2019 to Present - Non-executive Director of B Iconic Group Limited 7. October 2018 to Present – Director of Robin Stevens Consulting Limited 8. November 2021 to December 2023 - Non-executive Director and Chairman of Audit Committee of Avelas HoldCo Inc 9. July 2021 to December 2023 - Non-executive Director and Chairman of Audit Committee of Avelas Biosciences Inc 10. November 2018 to December 2022 - Executive Director of Macxchange Limited 11. November 2019 to May 2022 - Non-executive Director of B Iconic Limited 12. October 2018 to March 2021 - Consultant to Crowe UK LLP 13. July 2010 to September 2018 - Corporate Finance Partner in Crowe UK LLP

10. Shareholding interest in the listed issuer and its subsidiaries	Nil
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# "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. These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	
i. Past (for the last 5 years)	i. November 2019 to May 2022 - Non-executive Director of B Iconic Limited ii. October 2018 to March 2021- Consultant to Crowe UK LLP iii. November 2021 to December 2023 - Non-executive Director and Chairman of Audit Committee of Avelas HoldCo Inc iv. July 2021 to December 2023 - Non-executive Director and Chairman of Audit Committee of Avelas Biosciences Inc v. November 2018 to December 2022 - Executive Director of Macxchange Limited
ii. Present	i. November 2023 to Present – Non-executive Director of East Imperial Plc ii. February 2022 to Present - Non-executive Director and Chairman of the Audit Committee of Hercules Site Services Plc iii. November 2021 to Present - Non-executive Director and Chairman of the Audit Committee of Aura Renewable Acquisitions Plc iv. July 2021 to Present – Head of Capital Markets and Senior Advisor, acting as Consultant to MHA MacIntyre Hudson v. February 2020 to Present - Non-executive Chairman and Chairman of the Audit Committee of Vector Capital Plc vi. November 2019 to Present - Non-executive Director of B Iconic Group Limited vii. October 2018 to Present – Director of Robin Stevens Consulting Limited

Disclose the following matters concerning the Directors:	
l. 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
m. 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?	Zokora (No. 2) Limited ("**Zokora (No. 2)**") (dissolved in 2018) - Mr. Stevens was an executive director in Zokora (No. 2) from June 2000 to May 2018. Zokora (No. 2) was a wholly owned subsidiary of MRI Moores Rowland LLP, of which Mr. Stevens was a partner in from March 2003 to April 2007. The underlying business of Zokora (No. 2) was, simultaneously with MRI Moores Rowland LLP's business, sold to Mazars LLP in April 2007. Under the sale and purchase agreement in relation to Zokora (No. 2), the entity had to maintain its legal existence for 3 years following the sale. As such, the creditors' voluntary liquidation commenced in June 2010, three years after the sale. The liquidator received one claim of 2,247 pounds and a contingent claim of 250,000 pounds. No dividend was paid to the unsecured creditors and the liquidator was unable to cover its costs and expenses in full. Mr. Stevens was not the subject of the claims nor involved in the liquidation process of Zokora (No 2). The creditors' voluntary liquidation was completed in May 2018. B Iconic Limited (dissolved in 2022) - Mr. Stevens was a non-executive director in B Iconic Limited from November 2019 to May 2022. B Iconic Limited was the non-trading ultimate UK holding company of a home entertainment and communications group that was severely affected by the Covid-19 lockdowns in Ireland and the UK in 2020. The subsidiaries were either sold or liquidated. As such, B Iconic Limited was placed into a members' voluntary liquidation which had commenced in April 2021. Mr. Stevens had no executive role in the operations of B Iconic Limited or the underlying subsidiaries of B Iconic Limited. The members' voluntary liquidation was completed in February 2022, with all creditors paid in full. B Iconic Limited was dissolved in May 2022. B Iconic Group Limited ("**B Iconic Ireland**") (in liquidation, pending dissolution) - Mr. Stevens has been a non-executive director in B Iconic Ireland since November 2019. B Iconic Ireland is an Irish incorporated non-trading intermediate holding company that, as part of a previous acquisition, had provided a guarantee to the vendors of approximately £1.2 million. Following the sale or closure of its subsidiaries, B Iconic Ireland was unable to meet the guarantee. As such, B Iconic Ireland was placed into a creditors' voluntary liquidation in Ireland which commenced in November 2020 and has yet to be completed. Mr. Stevens had no executive role in the operations of B Iconic Ireland or the underlying subsidiaries of B Iconic Ireland.
n. Whether there is any unsatisfied judgment against him?	No

o. 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
p. 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
q. 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
r. 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
s. 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
t. 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
u. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
(v) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(vi) 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
(vii) 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

(viii) 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
v. 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
15. Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. 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. 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. Robin Stevens has been nominated for re-election and re-appointment to the Board.

Steps for registration, submission of questions and voting at the annual general meeting for the financial year ended 31 December 2023 ("AGM")

The AGM will be held, in a wholly physical format, at Village Hotel Katong, 25 Marine Parade, Singapore 449536 on Monday, 29 April 2024 at 10.00 a.m. (Singapore time). **There will be no option for shareholders to participate virtually**. 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.

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. 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 9.00 a.m. on that day. Please bring along your NRIC/passport to enable the Company to verify your identity. Shareholders are advised not to attend the AGM if they are feeling unwell.
2.	Submit questions in advance of, or at, the AGM	**Submission of substantial and relevant questions in advance of the AGM**: Shareholders (including CPF and SRS investors) can submit questions that are substantial and relevant to the resolutions tabled for approval at the AGM to the Chairman of the meeting, in advance of the AGM, in the following manner: (a) Via email to agm2024@annica.com.sg; or (b) By post to the Company's registered address at 40 Ubi Crescent, #01-01, Singapore (408567) Shareholders who submit questions via email or by post must provide the Company with the following details: ● the shareholder's full name; ● the shareholder's address; and ● the manner in which the shareholder holds shares in the Company (e.g., via CDP, CPF/SRS and/or scrip). **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 10.00 a.m. on Monday, 22 April 2024 (the "**Submission of Questions Deadline**"). **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 questions that are substantial and relevant to the resolutions tabled for approval at the AGM, at the AGM itself.

No.	Steps	Details
		Addressing questions: The Company will address all substantial and relevant questions received from shareholders by the Submission of Questions Deadline by publishing its responses on the Company's corporate website at the URL https://www.annica.com.sg and the SGXNet no later than Wednesday, 24 April 2024 (i.e. 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 Submission of Questions Deadline which have not already been addressed prior to the AGM at the AGM itself. **Where substantially similar questions have been received, the Company will consolidate such questions for a single response, and consequently not all questions will be individually addressed.** **Minutes of AGM**: The Company will publish the minutes of the AGM on the Company's corporate website and the SGXNet within 30 days from the date of the AGM, and the minutes will include the responses to substantial and relevant questions raised by shareholders which are addressed during the AGM.
3.	Vote, or submit instruments appointing a proxy(ies) to vote, at the AGM	**Voting**: Shareholders can vote at the AGM themselves or through duly appointed proxy(ies). **Appointment of Proxy**: Shareholders who wish to appoint a proxy(ies) must submit an instrument appointing a proxy(ies). **Submission of instruments appointing a proxy(ies)**: The instrument appointing a proxy(ies) must be submitted to the Company in the following manner: (a) (if submitted electronically) via email to main@zicohodings.com; (b) (if submitted by post) lodged with the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, in any case no later than seventy-two (72) hours before the time set for the AGM. A shareholder who wishes to submit an instrument appointing a proxy(ies) by post or 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 corporate website at the URL https://www.annica.com.sg or from SGXNet 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.

No.	Steps	Details
		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 a shareholder 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 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 as proxy/proxies to the meeting. **CPF and SRS investors**: CPF and SRS investors: (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 (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 10.00 a.m. on 18 April 2024.

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 10.00 a.m. on 18 April 2024.

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	%
				No. of Shares	%

(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 Village Hotel Katong, 25 Marine Parade, Singapore 449536 on Monday, 29 April 2024 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy to vote for or against, or abstain from voting on, each of the Resolutions 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 to "Abstain" from voting on, the Resolutions as set out in the Notice of AGM dated 12 April 2024. 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** To receive and adopt the audited financial statements for the financial year ended 31 December 2023, together with the Directors' Statement and Independent Auditors' Report.			
2.	**Ordinary Resolution 2** To re-elect Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin 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.			
3.	**Ordinary Resolution 3** To re-elect Mr. Robin Stevens 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.			
4.	**Ordinary Resolution 4** To approve the payment of directors' fees of S$185,000 for the financial year ending 31 December 2024, to be paid quarterly in arrears (31 December 2023: S$215,000).			
5.	**Ordinary Resolution 5** 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**		
		For**	**Against****	**Abstain****
6.	**Ordinary Resolution 6** Authority to allot and issue shares and convertible securities**			

** 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 12 April 2024 for the full purpose and intent of the Resolution to be passed.

Dated this ________ day of ________________ 2024

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 of 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 (2) proxies. Where such member's instrument appointing a proxy(ies) appoints more than one (1) 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 (2) 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 (2) 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 (a) emailed to the Company at main@zicoholdings.com or (b) 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, in any event 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 12 April 2024.

ANNICA HOLDINGS LIMITED
(COMPANY REGISTRATION NO: 198304025N)
40 UBI CRESCENT
#01-01
SINGAPORE 408567