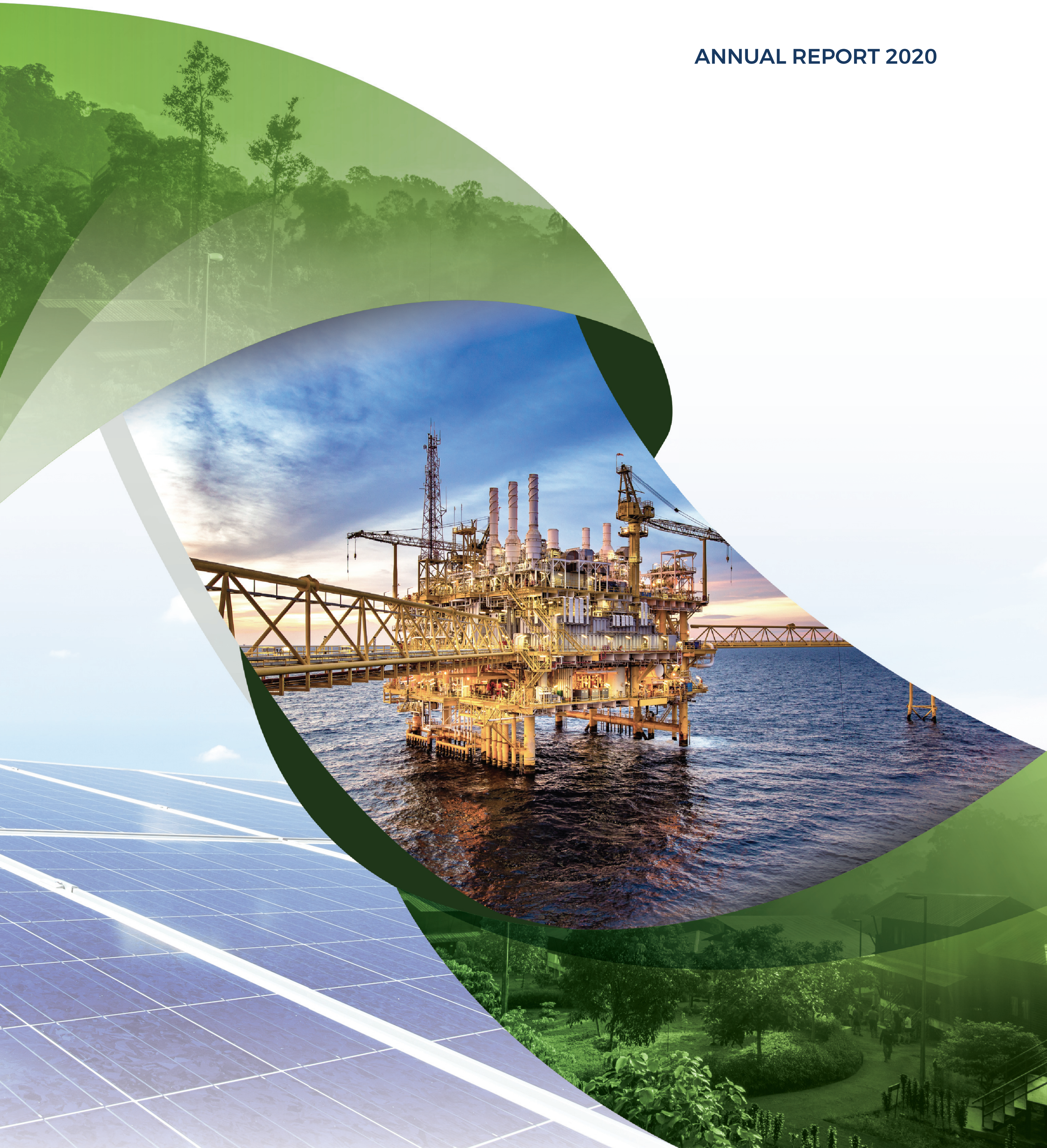
ANNICA HOLDINGS LIMITED

RENEWABLE IS THE FUTURE

ANNUAL REPORT 2020



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

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

CONTENT

LETTER
TO SHAREHOLDERS

Dear Shareholders,

The past financial year ended on an extraordinary note as the COVID-19 pandemic disrupted the way we lived and worked on a global scale. Nevertheless, Annica has remained resilient in the face of a historic crisis, and we stand united, with everyone doing his or her part to build a solid foundation for the future. While the COVID-19 crisis poses challenges to our operations and businesses, we continue to serve our customers and contribute towards a sustainable future for everyone while ensuring the safety of our employees.

Financial Performance

Despite a very challenging business environment, Annica has continued to improve steadily in its performance. This is attributable to our continued efforts in enhancing and expanding our service offerings and geographical markets of our existing businesses.

In 2020, despite the global economic downturn caused by the pandemic, Annica demonstrated its capability to maintain its growth momentum led by our Oil & Gas Equipment ("**O&G Equipment**") segment which delivered respectable growth compared to the financial year ended 31 December 2019 ("**FY2019**").

The improved results achieved in the financial year ended 31 December 2020 ("**FY2020**"), which saw the Group posting revenues of $10.9 million, representing a 20% increase from $9.1 million in FY2019, were mainly due to certain orders which were delayed in the preceding year and which were later recognised in the current financial year under review.

Our O&G Equipment and Engineering Services segments accounted for the Group's total revenue in FY2020. While our Renewable Energy and Green Technology segment has made meaningful progress towards the commercialisation of its projects, it did not record any revenue during FY2020 due to unavoidable delays and disruptions arising from COVID-19. Overall, our gross margin has decreased to 32% in FY2020 as compared to 39% in FY2019 mainly due to sales incurred in a one-off lower margin project in the O&G Equipment segment. Meanwhile, due to the overall improved results of our business segments coupled with our ongoing cost streamlining, our operating loss after tax for FY2020 narrowed to $0.2 million as compared to $0.6 million in the preceding year.

The Group's FY2020 net current assets and total assets stood at $3.5 million and $10.3 million respectively. As at FY2020, the Group's net assets has decreased by $1.2 million from $4.4 million as at FY2019 to $3.2 million as at FY2020.

We also would like to take the opportunity to inform stakeholders of the following developments:

O&G Equipment

Against the backdrop of a depressed O&G industry in 2020, our O&G Equipment business segment continued to improve its operating margins on the back of strong revenue growth from all our business units under this segment. As part of our continued efforts to broaden the revenue base of our O&G Equipment business segment, we established our second PLIDCO® Authorised Refurbishment Services Centre in Indonesia in FY2020 following the commencement of our first such centre in Brunei in FY2019, which was also expanded during the year. In addition, we have continued to reshape our strategic direction to serve other markets along the value chain in the O&G Equipment segment in our efforts to broaden our revenue base.

Engineering Services

This sector was buffeted by adverse market conditions directly arising from COVID-19. Many projects requiring our Engineering Services in FY2020 were delayed and this had an adverse impact on revenues. Nevertheless, this segment will be integral to the Group as it continues to develop its traditional markets in FY2021. Meanwhile, similar to the efforts undertaken to broaden the revenue base of the O&G Equipment segment, our Engineering Services business segment has also expanded its service offerings to include the provision of technical consultancy services to international oil and gas-related manufacturers based in Vietnam, China and Malaysia. Similar to the strategic efforts of the O&G Equipment segment, the Company's wholly-owned subsidiary, Industrial Engineering Systems Pte. Ltd. ("**IES**"), is looking at how best it may serve other markets along its value chain.

Renewable Energy and Green Technology

Our 49% subsidiary, HT Energy (S) Sdn. Bhd. ("**HTES**") has obtained the consent of the Ministry of Health, Malaysia to undertake a pilot project in the Long Loyang Clinic based in Sarawak, Malaysia to provide reliable, clean and affordable electricity access to rural clinics based on a solar and hydrogen energy system (the "**Rural Electrification Project**").

Following extensive testing of our first solar hydrogen power module (the "**Power Module**") in 2018 and 2019, the Power Module has since been delivered to the pilot study site at the Long Loyang Clinic in Sarawak in February 2020. Due to COVID-19-related travel and movement restrictions, adverse weather conditions and the lack of telecommunications infrastructure at the site, the commissioning of the Power Module encountered unavoidable delays and disruptions. Nevertheless, we are hopeful that the piloting can be commenced in the second half of 2021 while also recognising that this timeline may be affected due to the ongoing movement restrictions and/or should the COVID-19 situation persist or deteriorate during this period.

Upon successful piloting at the Long Loyang Clinic, we envisage a wider rollout of the Power Module to other clinics, schools and settlements across rural Sarawak and beyond, enabling rural communities, in Malaysia and overseas, to have access to zero-carbon, reliable and sustainable energy. The Power Module is Malaysia's first hydrogen-based energy system that is diametrically superior to conventional diesel; a closed loop circular energy system offering long term energy and cost savings to governments without carbon emissions or pollutants.

In the recognition of the efforts in developing the Power Module for off grid electrification, Annica was, on 13 August 2020, honoured with an award in the Energy category of the Singapore Business Review's Listed Companies Awards 2020, which recognizes innovative projects and best practices with significant business impact. The Power Module has also been featured in a publication on best practices for electrifying rural health care facilities with decentralised renewables by the Alliance for Rural Electrification.[1]

Further, HTES recently signed a term sheet on 8 March 2021 with H2U Power Tech Pty Ltd to license the assembly, installation, distribution, marketing and sale of our Power Module worldwide, save for certain excluded territories which include South East Asia (including Malaysia), Africa and selected Middle East countries including The United Arab Emirates, Saudi Arabia, Iran and Qatar. The term sheet is subject to the definitive licence agreement to be entered between the parties.

HTES is also a founding member of the Sarawak Hydrogen Council. By its active involvement in the renewable energy sector, Annica is well-placed to empower our customers, partners and other stakeholders to do their part towards a low-carbon future.

On 3 June 2020, through our wholly-owned subsidiary Cahya Suria Energy Sdn. Bhd. ("**CSE**"), we entered into a Framework Agreement with Majuperak Energy Resources Sdn. Bhd. ("**MERSB**", and collectively with the Company, the "**Parties**") to collaborate on the development of 'Large Scale Solar Photovoltaic' Projects ("**LSS Projects**") in the State of Perak.

The Company will update shareholders when there are further developments on the above matters and as appropriate.

Adapting to the New Normal

We recognise that our staff are our greatest asset. Despite the uncertainties and challenges posed by this historic pandemic, we remain steadfast in our commitment towards our staff members as we will not surmount these challenges without their dedication, commitment and efforts. During FY2020, we entered into re-employment contracts with our senior staff members aged 62 and above. Staff assessments are performed regularly on a yearly basis to map the career development paths of our employees. Further, we continue to invest in training such as upskilling our staff to operate our PLIDCO® Authorised Refurbishment Services Centre.

In view of the challenges of COVID-19 on individuals and businesses, we implemented a series of initiatives to adapt to the new normal. Across the Group, our employees adjusted to new working arrangements, by working from home and/or at the office on periodic rotations. Meetings, trainings and engagements with our employees, customers and shareholders were mostly conducted virtually.

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1 Alliance for Rural Electrification, "Best Practices for Electrifying Rural Health Care Facilities with Decentralised Renewables" (31 August 2020), accessible at the following URL: <https://www.ruralelec.org/sites/default/files/2020-08-31%20-%20Best%20Practices%20for%20Electrifying%20Rural%20Health%20Facilities_Final.pdf>

LETTER
TO SHAREHOLDERS

With the support of government measures and incentives such as the Jobs Support Scheme, we are proud to be able to retain all our staff members during this extremely challenging period. We continue to do our part to support the Government's ongoing initiatives to curb the spread of the infection.

We believe that we have proven ourselves to be able to thrive despite challenges faced under extreme adversity.

Prospects ahead

We expect that the growing importance of sustainable energy in Malaysia and globally will continue to increase our potential growth prospects in the future. At the same time, there are potentially more new tenders on renewable energy projects from Brunei and Thailand, which we are keen to participate in.

It is also our belief that the Malaysian government's energy policies and incentives demonstrate its unwavering commitment towards meeting its renewable energy mix target of 20% by 2025, and is a major catalyst in opening up more opportunities especially for renewable energy players like Annica, which in turn will directly enhance Annica's prospects in the long run. Despite the political landscape in Malaysia remaining highly fluid coupled with the COVID-19 situation, we remain convinced that the government of the day will continue its efforts in respect of its renewable energy targets. We are truly excited about the future of the Group in the coming years.

For the financial year ending 31 December 2021 ("**FY2021**"), the Group remains cautious in the near term as the South East Asian market, within which the Group operates in, and which is dependent on the performance of the major world economies, is highly volatile and is recovering from the COVID-19 pandemic. Furthermore, the concerns over increasing trade protectionism amongst the world's major economies still linger, and this may adversely affect the Group's businesses. The Group continues to monitor these developments and undertake measures to mitigate any potential negative impact, and the Group remains confident that its planned diversification into the renewable energy sector will achieve sustainable performance in the near future and provide the Company with a new revenue stream and broaden the Group's earning base. We also believe that, upon success of our pilot project at the Long Loyang Clinic, further rollout of our solar and hydrogen-based Power Module will gain traction in the rural electrification markets especially in East Malaysia. We also see the potential for worldwide rollout of the Power Module following the proposed licensing arrangement with H2U Power Tech Pty Ltd. In addition, the Group is performing a reset on its Engineering Services and O&G Equipment segments, reshaping their strategic direction to service other markets along the value chain of those segments. This expansion, if successful, will strengthen the Group's position along the value chain and improve the contribution from those segments. While we continue to monitor closely the development of the COVID-19 pandemic, we remain confident in the growth opportunities in all our business segments, and we will continue to invest in our business so as to ensure that we are strongly positioned for the expected recovery of the global economy.

In Appreciation

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

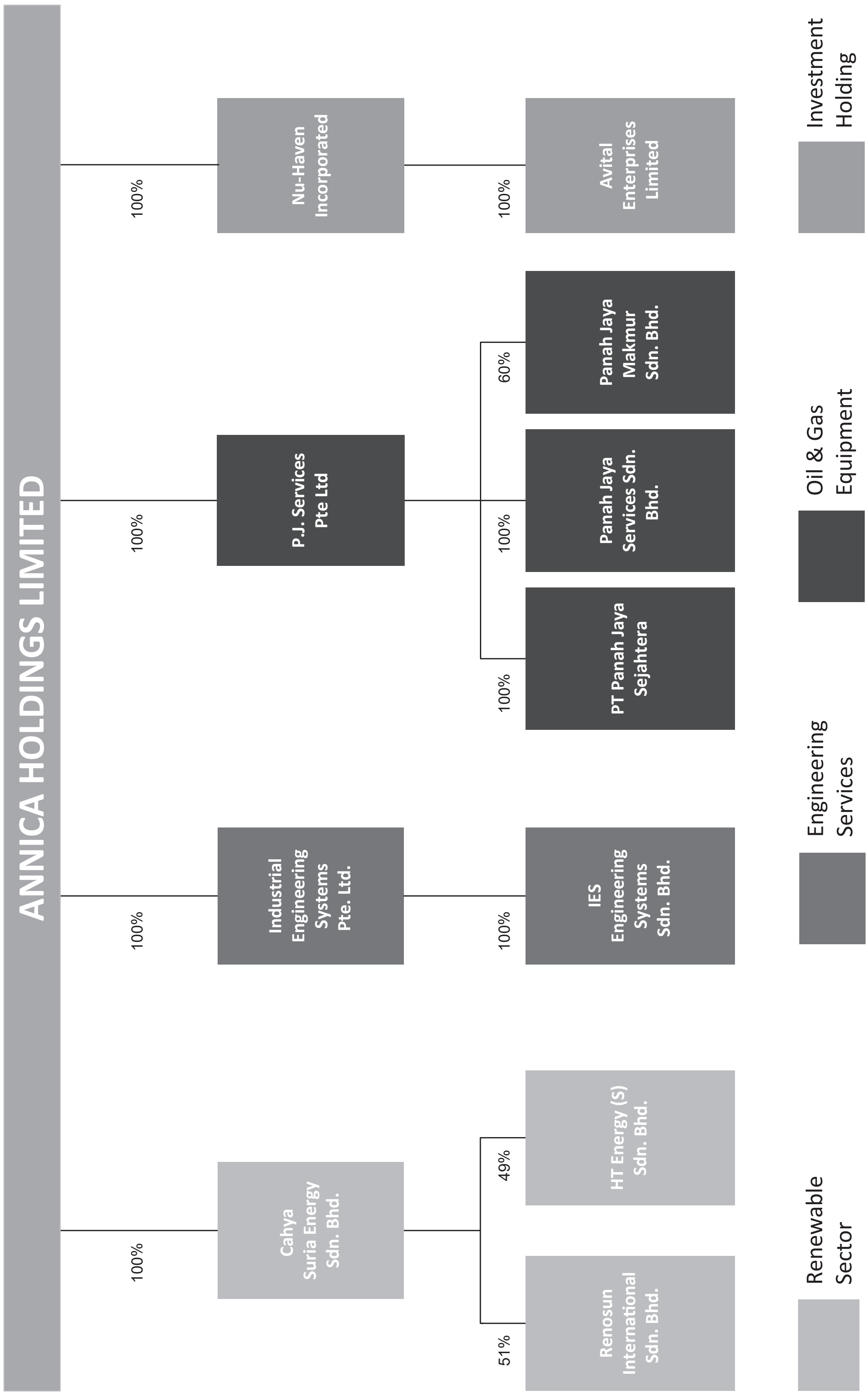
As we tackle the exceptional challenges brought on by the global COVID-19 pandemic, we must brace ourselves to live and operate in a tough environment for some time to come. Standing united and working together, we will overcome these challenges and emerge stronger.

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

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

14 April 2021

CORPORATE STRUCTURE



FINANCIAL REVIEW

COMPREHENSIVE INCOME

During the financial year ended 31 December 2020 ("**FY2020**"), the Group posted total revenues of $10.9 million, a 20% improvement over the preceding year, with our primary business segments of Oil and Gas Equipment and Engineering Services contributing 93% and 7% respectively. The Group reported a gross profit margin of 32% in FY2020 which was a decrease of 7% from 39% in FY2019 due to higher cost of sales incurred in a one-off lower margin project in the Oil and Gas Equipment segment.

The Group's net loss has increased by $0.8 million in FY2020 from the preceding year. The operational losses incurred in FY2020 did not vary much from that of FY2019. However, the Group incurred extraordinary expenses of $0.9 million arising from the allowance for impairment loss on other receivables.

FINANCIAL POSITION

The Group's FY2020 net current assets and total assets stood at $3.5 million and $10.3 million respectively. As at FY2020, the Group's net assets has decreased by $1.2 million from $4.4 million as at FY2019 to $3.2 million as at FY2020.

CASH FLOWS

The Group held cash and cash equivalents of $1.4 million as at FY2020.

OTHER MATTERS

Following the release of the Group's and the Company's preliminary unaudited financial statements for FY2020 (as announced on 1 March 2021), as disclosed in the Company's announcement dated 8 March 2021 (the "**8 March 2021 Announcement**"), HTES, a subsidiary of the Company, had entered into a binding term sheet with H2U Power Tech Pty Ltd, a company incorporated in Australia (the "**Licensee**"). Under the term sheet, HTES has agreed to grant the Licensee a perpetual (subject to termination for breach), sole, non-sublicensable license under the Licensed Know-how (as defined in the 8 March 2021 Announcement) to assemble, install, distribute, market and sell the Solar H-2 Power System ("**SH2PS**") worldwide, save for certain excluded territories. In consideration for the rights granted by HTES under the term sheet (and the definitive licensing agreement to be entered into) but subject to the occurrence of certain events as set out in the 8 March 2021 Announcement, the Licensee is to pay or otherwise provide HTES with an aggregate cash consideration of A$1,000,000 and such number of immediately tradeable, unrestricted shares of the potential listing vehicle of the Licensee worth A$1,000,000. The Licensee shall further pay to HTES royalties of 1.5% on the gross revenue of the SH2PS that are (a) sold by the Licensee; (b) lent, leased, let on hire or sold on hire purchase by the Licensee; (c) supplied by the Licensee to any person; or (d) put into use by the Licensee in any way. The potential financial effect of the term sheet, particularly on the royalties payable by the Licensee to HTES cannot be reasonably estimated, as it is subject to the definitive licensing agreement to be entered into by the parties. For further details on the term sheet, please refer to the 8 March 2021 Announcement.

Other than as disclosed above and in the financial statements to this Annual Report, there is no other significant development subsequent to the release of (i) the Group's and the Company's preliminary unaudited financial statements for FY2020, as announced on 1 March 2021 and (ii) the Company's announcement on 14 April 2021 in relation to the material variances between the unaudited and audited financial statements for FY2020, which would materially affect the Group's and the Company's operating and financial performance as of 14 April 2021, being the date of the Directors' Statement on pages 52 to 55 of this Annual Report.

CORPORATE 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)

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

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

Adnan Bin Mansor
(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)
Adnan Bin Mansor	(Member)

NOMINATING COMMITTEE

Adnan Bin Mansor	(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)
Adnan Bin Mansor	(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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Email: prinfo@annica.com.sg

AUDITOR
Baker Tilly TFW LLP
600 North Bridge Road
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Partner in-charge:
Chan Sek Wai, Jeremy
(appointed from the financial year ended 31 December 2020)

SHARE REGISTRAR
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Telephone: +65 6593 4848
Facsimile: +65 6593 4847

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SOLICITORS
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#26-06 SBF Center
Singapore 068914

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

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

SUSTAINABILITY REPORT

1. Board statement

We reaffirm our commitment to sustainability with the publication of our sustainability report ("**Report**"). For this Report, we provide insights into the way we do business, while highlighting our environmental, social and governance ("**ESG**") factors and economic performance.

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

We are still in the process of developing a formal enterprise risk management framework which has been delayed due to COVID-19. Nevertheless, we target to complete the development of the enterprise risk management framework and add further disclosures on risks and opportunities related to each ESG factor by the next sustainability report.

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

A summary of our sustainability performance in FY2020 is as follows:

S/N	Material factor	Sustainability performance
General disclosure		
1	Customer satisfaction	▪ A comprehensive range of products is offered to our customers ▪ P.J. Services Pte Ltd is ISO 9001:2016 certified ▪ Expanded warehouse and established an additional PLIDCO® Authorised Refurbishment Services Centre in Jakarta
Social		
2	Employee retention	▪ 63% of our employees served with us for more than 3 years ▪ Extended re-employment contracts for senior staff
3	Sustainable and clean sources of energy	▪ The Group has entered into a framework agreement with Majuperak Energy Resources Sdn. Bhd., a member of a state economic development corporation group to facilitate the development of sustainable sources of energy in Perak, Malaysia
4	Equality and diversity in the workplace	▪ Percentage of female to total full-time employees of 49% (FY2019: 47%) ▪ 49% of our workforce are at least 40 years old (FY2019: 47%) ▪ Percentage of employees with tertiary and non-tertiary education is 77% and 23% respectively
Environmental		
5	Energy conservation	▪ Electricity consumption rate per employee decreased 47% to 997.85kWh over the preceding financial year (FY2019: 1,895kWh)
Economic		
6	Sustainable business performance	▪ The Group's FY2020 operating results were generally in line with the expectations as previously disclosed in the Company's FY2019 annual report
Governance		
7	Robust corporate governance framework	▪ No reported incidents of serious offence ▪ Singapore Governance and Transparency Index[1] ("**SGTI**") score assessed by National University of Singapore Business School of 51 (FY2019: 44)

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

2. Reporting framework

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

3. Reporting period and scope

This Report sets out the Group's sustainability performance for the financial year ended 31 December 2020 ("**FY2020**" or "**reporting period**"). A sustainability report is published annually in accordance with our SR Policy and the Catalist Rules.

This Report covers the key operating entities within our Group which contributed approximately 100% (FY2019: 100%) of the total revenue for the reporting period.

4. Feedback

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

5. Stakeholder engagement

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

We actively engage our key stakeholders through the following channels:

S/N	Stakeholder	Engagement channel	Frequency of engagement	Key concerns raised/Time horizon
1	Communities	We continue to engage the community through our various initiatives introduced and implemented to promote social inclusion and environmental sustainability.	Ongoing	▪ Social inclusion – short, medium and long term ▪ Environmental conservation – short, medium and long term
2	Customers	Customers are encouraged to provide feedback, which are reviewed for relevant follow-up actions taken to better serve them. We hold regular meetings and communications with customers to ensure that we remain connected with our customers at all times.	Ongoing	▪ Product quality and reliability - short term ▪ Customer service standards - short term
3	Employees	The Group CEO, the Managing Director of the P.J. Services Group and the Director of the IES Group ("**senior management personnel**") hold regular communication sessions with employees to obtain feedback and to align business goals across all levels of the workforce. Such communication channels include emails and periodic staff evaluation sessions where employees can pose questions in person.	Ongoing	▪ Equal employment opportunity – short term ▪ Job security - short term ▪ Remuneration - short term

S/N	Stakeholder	Engagement channel	Frequency of engagement	Key concerns raised/Time horizon
4	Regulators	We participate in consultations and briefings organised by key regulatory bodies such as the SGX-ST and relevant government agencies / bodies so as to better understand the regulatory requirements and to furnish feedback on proposed regulatory changes that may impact our businesses.	Ongoing	▪ Corporate governance - short term
5	Shareholders	We convey timely and accurate information to shareholders through announcements on SGXNET, our website (http://www.annica.com.sg), annual general meetings, annual reports and other channels such as business publications and investor relation events.	Annually	▪ Sustainable business performance - medium term ▪ Market valuation - medium term ▪ Dividend payment medium term ▪ Corporate governance - short term
6	Suppliers	We work closely with suppliers to ensure smooth delivery of products. In general, new suppliers are screened in accordance with the Group's purchasing policies and existing suppliers are periodically assessed by respective work teams based on specified criteria. Feedback is also provided by the procurement teams to our suppliers to ensure that the standard of products and/or services delivered by our suppliers is satisfactory.	Ongoing	▪ Ability to distribute products - short term ▪ Maintain and expand brand presence - short term ▪ Maximise end customers' satisfaction - short term

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

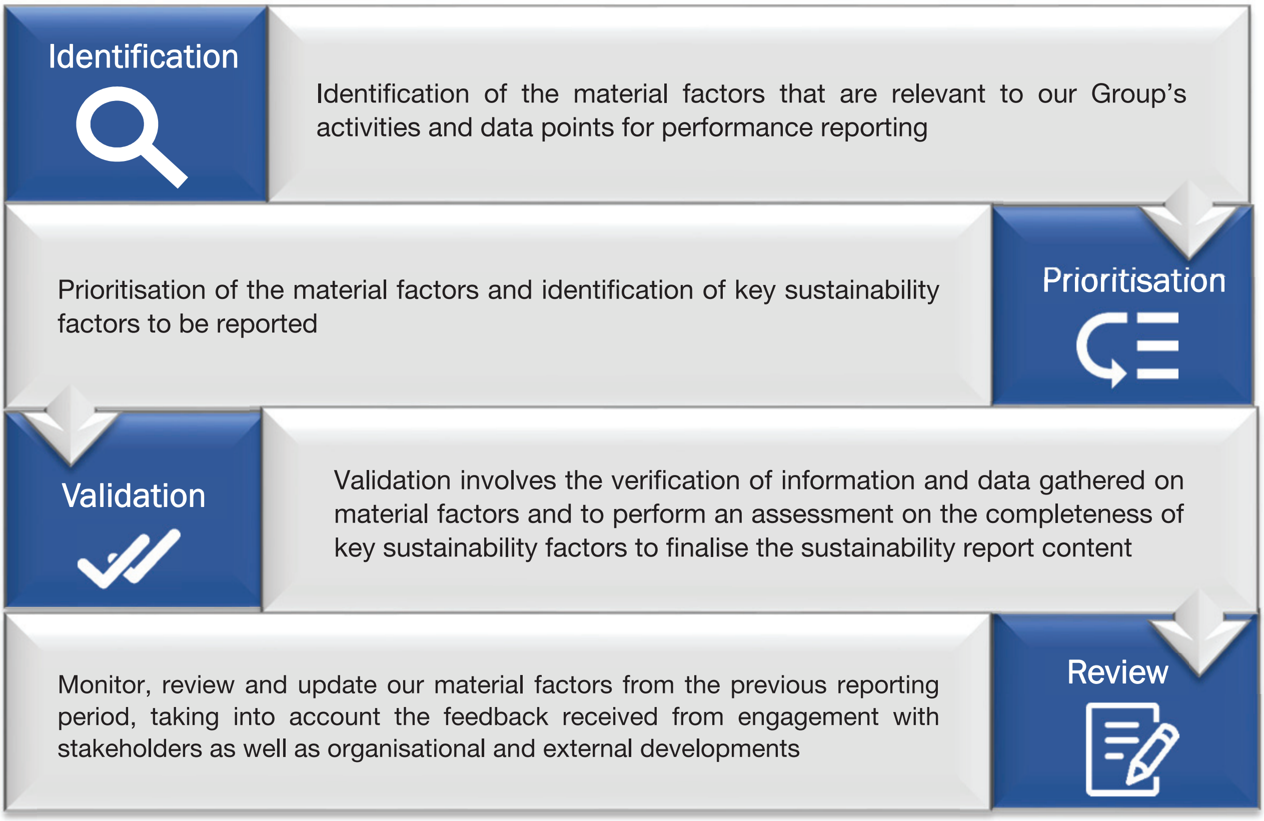
6. Policy, practice and performance reporting

6.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management personnel in consultation with the board of directors (the "**Board**" or the "**Directors**"). The Group's Sustainability Committee, led by our Chief Executive Officer, is tasked with developing the sustainability strategy, reviewing its material impacts, considering stakeholder priorities, setting sustainability goals and targets, as well as collecting, verifying, monitoring and reporting performance data for the Report.

6.2 Sustainability reporting processes

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



6.3 Materiality assessment

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

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

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

6.4 Performance tracking and reporting

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

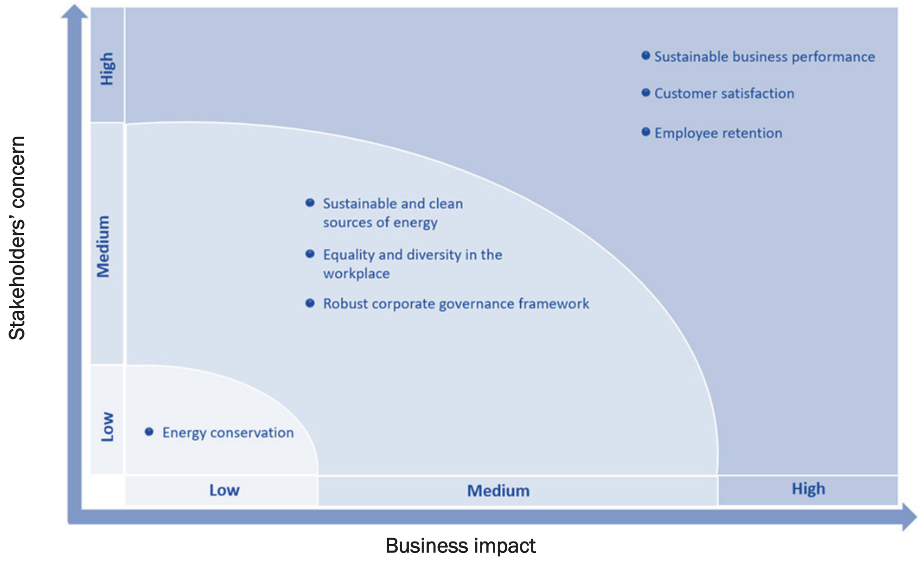
7. Material factors

Our materiality assessment performed for FY2020 involved the Group's senior management personnel in identifying sustainability factors deemed material to our Group's businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainability value for our stakeholders.

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

S/N	Material factor	Key stakeholder	Reporting priority
General disclosure			
1	Customer satisfaction	▪ Customers ▪ Suppliers	I
Social			
2	Employee retention	Employees	I
3	Sustainable and clean sources of energy	▪ Communities ▪ Regulators ▪ Shareholders	II
4	Equality and diversity in the workplace	Employees	II
Environmental			
5	Energy conservation	▪ Communities ▪ Shareholders	III
Economic			
6	Sustainable business performance	Shareholders	I
7	Robust corporate governance framework	▪ Shareholders ▪ Regulators	II

Material factors matrix



We will update the material factors on an annual basis as and when necessary to reflect changes in business operations, the environment, stakeholders' feedback and sustainability trends in the short, medium and long term. The details of each key sustainability factor are presented as follows:

7.1 Customer satisfaction

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

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

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

Key brands under distribution

[2] A manufacturer's representative serves an extended function to manufacturers in advising customers on developing solutions based on products under distribution.

SUSTAINABILITY REPORT

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

In addition, a core team of experienced and professional engineers is formed to provide value-added services to our customers through the design of customised solutions and the management of fabrication and installation processes. Further, we have established PLIDCO® Authorised Refurbishment Services Centres in our regional offices in Brunei and Indonesia in February 2019 and July 2020 respectively to provide effective and efficient refurbishment services to our customers. During the period under review, the PLIDCO® Authorised Refurbishment Services Centre in Brunei was also expanded to offer refurbishment services on PLIDCO® repair fittings to clients in the region. These services extend the usage and life of the engineering equipment, resulting in a reduction in costs that customers would otherwise incur. Our clients were also able to leverage on our regional presence to overcome challenges in shipping and travel resulting from COVID-19 by sending their equipment to our nearest service centres for refurbishment.

Adopting international standards for services provided

Apart from offering a wide range of products, we also place heavy emphasis on the quality of services that we provide. We continue to adopt market standards and best practices in our operations in order to fulfil this important aspect of our business. P.J. Services Pte Ltd is ISO 9001:2016 certified and under the certification, a quality manual has been implemented which covers the key areas of operations such as leadership, planning, support, operation, performance evaluation and improvement. The quality manual is intended to set a benchmark for quality standards for our employees so as to achieve desired operational outcomes.

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

ISO 9001:2016 Certificate


Lloyd's Register

Certificate of Approval

PJ Services Pte Ltd

ISO 9001:2016

Target for FY2020	Performance in FY2020	Target for FY2021
▪ Maintain a comprehensive range of solutions ▪ Adhere to the market standards and best practices in operations	Targets met as follows: ▪ A comprehensive range of products is offered to our customers ▪ P.J. Services Pte Ltd is ISO 9001:2016 certified ▪ Expanded warehouse and established an additional PLIDCO® Authorised Refurbishment Services Centre in Jakarta.	▪ Maintain a comprehensive range of solutions ▪ Adhere to the market standards and best practices in operations

7.2 Employee retention

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

- Senior management personnel leading by example in business and operations.
- Employees being empowered to make decisions at work.
- Senior management personnel communicates regularly with employees to obtain feedback and to align business goals across all levels of the workforce. Such communication channels include meetings, team building sessions, staff retreats and email communication whereby employees can express their views and provide feedback.
- Re-employment contracts for our senior staff members.

During the period under review, owing to the disruption of normal work arrangements due to COVID-19, we had introduced:

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

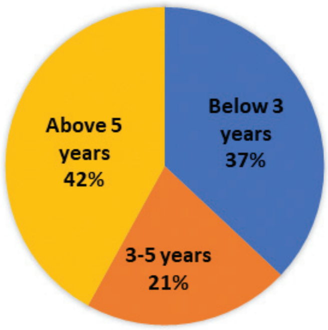
With the support of government incentives such as the Jobs Support Scheme, no employees were laid off directly as a result of the COVID-19 pandemic during the period under review.

In addition, to recognise the loyalty, efforts and performance of deserving employees and to improve the quality of our workforce, we have put in place the following measures:

- Procedures and guidance are established to promote employees based on merit and competency.
- Long-serving employees are rewarded for their contributions.
- Staff assessment is performed regularly to evaluate the performance of staff and adjust their remuneration where justifiable. This encourages them to take self-initiated actions to improve their capabilities and performance.
- Whenever possible, promising employees are selected to attend employee training programs such as the skill development courses or the product knowledge programs which help them to further improve their skills and knowledge.

As at 31 December 2020, our total number of employees stands at 43 (FY2019: 43) and 63% (FY2019: 65%) of our workforce have served with us for more than 3 years.

Years of service (all full-time employees)



We will continue our above-mentioned efforts as we recognise the importance of the retention and continued development of our staff members in order to achieve our organisational objectives.

Target for FY2020	Performance in FY2020	Target for FY2021
Maintain or improve employee retention rate	63% of our workforce served with us for more than 3 years, which is 2% lower from the previous year, attributed to new recruitments and staff turnover.	Maintain or improve employee retention rate

7.3 Sustainable and clean sources of energy

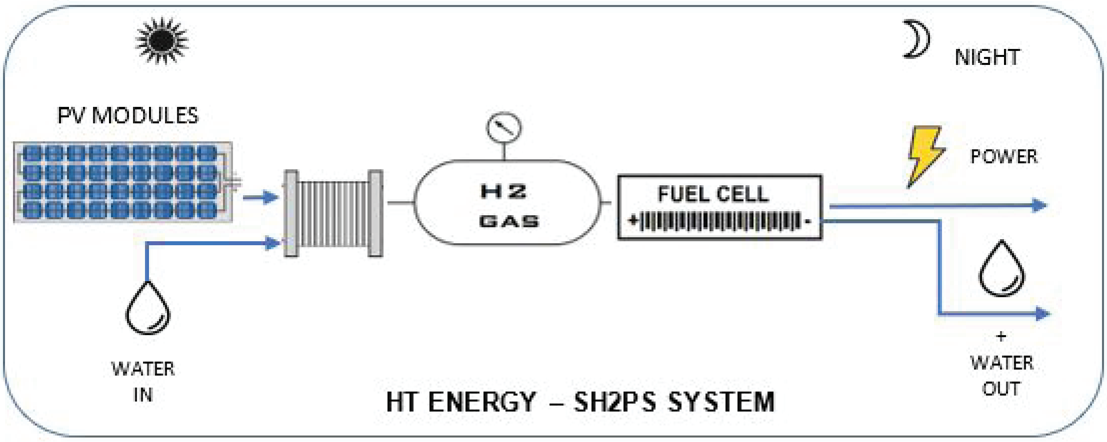
As part of our commitment to give back to the community, as well as our continued efforts to diversify into the renewable energy sector, we have undertaken the following initiatives:

Rural Electrification Project in Sarawak, Malaysia

Through HT Energy (S) Sdn. Bhd. ("**HTES**"), we managed to obtain the support of the Department of Health in Sarawak, Malaysia to commence a pilot project to electrify clinics in rural, off-grid communities located in Sarawak, Malaysia ("**pilot project**"). The pilot project involves various stakeholders such as related governmental agencies in Sarawak 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 are powered by diesel generators. Diesel generators are pollutive by design and due to the scarcity of resources in such communities and the costly logistical arrangements involved in transporting diesel fuel to sites, electrification of such communities is often, at best, intermittent.

Under the pilot project, a solar-hydrogen energy system will be set up to replace the diesel generators. The inputs to power the system will be solar and water, both readily available and non-pollutive in nature. A schematic illustration of the process involved is as follows:



(i) *DAY TIME*

- *Photo-voltaic (PV) modules generate direct current (DC) power which is fed into an electrolyser.*
- *The electrolyser splits water into Hydrogen (H2) gas and Oxygen (O2) gas, via polymer electrolyte membrane (PEM) electrolysis.*
- *Hydrogen gas produced is stored in a pressurized gas tank.*

(ii) *NIGHT TIME*

- *Hydrogen gas is drawn from the gas tank and fed into Fuel Cell.*
- *The Fuel Cell combines H2 gas and O2 gas (from atmosphere) to produce DC power.*
- *DC power can then be converted to alternating current (AC) via power inverter, to power up appliances such as lights, television sets, cookers, computers, etc.*

The electrification will be fuelled by 2 parallel sources (solar and water) to enable continuous, day and night supply for the users. In addition, we have added water filtration systems to provide a source of clean water for the users to consume and utilise for their daily needs. Providing a continuous source of electricity as well as clean water help to improve the quality of life of the rural communities and increase the activity level of users.

Once the pilot project is successfully completed, it is envisioned that the pilot project will serve as a benchmark for future projects to serve rural communities and may also be a stepping stone for new opportunities in the renewable energy sector and, therefore, a new source of revenue for the Group going forward.

Following the conduct of the first Factory Acceptance Test ("**FAT**") conducted on 23 October 2018 on the Power Module Cahya Suria 1 ("**PMCS1**" or "**Power Module**"), the project team of the pilot project ("**Project Team**") commenced the conduct of the second FAT during the week of 17 June 2019 on the PMCS1. On 16 August 2019, we announced that the second FAT was a success and arrangements were being made to ship the Power Module to the project site.

The Power Module arrived at the Pilot Project site in mid-February 2020. However, due to the adverse weather and the imposition of the Movement Control Order ("**MCO**") in Malaysia, the installation of the Power Module at the site was delayed and was only completed in July 2020 after a temporary relaxation of the MCO. Since the installation of the Pilot Module, the MCO has been further tightened from 1 August 2020 and inter-zone travel within Sarawak together with international travel into and within Malaysia have been severely restricted. As such, the Pilot Study which was initially scheduled to commence in July 2020 was affected by delays in the testing and commissioning and on-site calibration of the Pilot Module, which required the on-site presence of both our in-house technical team from Singapore and technicians from our manufacturer in China.

Despite these challenges and unstable on-site communications (weak internet access), our in-house technical team, together with the local support team, were able to bring the Pilot Module up to 70% of operational capacity in October 2020. However, the optimisation and full commissioning of the pilot module is a complex technical process that requires the physical presence of engineers from the manufacturer as well as the local engineering team. Coupled with the absence of telecommunication access and adverse weather conditions at the site from November 2020 to February 2021, the commissioning of the Power Module is expected to resume only in April 2021 subject to travel approval for our foreign based engineers. We will make the relevant announcements with regards to any material developments regarding this pilot project.

Large Scale Solar Photovoltaic Projects ("**LSS Projects**") in Perak, Malaysia

On 3 June 2020, through our wholly-owned subsidiary Cahya Suria Energy Sdn. Bhd. ("**CSE**"), we entered into a Framework Agreement (the "**Framework Agreement**") with Majuperak Energy Resources Sdn. Bhd. ("**MERSB**", and collectively with the Company, the "**Parties**") to collaborate on the development of 'Large Scale Solar Photovoltaic' Projects ("**LSS Projects**") in the State of Perak.

This partnership not only serves as a platform for the relevant stakeholders to collaborate on the development of LSS Projects in Perak, but also helps us to boost our presence in the renewable energy sector. More importantly, such an initiative enables us to take a progressive step towards increasing access to clean and sustainable energy for the communities involved and, thereby, improving the overall quality of life for them.

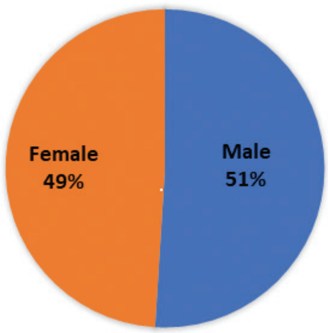
The Malaysian Government has outlined a goal to achieve a higher penetration of renewable energy to account for 20% of the total energy generation mix in Malaysia by 2025. In line with the Malaysian Government's initiative, we have identified an initial site that is suitable for a proposed LSS Project with a capacity of 35MW. We wish to inform shareholders that the above-mentioned parties have made progress in their identification of additional potential sites for LSS Projects. We will make the necessary announcements as and when there are material developments on this matter.

Target for FY2020	Performance in FY2020	Target for FY2021
▪ Improve the quality of life for inhabitants of rural communities ▪ Increase access to renewable energy resources for the communities	Targets were partially met as follows: Our pilot project has yet to register maiden contributions due to delays as a result of various technical issues arising from FATs which were completed in FY2019. The Power Module arrived on-site in mid-February 2020, after obtaining clearance from the Malaysian customs authority and the passing of adverse weather conditions which had rendered passage to the site inaccessible for vehicular transport. Further delays arising from COVID-19 travel and movement restrictions, adverse weather and lack of telecommunications infrastructure at site had hindered the commissioning of the pilot project. Despite this, the pilot project is running at 70% of rated capacity and is already supplying electricity to the Rural Clinic during the day. Separately, the Group has entered into a Framework Agreement with Majuperak Energy Resources Sdn. Bhd. (a wholly-owned subsidiary of Majuperak Holdings Bhd and which forms part of the Perbadanan Kemajuan Negeri Perak (PKNP) group of companies).	▪ Improve the quality of life for inhabitants of rural communities ▪ Increase access to renewable energy resources for the communities

7.4 Equality and diversity in the workplace

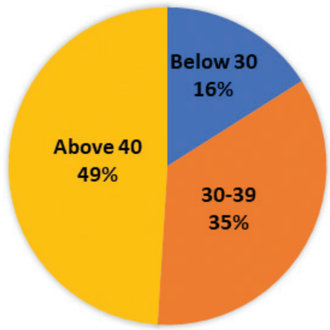
We aim to provide a working environment for employees that fosters fairness, equity and respect for social and cultural diversity, regardless of gender and age. Therefore, we are committed to the goals of diversity and equal opportunity in employment.

Gender diversity (all full-time employees)



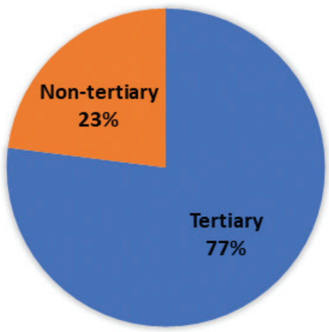
With regards to gender diversity, the percentage of female to total full-time employees is 49% (FY2019: 47%) as at 31 December 2020.

Age diversity (all full-time employees)



For age diversity, matured workers are valued for their experience, knowledge and skills. As at 31 December 2020, 49% (FY2019: 47%) of our workforce is at least 40 years old.

Educational diversity (all full-time employees)



For diversity in educational background, we seek to create an inclusive environment for employees from different educational backgrounds. As at 31 December 2020, the percentage of employees with tertiary and non-tertiary education is 77% and 23% (FY2019: 77% and 23%) respectively.

To promote equal opportunity, we have in place various human resource related processes as follows:

- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirements.
- Staff assessment is performed regularly to evaluate the performance of employees to encourage them to take self-initiated enrichment actions to improve themselves.
- To promote equal opportunities in the workplace, we have provided promising employees to attend employee training programs regardless of their background.

Target for FY2020	Performance in FY2020	Target for FY2021
Move towards a more balanced, or at least maintain, existing gender and age diversity ratios	Target was met as follows: ▪ 49% of our workforce is at least 40 years old (FY2019: 47%) ▪ The percentage of female to total full-time employees is 49% (FY2019: 47%)	Move towards a more balanced, or at least maintain, existing gender and age diversity ratios

7.5 Energy conservation

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

Description	Consumption rate (kWh)[3]	
	FY2020	FY2019
Electricity consumption per employee	997.85	1,895

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

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

In response to the COVID-19 pandemic, we have implemented several measures that allow our employees to work from home or on a rotational or staggered basis at the office. During the period under review, the Group has also centralised its Singapore operations under one roof, which has resulted in improved energy conservation.

Target for FY2019	Performance in FY2019	Target for FY2020
Maintain or reduce electricity consumption rate	Target met as follows: Electricity consumption per employee decreased slightly to 997.85 kWh	Maintain or reduce electricity consumption rate

7.6 Sustainable business performance

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

In FY2017, the management embarked on a diversification initiative into renewable energy and green technology businesses ("**Renewable Sector**"). This initiative primarily aims to reduce our reliance on the oil & gas equipment and engineering services business segments, provide shareholders with diversified returns and enhance shareholders' value. Examples of related projects that we have undertaken are elaborated in Section 7.3 of this Report.

Concurrently, we will continue to strive for success in our core businesses to enable sustainable growth. Efforts made include the following:

- Establishment of our second PLIDCO® Authorised Refurbishment Services Centre in Jakarta in the oil & gas equipment sector
- Introduction of technical consultancy services in the engineering services sector, which provides one-stop solutions in China, Vietnam and Malaysia that combine products from different suppliers to better serve our customers' needs

As we continue with our strategic restructuring plan and diversification initiative, we appreciate our shareholders' patience and understanding in the execution of such an initiative.

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

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

Target for FY2020	Performance in FY2020	Target for FY2021
▪ Maintain or improve our financial performance subject to market conditions	Targets were partially met as follows: ▪ In order to reduce the Group's reliance on our current core businesses, our oil & gas equipment segment and engineering services segment expanded their service offerings to include equipment servicing. Our engineering services segment also now provides technical consultancy services in China, Vietnam and Malaysia. The Group is currently performing a reset on both the oil & gas equipment and engineering segments, reshaping its strategic direction to serve other markets along the respective segments' value chain. ▪ Although the Renewable Sector has yet to register maiden contributions, there has been significant progress in building the foundation for a sustainable and profitable business going forward and this has led to, *inter alia*, the proposed licensing arrangement with H2U Power Tech Pty Ltd as announced on 8 March 2021. ▪ The Group's FY2020 operating results were generally in line with the expectations as previously disclosed in the Company's FY2019 annual report.	Maintain or improve our financial performance subject to market conditions

7.7 Robust corporate governance framework

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

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

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

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

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

During the reporting period, there were no reported incidents of serious offence[4] (FY2019: zero incidents). In addition, our overall SGTI score as assessed by the National University of Singapore Business School for FY2020 is 51 (FY2019: 44).

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

Target for FY2020	Performance in FY2020	Target for FY2021
▪ Maintain zero incidents of serious offence ▪ Maintain or improve our SGTI score	▪ Achieved zero incidents of serious offence ▪ SGTI score assessed by National University of Singapore Business School of 51	▪ Maintain zero incidents of serious offence ▪ Maintain or improve our SGTI score

8. Supporting the UN Sustainable Development Goals

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

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

SDG	Our effort
7 AFFORDABLE AND CLEAN ENERGY Ensure access to affordable, reliable, sustainable, and modern energy for all	<u>Section 7.3 Sustainable and clean sources of energy</u> Our continued efforts to expand into the renewable energy sector and to provide the communities with clean and sustainable resources help to diversify our business and also contribute to sustainability development. <u>Section 7.5 Energy conservation</u> We place heavy emphasis on the efficient use of energy within our office premises as well as business practices, such as minimising electricity consumption. Such practices help to improve the overall energy efficiency rate and reduce our operational cost.
8 DECENT WORK AND ECONOMIC GROWTH Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<u>Section 7.1 Customer satisfaction</u> We recognise that adhering to the highest quality and standard of services provided 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 to our shareholders. <u>Section 7.2 Employee retention</u> Maintaining a high quality workforce that is skilled and experienced contributes largely to the success of our business. This in turn contributes economic growth and employment, as well as long-term economic value for our shareholders. <u>Section 7.6 Sustainable business performance</u> We contribute to economic growth through creating long-term economic value for our shareholders.
10 REDUCED INEQUALITIES Reduce inequality within and among countries	<u>Section 7.4 Equality and diversity in the workplace</u> We ensure equal opportunity for all regardless of gender, age, nationality, ethnicity, or educational background.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at al levels	<u>Section 7.7 Robust corporate governance framework</u> We maintain a high standard of corporate governance framework to safeguard our shareholders' interests and maximise long-term shareholder value.

SUSTAINABILITY REPORT

9. GRI content index

General standard disclosure		Section reference	Page
Organisation profile			
102-1	Name of the organization	■ Cover Page ■ Letter to Shareholders ■ Corporate Structure	– 2-4 5
102-2	Activities, brands, products, and services	■ Letter to Shareholders ■ Notes to the Financial Statements > Investments in Subsidiaries ■ Notes to the Financial Statements > Investments in an Associate	2-4 95-98 99
102-3	Location of headquarters	■ Corporate Information ■ Notes to the Financial Statements > Corporate Information	7 66
102-4	Location of operations	■ Letter to Shareholders ■ Notes to the Financial Statements > Investments in Subsidiaries ■ Notes to the Financial Statements > Investments in an Associate	2-4 95-98 99
102-5	Ownership and legal form	■ Corporate Structure ■ Notes to the Financial Statements > Corporate Information ■ Statistics of Shareholdings	5 66 131-132
102-6	Markets served	■ Letter to Shareholders ■ Notes to the Financial Statements > Segment Information	2-4 116-118
102-7	Scale of the organization	■ Sustainability Report > Material Factors > Equality and Diversity in the Workplace ■ Sustainability Report > Material Factors > Sustainable Business Performance ■ Statements of Financial Position ■ Consolidated Statement of Profit or Loss and Other Comprehensive Income	18-19 20-21 61 62-63
102-8	Information on employees and other workers	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	18-19
102-9	Supply chain	Sustainability Report > Material Factors > Customer Satisfaction	13-14
102-10	Significant changes to the organization and its supply chain	There were no significant changes to the organization and its supply chain during the reporting period	–
102-11	Precautionary Principle or approach	None	–
102-12	External initiatives	Sustainability Report > Material Factors > Supporting the UN Sustainable Development Goals	22-23
102-13	Membership of associations	None	–

General standard disclosure		Section reference	Page
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	8
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	Corporate Governance Report	29-51
Governance			
102-18	Governance structure of the organization	Corporate Governance Report	29-51
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102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	9-10
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	Sustainability Report > Stakeholder Engagement	9-10
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	9-10
102-44	Key topics and concerns raised	▪ Sustainability Report > Stakeholder Engagement ▪ Sustainability Report > Material Factor > Customer Satisfaction	9-10 13-14
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102-45	Entities included in the consolidated financial statements	▪ Corporate Structure ▪ Notes to the Financial Statements > Investments in Subsidiaries ▪ Notes to the Financial Statements > Investments in an Associate	5 95-98 99
102-46	Defining report content and topic Boundaries	Sustainability Report > Sustainability Reporting Processes	11
102-47	List of material topics	Sustainability Report > Material Factors	12-13
102-48	Restatements of information	None	–
102-49	Changes in reporting	Sustainability factors added: ▪ Sustainability Report > Material Factors > Equality and Diversity in the Workplace ▪ Sustainability Report > Material Factors > Robust Corporate Governance Framework Sustainability factors removed: Waste optimisation has been removed from the FY2019 sustainability report as there has been no further material development on the relevant project. The Company will continue to review this matter from time to time and make the necessary announcements as appropriate or when there are further developments on the same.	 18-19 21-22 –

General standard disclosure		Section reference	Page
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	9
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102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	9
Reporting practice			
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	9
102-54	Claims of reporting in accordance with the GRI Standards and GRI content index	▪ Sustainability Report > Reporting Framework ▪ Sustainability Report > GRI Content Index	9 24-26
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102-56	External assurance	We may seek external assurance in the future	–
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103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	12-22
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201-1	Direct economic value generated and distributed	▪ Sustainability Report > Material Factors > Sustainable Business Performance ▪ Statements of Financial Position ▪ Consolidated Statement of Profit or Loss and Other Comprehensive Income	20-21 61 62-63
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report > Material Factors > Robust Corporate Governance Framework	21-22
Category: Environmental			
302-3	Energy intensity	Sustainability Report > Material Factors > Energy Conservation and Waste Optimization	20
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401-1	New employee hires and employee turnover	Sustainability Report > Material Factors > Employee Retention	15-16
405-1	Diversity of governance bodies and employees	Sustainability Report > Material Factors > Equality and Diversity in the Workplace	18-19
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report > Material Factors > Sustainable and clean sources of energy	16-18

BOARD OF DIRECTORS

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

Tan Sri was appointed to the Board on 5 July 2019 as the Independent and Non-Executive Chairman. He had a distinguished career in the Malaysian judiciary system, reaching the apex of his judiciary career by serving as the President of Malaysia's Court of Appeals before retiring in July 2018. Tan Sri is currently serving as a Judge in the Syariah Court of Appeal, Perak and as an Arbitrator and Mediator of AIAC. On 12 March 2021, Tan Sri was admitted as an Advocate and Solicitor to the High Court of Malaya. Tan Sri is also actively mentoring law graduates, imparting his invaluable experience and knowledge accumulated throughout his long and distinguished career in the Malaysian judiciary system. Tan Sri holds a Bachelor of Laws degree from the University of Malaya and a Master of Law degree from University College, University of London.

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

Sandra is the Executive Director and Chief Executive Officer of Annica Holdings Limited and was appointed to the Board on 6 January 2016. Sandra is responsible for the Group's strategic direction, business development and overall performance, drawing from her extensive experience in senior management in the areas of corporate finance, restructuring, business advisory and project financing. Prior to her position at Annica, Sandra had previously served as an independent director at a public listed company in Bursa Malaysia. She is passionate and active in the renewable energy and green technology industry and works closely with private equity players, both locally and abroad. Sandra has also been invited to speak at several international industry forums and seminars particularly in the area of renewable energy. Sandra holds a Master of Business Administration degree from the University of Strathclyde.

Lim In Chong
Non-Independent and Non-Executive Director

In Chong is a Non-Independent and Non-Executive Director and was appointed on to the Board on 6 July 2018. He studied at United World College of Southeast Asia and graduated from Trent University in Peterborough, Canada and later received a master degree from RMIT Melbourne. In Chong is a renowned landscape designer and an avid supporter of sustainable and green development with abiding interest in the renewable energy sector. He has also been invited to speak at several international seminars and events promoting sustainable and green development. He is also a director and principal of Inchscape Sdn. Bhd. and his work has received numerous accolades from around the world.

Shamsol Jeffri Bin Zainal Abidin
Non-Independent and Non-Executive Director

Shamsol is a Non-Independent and Non-Executive Director and was appointed to the Board on 27 September 2019. Shamsol is an established town planner and businessman and has more than 25 years of experience in urban planning, social planning, urban transportation planning, and land and property development management. He holds a Bachelor Degree in Urban and Regional Planning from the University Technology of Malaysia (UTM). He is also a corporate member of the Malaysian Institute of Planners (MIP) and Lembaga Perancang Bandar Malaysia (LPBM), and a member of Malaysian Social Impact Assessment (MSIA), all of which are professional bodies for planners to promote the advancement of town planning in Malaysia. He is a managing director of SAM Planners Sdn. Bhd., a multi-disciplinary company whose principal activities are town planning and environmental and landscape design. Shamsol also acts as a consultant, primarily in the area of urban planning, to several states in Malaysia.

Su Jun Ming
Lead Independent and Non-Executive Director

Jun Ming was appointed to the Board on 20 January 2016 as the Lead Independent and Non-Executive Director. Currently, Jun Ming is a director with a boutique professional firm that specialises mainly in insolvency and restructuring services, corporate finance and transaction services. He was also formerly an associate director in a multinational auditing firm providing corporate finance advisory services in respect of IPOs, RTOs, M&A, valuations, fairness opinions, and capital raising exercises in Asia covering a range of industries. Jun Ming was also formerly a Financial Controller of a company listed on the SGX-ST. He is a Chartered Valuer and Appraiser (CVA) and a Chartered Financial Analyst.

Adnan Bin Mansor
Independent and Non-Executive Director

Adnan was appointed to the Board as an Independent and Non-Executive Director on 20 January 2016. Adnan was the technical lead of the distribution division of Tenaga National Berhad and was responsible for the planning of substations construction and cabling. He is currently an independent consultant providing independent technical consultancy services to major corporations primarily on renewable energy and green technology related projects. Adnan is also a director of a privately-owned property development company in Malaysia.

KEY MANAGEMENT PERSONNEL
(WHO ARE NOT EXECUTIVE OFFICERS)

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 as an executive and rose through the ranks to become Managing Director in 2016, overseeing the operations of the P.J. Services Group. He is also tasked with the development of new products, businesses and territories and building new agency partnerships. Musa holds a Diploma in Mechatronics Engineering from the Temasek Polytechnic and has more than 13 years of experience working in the oil and gas industry, specializing in sales, marketing and project management for procurement of oil and gas equipment for onshore and offshore platforms, vessels and pipelines.

Pek Seck Wei
*Director, Industrial Engineering Systems Pte. Ltd. ("**IES**") and its subsidiaries ("**IES Group**"), Cahya Suria Energy Sdn. Bhd. & Renosun International Sdn. Bhd.*

Seck Wei is a co-founder of IES and has vast experience in the oil and gas industry. He is the Director of the IES Group and is responsible for the management and development of the business of sale of oilfield equipment and customised engineering solutions to oil and gas companies in Singapore, Malaysia and Vietnam. Seck Wei graduated with a Bachelor of Electrical Engineering (Honours) degree from the Nanyang Technological University. As part of the Group restructuring and diversification into the new businesses, Seck Wei has been appointed as the Director of Cahya Suria Energy Sdn. Bhd., a wholly-owned subsidiary of the Company and the immediate holding company of the rural off-grid and renewable energy subsidiaries, and oversees the business development and performance of this group of companies.

Muhammad Hatta Bin Sukarni
*Managing Director, HT Energy (S) Sdn. Bhd. ("**HTES**")*

Hatta is a co-founder of HTES and an experienced businessman. He began his career as a civil servant at the Department of Inland Revenue based in Sarawak, Malaysia. Almost a decade after, Hatta left the civil service to pursue his entrepreneurship endeavours. Owing to his business acumen and interpersonal skills, Hatta is a director and/ or shareholder in several private limited companies in Malaysia and Australia. His diversified investments portfolio includes the civil engineering and construction industry, the property development industry and the fishing industry. Hatta's businesses are based in the State of Sarawak, Malaysia and leverage on his established network in the State.

Looi Kok Soon
*Managing Director, Renosun International Sdn. Bhd. ("**Renosun**")*

Kok Soon is a co-founder of Renosun. He holds a Bachelor degree of Economics (Accounting) from the University of Adelaide, South Australia. Kok Soon possesses a total of 21 years of banking experience since 1993 and, during this time frame, has strategized and executed several major transformation initiatives especially in Branch Banking. At the end of 2014, he branched out to become a self-entrepreneur and started a business for the provision of consultancy services, system integration and installation of energy efficient solutions for households and businesses.

CORPORATE GOVERNANCE REPORT

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

This Corporate Governance Report ("**CG Report**") describes the Group's corporate governance framework and practices that were in place during the financial year ended 31 December 2020 ("**FY2020**") 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**") which forms part of the continuing obligations of the Company as described in the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").

For FY2020, the Company is pleased to report that it has complied with the principles of the Code, where appropriate. Where there are any material deviations from the Code, appropriate explanations are provided below in this CG Report.

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

The Code

This edition of the Code published in August 2018 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. Companies are required to describe their corporate governance practices with reference to both the Principles and Provisions, and how the company's practices conform to the Principles.

The Provisions that underpin the Principles are designed to support compliance with the Principles. These Provisions which replace the guidelines of previous Codes are drafted in a simple and direct manner, and describe the ground rules of good corporate governance. Companies are expected to comply with the Provisions, and variations from Provisions are acceptable to the extent that companies explicitly disclose and explain how their practices are otherwise consistent with the aim and philosophy of the Principle in question. The explanations should be comprehensive and meaningful.

The emphasis is for companies to provide thoughtful and meaningful explanations about their practices to enable investors to understand their corporate governance practices. Frank and informed dialogue between companies and their shareholders is a central tenet of good corporate governance that encourages better stewardship of the directors and better engagement between investors and shareholders and the companies.

Statement of Compliance

The Board confirms that for FY2020, the Company has generally complied with the Principles and Provisions of the Code, save as otherwise explained below. The Company has also complied with the guidelines of the Code of Corporate Governance 2012 which are still in effect.

(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 lead and provide direction for the Group, to act objectively in the best interests of the Company, to hold key management personnel, who comprise both executive officers and non-executive officers as the same is defined in the Catalist Rules (or collectively referred to hereinafter as "**Management**" where the context allows) accountable for their performance, and to enhance Shareholders' value in the long-term.

Apart from statutory and fiduciary responsibilities, each Director understands the Group's businesses in addition to his or her specific role as executive, non-executive and independent director.

In particular, the Board:

- establishes and determines the Group's corporate strategies, sets directions, goals, values and standards (including ethical standards) and ensures that all legal obligations to Shareholders and other stakeholders are understood and met;
- ensures that the necessary financial and human resources are in place (as far as practicable) in order for the Group to meet its objectives, and monitors the performance of these objectives to build long-term sustainable value for Shareholders;
- oversees the management, business and affairs of the Group with particular attention paid to growth and financial performance;
- establishes a framework of prudent and effective controls which enables risks to be assessed and managed so as to safeguard the Group's assets and Shareholders' interests as a consequence;
- reviews the Group's financial reports and performance of the chief executive officer and key management personnel of the respective businesses within the Group;
- considers sustainability issues in the formulation of its strategies and the operation of the Group's businesses;
- approves annual budgets, business plans, major funding proposals, financial restructuring, Share issuance, investment and divestment proposals;
- identifies key stakeholder groups and recognizes that their perceptions may affect the Company's reputation;
- ensures that the Group meets good corporate governance standards; and
- exercises due diligence and independent judgement and acts in good faith and considers at all times the interests of the Company. In this regard, any Director facing a conflict of interest will recuse himself or herself from discussions and decisions that the Director finds himself or herself in conflict with.

1.2 <u>The Board</u>

The composition of the Board and the position, dates of initial appointment and last re-election together with his or her directorships in other listed companies and other principal commitments, of each Director are set out below:

Name of Director	Designation	Date of appointment	Date of last re-election	Current directorships in listed companies (other than the Company)	Past directorships in listed companies (preceding three years)	Other principal commitments
Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin	Independent and Non-Executive Chairman	5 July 2019	26 June 2020	–	–	–
Sandra Liz Hon Ai Ling	Executive Director and Chief Executive Officer	6 January 2016	26 June 2020	–	–	–
Shamsol Jeffri Bin Zainal Abidin	Non-Independent and Non-Executive Director	27 September 2019	26 June 2020	–	–	Sam Planners Sdn. Bhd. - Managing Director

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
Lim In Chong	Non-Independent and Non-Executive Director	6 July 2018	29 April 2019	–	–	Inchscape Sdn. Bhd. - Director and Principal
Su Jun Ming	Lead Independent and Non-Executive Director	20 January 2016	26 June 2020	–	–	Alternative Advisors Pte. Ltd. - Director
Adnan Bin Mansor	Independent and Non-Executive Director	20 January 2016	29 April 2019	–	–	Kemuncak Laksana Sdn. Bhd. - Director

1.3 **Delegation of authority by the Board**

To facilitate effective management and to support the Board in its duties, certain functions have been delegated to various committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). The Board delegates the day-to-day management of the Group to Management.

The composition of the Board Committees is set out below:

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

The Board holds regular meetings to review, consider and approve strategic, operational and financial matters. Important matters concerning the Group are put before the Board for its decision and approval. Ad-hoc meetings are also held when circumstances require. Prior to each board or ad-hoc meeting, the Management will circulate a board pack containing adequate (as far as practicable) and timely information to enable Directors to make informed decisions and discharge their duties and responsibilities. As part of its on-going reporting to the Board, Management provides updates of the milestones achieved or issues encountered with key projects of the Group.

The Company's constitution ("**Constitution**") provides for meetings to be conducted by way of a telephone conference and/or by means of similar communication equipment where all the directors of the Company (the "**Directors**" and individually the "**Director**") participating in the meetings are able to hear each other. Management is invited to attend the meetings to present information and/or render clarification when required. Where physical meetings are not possible, timely communication between the Directors and Board Committees can be achieved via electronic means and the circulation of written resolutions for consideration and approval by the Directors or Board Committees members.

During FY2020, all meetings of the Board and the Board Committees have been conducted via electronic means in compliance with social distancing rules during the COVID-19 pandemic.

The Board makes decisions on matters that are specifically reserved for the approval of the Board which include the following:

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

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

The Management has been instructed by the Board that all Reserved Matters have to be referred to the Board for approval. From time to time, as and when the Company proposes to enter into a material transaction, a presentation will be made by the relevant key management personnel to the Board whether via a face-to-face meeting or by circulation of a proposal and/or presentation. The presentation sets out the analyses made by the relevant key management personnel and any specific issues which the Board should be appraised so that the Board may decide whether approval should be given for the Company to enter into the proposed transaction.

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

1.4 <u>Induction and Training of Directors</u>

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

At each Board meeting, the Directors will receive updates from the chief executive officer and the relevant key management personnel on the business and strategic developments of the Group. The Directors may, at any time, visit the Group's business operations in order to gain a better understanding of its businesses. Changes to regulations and accounting standards are monitored closely by the chief executive officer and the AC in close consultation with, and with guidance from, the Group's external auditors, Baker Tilly TFW LLP. During FY2020, the Directors were briefed by Baker Tilly TFW LLP on the developments in financial reporting standards and related changes that affect the Group, and by the Company Secretary on changes to the Catalist Rules, Code of Corporate Governance and other relevant changes to the Companies Act.

There were no new appointments to the Board during FY2020.

For the year under review, none of the Directors attended any relevant courses. Nonetheless, as indicated above, they have been updated by the Company Secretary on relevant updates to the Catalist Rules, the Code of Corporate Governance and the Companies Act.

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

Directors are also briefed by the external auditor on the developments in Singapore Financial Reporting Standards (International) and the related changes that affect the Group.

1.5 Attendance of Directors at meetings

The attendance of the Directors at Board and Board Committee meetings held during FY2020 is set out below:

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

* Attendance by invitation of the respective Board Committees

2. BOARD COMPOSITION AND GUIDANCE

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

2.1 Independence

The Board is made up of one (1) Independent and Non-Executive Chairman, one (1) Executive Director, two (2) Non-Independent and Non-Executive Directors and two (2) Independent and Non-Executive Directors.

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

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

For an Independent Director who has served on the Board for more than nine (9) years from the date of his appointment, the Board and the NC will subject his independence to a particularly rigorous review by all the other Directors, before recommending the extension of his tenure as an Independent Director.

While none of the Independent Directors has been a director of the Company for an aggregate period of more than 9 years (whether before or after listing) (the "**Maximum Period**"), in the future, if any Independent Director has been a director for more than the Maximum Period, his or her continued appointment as an independent director must, in addition to the rigorous review by the NC, be sought and approved in separate resolutions by (a) all shareholders; and (b) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the Company, and associates of such directors and chief executive officers.

2.2 Board size and composition

The Board comprises individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary. These core competencies are in the areas of legal, accounting, finance, business, management and technical. The diversity of experience, competencies and knowledge provide a balanced and comprehensive oversight and supervision of the Group.

The Board's composition, size, and balance and the independence of each Independent and Non-Executive Director are reviewed by the NC. The Board comprises Directors who have the right core competencies and diversity of experience to enable them, in their collective wisdom, to contribute effectively to the Group. At the current time, the Board, as a whole, possess accounting, financial, legal, technical and industry specific skills in the green and renewable businesses that the Group has recently entered into. The Company recognizes that diversity in the board room can help the Board see threats and opportunities more effectively and reduce the risk of groupthink. The NC, therefore, also takes into account gender diversity (amongst other factors) in relation to the composition of the Board when inducting new directors. Profiles of the Directors are found in the "Board of Directors" section of this Annual Report. The NC tries to strike a balance of having a good mix of more mature and younger individuals in the make-up of the Board. While gender diversity is a key component that the NC takes into account when appointing new directors, the Board currently comprises a majority of male Directors and one female Director, owing to the specific circumstances when each of the Directors was considered and appointed.

The Directors consider the Board's (and each of the Board Committee's) size and composition as at the end of FY2020 to be largely appropriate, taking into account the nature and scope of the Group's operations as well as the skills and knowledge of the Directors. The Board has sought and obtained written confirmations from each of the Independent and Non-Executive Directors on their independence in accordance with Provision 2.1 of the Code.

2.3 Role of Independent Directors

All Directors have equal responsibility for the Group's operations. However, the role of the Independent and Non-Executive 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 when necessary, and they are kept well-informed of the Group's business, prospective deals and potential development. The Independent and Non-Executive Directors participate in and constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives, and monitor the reporting of such goals and objectives.

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 was appointed Independent and Non-Executive Chairman on 5 July 2019 to take the helm of the Board. The positions of Chief Executive Officer and Chairman have been kept separate to ensure an appropriate balance of power and authority in the Group, increased accountability, and greater capacity of the Board for independent decision making.

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

The Chairman leads the Board in ensuring its effectiveness and approves the agenda of each Board meeting, in consultation with the Chief Executive Officer. The Chairman monitors communications and relations between the Company and its Shareholders, within the Board and between the Board and Management, with a view to encouraging a constructive relationship and open dialogue amongst them. The Chairman, Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin, is the key contact of the Company whom Shareholders can send their concerns to at either of the following email addresses: zulkeflimakinudin@gmail.com or prinfo@annica.com.sg.

Led by the Chairman, the Independent Directors meet periodically without the presence of the Executive or Non-Executive Directors and provide feedback to the Chief Executive Officer after such meetings.

In addition to the Chairman, Mr. Su Jun Ming, the chairman of the AC is also 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 make a board meeting. Mr. Su is also available to shareholders in addition to the normal channels of communication with the Chairman or Management.

The Chief Executive Officer, in close consultation with the Board members, is responsible for the long-term business direction and strategy of the Group, the implementation of the Group's corporate plans and policies and executive decision-making. The Chief Executive Officer is assisted by the Company Secretary at all Board meetings and on statutory matters, and where necessary, the external auditor of the Company and/or other external consultants are invited to attend Board meetings to assist the Chief Executive Officer and the other Directors in their deliberations.

The Board is of the view that having three (3) Board Committees, namely, the AC, the RC and the NC together with the Board is generally appropriate and effective for the fulfilment of the Board's roles and responsibilities. The Board is of the view that adequate safeguards are in place to prevent an uneven concentration of power and authority in a single individual. All major decisions relating to the operations and management of the Group are jointly and collectively made by the Board after taking into account the opinion of all the Directors. As such, there is a balance of power and authority and no single individual controls or dominates the decision-making process of the Group. The Board, taking into consideration the nature, size and scope of the Group's operations and the impact of the number of Directors for effectiveness in decision making, is of the view that the current board size of six (6) Directors is appropriate for the Company.

4. BOARD MEMBERSHIP

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

4.1 The NC

The NC comprises three (3) Board members who are Independent and Non-Executive Directors. They are Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin, Mr. Su Jun Ming and Mr. Adnan Bin Mansor. Mr. Adnan Bin Mansor is the Chairman of the NC, and he is not associated with any substantial shareholder of the Company.

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 under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC will be responsible for nominating the new Director;

(e) determining, in consultation with the Board, the selection criteria of a new appointee so that candidates with the appropriate expertise and experience are appointed. The selection criteria employed by the NC is to ensure that the candidate has either an accounting, legal, financial and/or business background, and, where a specific skill-set is required, the NC will consider candidates who have worked in or has experience in the specific industry relevant to the Group's operations, such as the renewable and green industry. The NC would meet and interview the shortlisted candidates to assess their suitability and to ensure that the candidates are aware of the expectations and the level of commitment required before making recommendations to the Board for consideration and approval;

(f) having the right to engage executive search companies, and also make recommendations of personal contacts in its search and nomination process for the right candidates, as and when such a need arises.

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

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

The NC notes that none of the Directors sits on the board of any other listed companies, and save for each of their respective principal commitments to the extent of their respective professions (if applicable), no Director has multiple principal commitments. The NC is, therefore, of the view that each Director is able to diligently discharge his duties, and there is presently no need to implement internal guidelines on the maximum number of listed company board representations which a Director may hold, as the Directors are assessed holistically based on their total and effective attendance at meetings, performance and contributions to the Company. The NC will, however, continue to review, from time to time, the board representations of each Director to ensure that Directors continue to meet the demands of the Group adequately, and discharge his or her duties as a Director of the Company satisfactorily. There are presently no alternate Directors appointed to the Board.

4.2 Board Independence

The independence of each Director is reviewed by the NC with reference to the guidelines set out in the Code. The NC assesses the independence of the Directors annually and as and when circumstances require, taking into consideration any other salient factors. Accordingly, the NC considers Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and the other two (2) Independent and Non-Executive Directors to be independent in accordance with the criteria spelt out under Provision 2.1 of the Code, and the NC is satisfied that during FY2020, none of the Independent and Non-Executive Directors is deemed to be or can be said to be not independent as a result. No Director of the Company has any relationship with the Company, its related corporations, its substantial shareholders or its officers which may affect their independence.

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

In FY2020, the NC met to determine the retirement by rotation and the recommendation for re-appointment of the relevant Directors at the Company's upcoming annual general meeting ("**AGM**"). Mr. Lim In Chong, a Non-Independent and Non-Executive Director and Mr. Adnan Bin Mansor, an Independent and Non-Executive Director were selected by the NC to retire by rotation pursuant to Regulation 95 of the Constitution, and being eligible for re-appointment, have each offered himself for re-election at the AGM. The NC, having considered their contributions to the effectiveness of the Board, has recommended the re-nomination and re-appointment of Mr. Lim In Chong and Mr. Adnan Bin Mansor at the forthcoming AGM in accordance with the Constitution.

5. BOARD PERFORMANCE

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

5.1 Evaluation of Board Performance

The NC is responsible for evaluating and proposing the objective performance criteria for evaluating the Board and the Board committees.

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 the following review-parameters:

- attendance at Board and Board Committees meetings;
- participation at meetings;
- ability to carry out his or 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 balance and mix.

The NC evaluates the performance of the Board, Board Committees and individual Directors based on the performance criteria set by the Board. From time to time, the NC may propose additional performance criteria.

The criteria for assessing the Board and Board Committees' performance include composition and size, processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance provided to and communication with Management. The criteria for assessing a 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 which is collated by the Company Secretary who then submits a summary report to the Chairman of the NC. The summary report will be discussed during the NC meeting with a view to implementing recommendations made in the assessment.

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

Save for shares in the Company awarded to Directors, key management personnel and such other eligible employees under the Schemes (as defined herein), the details of which are set out in section 7.1 below, none of the Directors hold shares in the subsidiaries of the Company.

(B) REMUNERATION MATTERS

6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

6.1 <u>The RC</u>

The RC makes recommendations on the remuneration of Directors, executive officers and key management personnel (who are not executive officers) of the Group. The RC comprises three (3) Board members who are entirely Independent and Non-Executive Directors. The RC comprises Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin (who is the RC Chairman), Mr. Su Jun Ming and Mr. Adnan Bin Mansor.

The key terms of reference of the RC include:

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

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

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

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

The RC meets at least once a year. In its deliberations, the RC takes into consideration the industry practices and norms for remuneration packages. The RC has full authority to obtain independent professional advice on matters relating to remunerations as and when the need arises at the Company's expense. In FY2020, no remuneration consultants were engaged.

The RC recommends to the Board a framework for remunerating the Board and Management, any long-term incentive schemes, and determines specific remuneration packages for each Executive Director and Management. No Director is involved in deciding his or her own remuneration.

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

The remuneration package of the Executive Director is based on a service contract. Each Non-Executive Director receives Directors' fees annually, the amount of which is recommended by the Board and subject to Shareholders' approval at each AGM.

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

7. LEVEL AND MIX OF REMUNERATION

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

7.1 Level & Mix of Remuneration

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

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

For FY2020, the RC is of the view that the performance of the Executive Director and Management has been satisfactory. Save for the Chief Executive Officer and Pek Seck Wei who were each awarded an annual wage supplement equivalent to one month's salary and Musa Bin Mohamad Sahir who was awarded an annual wage supplement equivalent to one month's salary and a performance bonus equivalent to one month's salary, the information of which is disclosed in section 8 below, no other Director or key management personnel was awarded any bonus for the year under review.

In setting remuneration packages, the RC ensures that Executive Directors and Management are adequately but not excessively remunerated when measured against the industry and against similar and comparable companies. In addition, the RC performs an annual review of the remuneration of Management as well as employees related to 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 scope and level of responsibilities and experience. They will also review and approve any bonuses, pay increases and/or promotion for Management.

All Non-Executive Directors receive Directors' fees recommended by the Board based on each Non-Executive Director's responsibilities and level of contribution, taking into account factors such as effort, time spent and responsibilities, such as taking the chair of a particular Board Committee. Such fees are subject to approval by Shareholders at each AGM. The Executive Director is not paid a Director's fee. The Non-Executive Directors (whether Independent or Non-Independent) do not receive any other remuneration from the Company aside from directors' fees approved by shareholders at the AGM.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the Executive Director's remuneration paid in prior years in exceptional circumstances of mismanagement of financial results, or of misconduct resulting in financial loss, as the Executive Director owes a fiduciary duty to the Company and the Company would be able to avail itself of remedies under the Companies Act and or at law generally against the Executive Director in the event of such breach of fiduciary duties.

The Company operates the Schemes (as defined below) as longer-term incentive schemes to incentivize and reward Management, Directors as well as any other eligible employee of the Group. Further details on the Schemes are set out in the Company's circular dated 18 August 2016.

As at 31 December 2020, the following Directors and key management personnel were awarded share awards ("**Share Awards**") under the Annica Performance Share Plan ("**Share Plan**") as follows:

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
Sandra Liz Hon Ai Ling	0	1,092,619,845
Su Jun Ming	0	54,630,992
Adnan Bin Mansor	0	54,630,992
Pek Seck Wei	0	54,630,992
Musa Bin Mohamad Sahir	0	54,630,992

As at 31 December 2020, details of options ("**ESOS Options**") awarded under the Annica Employee Share Option Scheme ("**ESOS**") pursuant to Rule 851(1) of the Catalist Rules are as follows:

Name of Participant	ESOS Options granted during financial year under review (including terms)	Aggregate ESOS Options granted since commencement of scheme to end of financial year under review	Aggregate ESOS Options exercised since commencement of scheme to end of financial year under review	Aggregate ESOS Options outstanding as at end of financial year under review
Looi Kok Soon	0	12,500,000	0	12,500,000
Muhammad Hatta Bin Sukarni	0	12,500,000	0	12,500,000

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

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

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

No ESOS Option was granted at a discount.

Aside from Sandra Liz Hon Ai Ling, our Executive Director and Chief Executive Officer, no other participant received 5% or more of the total number of ESOS Options or Share Awards available under the ESOS or the Share Plan respectively since the commencement of the Schemes.

All the ESOS Options granted shall only be exercisable at any time after the 1st anniversary from the date of their grant on 27 December 2018 until the 10th anniversary of the date of grant.

8. DISCLOSURE ON REMUNERATION

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

8.1 Disclosure of Directors' Remuneration

A breakdown showing the level and mix of remuneration of each Director for FY2020 is as follows:

Remuneration Band and Name of Director	Salary %	Bonus %	Directors' fee %	Allowances and benefits in kind %	Total %
$499,999 to $1,000,000 and above					
None	–	–	–	–	–
$250,000 to $499,999					
None	–	–	–	–	–
Below $250,000					
Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin *Director, Panah Jaya Services Sdn. Bhd.*	–	–	97	3	100
Sandra Liz Hon Ai Ling *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, HT Energy (S) Sdn. Bhd.* *Director, IES Engineering Systems Sdn. Bhd.*	74	6	–	20	100
Lim In Chong *Director, P.J. Services Pte Ltd* *Director, Industrial Engineering Systems Pte. Ltd.*	–	–	96	4	100
Shamsol Jeffri Bin Zainal Abidin *Director, Industrial Engineering Systems Pte. Ltd.* *Director, IES Engineering Systems Sdn. Bhd.*	–	–	96	4	100
Su Jun Ming	–	–	97	3	100
Adnan Bin Mansor *Director, Panah Jaya Services Sdn. Bhd.* *Director, Renosun International Sdn. Bhd.* *Director, HT Energy (S) Sdn. Bhd.*	–	–	96	4	100

8.2 Key Management Remuneration

The Group has four (4) key management personnel (who are not executive officers) forming part of the Management, and their level and mix of remuneration for FY2020 are set out below:

Remuneration Band and Name of key management personnel	Salary %	Bonus %	Allowances and benefits in kind %	Total %
$499,999 to $1,000,000 and above				
None	–	–	–	–
$250,000 to $499,999				
None	–	–	–	–
Below $250,000				
Pek Seck Wei *Director, Industrial Engineering Systems Pte. Ltd.* *Director, IES Engineering Systems Sdn. Bhd.* *Director, Cahya Suria Energy Sdn. Bhd.* *Director, Renosun International Sdn. Bhd.*	86	3	11	100
Musa Bin Mohamad Sahir *Managing Director, P.J. Services Pte Ltd* *Director, Panah Jaya Services Sdn. Bhd.* *Director, Panah Jaya Makmur Sdn. Bhd.*	73	6	21	100
Muhammad Hatta Bin Sukarni *Director, HT Energy (S) Sdn. Bhd.*	88	–	12	100
Looi Kok Soon *Director, Renosun International Sdn. Bhd.*	–	–	–	–

In aggregate, the total remuneration paid to Management during FY2020 was $451,367.

The RC has recommended that the Non-Executive Directors be paid an aggregate sum of $179,000 for the financial year ending 31 December 2021, payable quarterly in arrears as Directors' fees, which will be tabled at the forthcoming AGM for approval by the Shareholders. If approved, payments would be made after the AGM. The sum was arrived at after taking into consideration the contributions, responsibilities and efforts of the current Non-Executive Directors. As at the end of FY2020, the total outstanding Directors' fees owing to the Directors amounted to $377,217.

The aggregate remuneration and the remuneration details of the Directors and key management personnel in bands of $250,000, and in terms of percentage mix of remuneration and on a named basis, are disclosed in this CG Report. As satisfactory disclosure has been made in this CG Report as well as in the financial statements of the Company, and in view of the confidentiality attached to remuneration issues and to safeguard the Group against competitors, the Board is of the opinion that it is not in the best interests of the Company to disclose the exact remuneration of the Directors and key management personnel.

There is no employee in the Group who is an immediate family member of a Director, the Chief Executive Officer ("**CEO**") or a substantial shareholder of the Company and whose remuneration exceeded $100,000 during FY2020.

There were no material contracts entered into by the Company and/or its subsidiaries involving the interest of the CEO, any of the Directors or the controlling shareholder, which were either subsisting at the end of FY2020 or if not subsisting, entered into since the end of the previous financial year.

At an extraordinary general meeting of the Company held on 2 September 2016, Shareholders approved the adoption of the Annica Performance Share Plan and the Annica Employee Share Option Scheme (collectively, the "**Schemes**") for the granting of non-transferrable Share Awards and ESOS Options to full-time employees as well as Executive Directors, Non-Executive Directors and key management personnel of the Company and its 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 to Participants to subscribe for shares in the Company and/or share awards provided that the aggregate number of shares to be issued pursuant to the Schemes shall not exceed 15% of the issued shares of the Company from time to time.

The Schemes are administered by the Performance Share Plan Committee comprising Ms. Sandra Liz Hon Ai Ling, our Executive Director and Chief Executive Officer, and the RC.

Please refer to section 7 of this CG report and the tables appended therein for details of the Share Awards and ESOS Options awarded under the Schemes. Further details on the Schemes are also set out in the Company's circular dated 18 August 2016.

(C) ACCOUNTABILITY AND AUDIT

9. RISK MANAGEMENT AND INTERNAL CONTROLS

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

9.1 Risk Management

The Board is responsible for the governance of risks and works with the AC, its internal auditors and external auditors, and Management in identifying and managing risks. The Board has directed Management to implement and maintain a system of internal control policies and procedures recommended by the internal auditors and reviewed by the AC. The AC oversees and monitors the implementation of any improvements and reviews the adequacy and effectiveness of the internal control system annually.

Taking into consideration the system of internal controls that is in place, the Board determines and directs Management on the nature and extent of the significant risks that the Company is willing to take in achieving its strategic objectives and value creation.

9.2 Internal Controls

While the Board acknowledges that it is ultimately responsible for maintaining a sound internal control framework, it recognises that no cost-effective internal control system will preclude all errors and irregularities and can provide only 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. The system of internal controls is designed to manage rather than eliminate the risk of any failure to achieve business objectives.

The Board has not constituted a separate Risk Management Committee but has in FY2020 outsourced its internal audit function to an independent assurance service provider, namely Yang Lee & Associates.

Yang Lee & Associates is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains an outsourced internal audit portfolio of more than 25 SGX-ST listed companies in distribution, manufacturing, services, food & beverage and property development industries. The Engagement Team for this engagement comprises two Directors, a Manager and supported by two Associates. Each of the two Directors has more than 20 years of relevant experience whilst the Manager has approximately 14 years of relevant experience.

For FY2020, an internal audit was carried out on P.J. Services Pte Ltd pursuant to an agreed scope of work with the AC.

The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied with its adequacy and effectiveness for FY2020.

The internal controls that have been put in place include:

- internal audit by the Company's internal auditors on an agreed scope of audit;
- external audit carried out by the Company's external auditors;
- regular submissions, on a quarterly basis, by Management of updated financial information of operating business units, and if necessary, follow-up meetings with Management on any irregular or extraordinary expenses;
- regular submissions, either on a monthly or quarterly basis, by Management of operating milestones of the respective business units and, if necessary, follow-up meetings with Management on any milestones not achieved;
- half-yearly meetings with the external auditor to review the financial statements of the operating businesses of the Group; and
- assurance from the Company's Chief Executive Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and that the internal control policies and procedures established and maintained by the Group are adequate and effective.

In this regard, as the Company does not currently have a Chief Financial Officer, the Group's finances are managed by the CEO and the AC collectively.

The Board confirms that it has received assurance from (a) the CEO that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2020 give a true and fair view of the Group's operations and finances; and (b) the CEO and Management collectively regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Based on (i) work performed by the Company's internal and external auditors; (ii) the system of internal controls implemented by Management; (iii) assurance and confirmation from the Executive Director and Chief Executive Officer, and (iv) assurance and confirmation from the relevant key management personnel, the Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risks management system as at 31 December 2020, and the AC is also satisfied that the internal audit function is independent, effective and has been adequately resourced.

In a letter from the Singapore Exchange Regulation ("**SGX RegCo**") dated 6 February 2020 (and in view of the revised Rule 705(2)), SGX RegCo informed the Company that it is required to start performing quarterly reporting with effect from 7 February 2020 in view of the modified opinion and expression of a material uncertainty relating to going concern issued by the Company's external auditor in the Company's FY2018 annual report. Pursuant to Rule 705(2A), the Company is, however, given a grace period of one year to comply with the revised quarterly reporting requirement, such grace period commencing on which the condition in Rule 705(2) is met. Therefore, the Company is required to report its first set of quarterly financial statements for its third quarter financial period from July 2021 to September 2021. For better governance and disclosure, the Company will also provide (a) updates on efforts taken to resolve each outstanding audit issue and (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

9.3 Whistle-blowing Policy

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

Whenever a concern is raised by 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 will be 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 www.annica.com.sg.

When making a report, the whistleblower 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 member 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 will be submitted to the AC specifying the number and details of the complaints received, results of the investigations, follow-up actions required and any unresolved complaints. There were no whistle blowing reports received in FY2020.

10. AUDIT COMMITTEE

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

10.1 The AC

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

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 made up of three (3) Board members who are all Independent and Non-Executive Directors and who constitute half of the members of the Board. The Chairman of the AC has recent and relevant accounting and finance related expertise and experience, while the other two members have technical, legal and business expertise and experience, and are able to understand financial statements. The Board is of the view that the AC as currently composed has sufficient accounting or financial management expertise to discharge its functions. No former partner or director of the Company's current external auditor is a member of the AC.

The AC assists the Board to maintain a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting and the management of financial and control risks, and monitoring the internal control systems. The AC meets at least twice a year. In FY2020, the AC met on 4 occasions.

The key terms of reference of the AC include:

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

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

(c) reviewing the assurance from the CEO 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 auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(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 for concerns about 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 procedures for raising such concerns.

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

For FY2020, the AC has met up with the external auditors twice without the presence of Management. Changes to accounting standards and accounting issues, if any, which have a direct impact on the financial statements are reported to the AC, and highlighted by the external auditor in their meetings with the AC.

For FY2020, the AC also reviewed with the external auditors its findings on the existence and adequacy of material accounting internal control procedures as part of its audit. Where the Company has entered into a material investment or transaction outside of its ordinary course of business (if any), it will work with the external auditors and/or appoint a financial advisor (if necessary) to ensure that adequate procedures have been followed to provide assurance on valuation and key terms of any such material investment or transaction. As part of its work and oversight, the AC obtains regular updates from Management on the achievement of milestones and progress of the Company's projects, and recommends remedial action where required. The Company will also seek shareholders' approval, where required, for transactions outside the ordinary course of business.

The AC reviews the scope and work performed by the external auditors. The AC has also undertaken a review of all non-audit services rendered by the external auditors and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditor. The aggregate amount of audit fees and non-audit fees paid and/or payable to the auditors, Baker Tilly TFW LLP, for FY2020 amounted to $168,000 and $11,000 respectively.

Please refer to the Independent Auditor's Report on pages 56 to 59 for the Key Audit Matters.

The AC recommends to the Board the re-appointment of Baker Tilly TFW LLP as the external auditors of the Company at the forthcoming AGM.

The Company has complied with Rules 712, 715 and 716 of the Catalist Rules in relation to the appointment of the external auditors for the Company and its subsidiaries. The Audit Committee and the Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group. Please refer to Note 14 of the Audited Financial Statements on pages 96 and 97 for the names of the auditors of the Company's foreign subsidiaries.

The AC is responsible for the appointment, termination and remuneration of the internal auditors and the internal auditors report directly to the AC. The internal auditors have unfettered access to all of the Company's documents, records, properties and personnel, including the AC, and enjoys good standing and cooperation within the Company. For FY2020, an internal audit was performed at the subsidiary level and the AC has met with the internal auditors twice with the presence of the Chief Executive Officer, but without the presence of the relevant key management personnel of the subject subsidiaries.

During FY2020, the AC reviewed the report on internal audit findings by the internal auditors and recommended to the Board to direct Management to adopt all policies and procedures proposed by the internal auditors.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

11. SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

11.1 Shareholders' Rights

All Shareholders are treated fairly and equitably. Pursuant to the continuing disclosure obligations of the Catalist Rules, the Companies Act and the Code, the Board's policy is that all Shareholders should be regularly informed in a comprehensive and timely manner of all material developments that impact the Group.

The Company conducts regular and prompt communication with Shareholders to provide clear and fair 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. 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 of the conduct of any general meeting and poll voting are explained to the attending Shareholders prior to commencement of the meeting and voting, respectively.

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

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

The constitution of the Company allows the Directors to approve and implement (at their sole discretion), 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.

Minutes of all general meetings, including substantive comments and queries from Shareholders relating to the agenda of the general meeting and the response 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. In FY2020, the Company published the minutes of its last annual general meeting held on 23 July 2020 on its corporate website and on SGXNET.

In view of the current and ongoing COVID-19 situation, the forthcoming AGM to be held in respect of FY2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"). The Order allows the Company to conduct its annual general meeting by electronic means notwithstanding the regulations of its Constitution. The Order originally provided that the alternative arrangements apply to meetings held during the period commencing from 27 March 2020 to 30 September 2020. The Order has now been extended until 30 June 2021.

Alternative arrangements relating to attendance at the AGM via electronic means such as the live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM (if any) and appointing the Chairman of the AGM as the proxy at the AGM, will be put in place. Shareholders should refer to the notice of AGM for further details.

11.3 Dividend Policy

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

For FY2020, no dividend has been declared 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 makes a presentation of its financial and operational position at the start of each annual general meeting and the Board takes questions from Shareholders regarding any concern they may have. At the current time, as the Company is still in the midst of streamlining its current businesses and embarking on its renewable energy business in Malaysia, it has not conducted investor relations presentations, although Shareholders may contact the Company with their questions via prinfo@annica.com.sg. In FY2021, as the Company ramps up its renewable energy business, it will start to implement an investor relations policy which allows for an ongoing exchange of views (as far as practicable) to engage and promote regular, effective and fair communication with Shareholders.

Shareholders are provided with an assessment of the Company's performance, position and prospects through annual reports (which are issued within the mandatory period and all Shareholders receive the annual report and the notice of general meetings), and half-yearly and full-year results announcements and other ad-hoc announcements via the SGXNET. The Company does not practice selective disclosure. In FY2021, as mentioned above in section 9, the Company will commence reporting its quarterly financial results.

The Company did not conduct any analysts' briefings, investors' briefings, or shareholder or investor relation events for FY2020, although the Company may elect to perform such activity or activities going forward. The Company has, instead, made use of general meetings to communicate with Shareholders to understand their views.

13. MANAGING STAKEHOLDERS 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 material stakeholders are employees, customers, contractors, vendors, government and regulators, the local community, Shareholders and potential investors. It uses a variety of tools such as share schemes, fair-dealing policies, a robust system of internal controls, announcements via the SGXNET, general meetings and presentations to engage with these material stakeholders.

The sustainability report issued by the Company in conjunction with its annual report discloses its key strategy and key areas of focus in maintaining its relationships with these 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 on Dealing in Securities, the Group has put in place an internal code on the restrictions or prohibitions on dealings in the shares of the Company and the implications on insider trading.

The internal code prohibits Directors and Management and their connected persons from dealing in the shares of the Company during the period commencing one month before the announcement of the Company's full-year and half-year results and ending on the date of announcement of the relevant results; and at any time while in possession of material unpublished price-sensitive information. When the Company commences quarterly reporting, the prohibition from dealing in the shares of the Company will also be applied during the period commencing two weeks before the announcement of the Company's quarterly results (for each of the first three quarters of its financial year) and ending on the date of announcement of its quarterly results.

In addition, 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 shares 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 not prejudicial to the interests of the Company and its minority Shareholders.

The Company does not have a general mandate from Shareholders in respect of any interested person transactions. There were no interested person transactions, as defined in Chapter 9 of the Catalist Rules, entered into by the Group or the Company during FY2020.

16. CORPORATE SOCIAL RESPONSIBILITY

The Board believes that effective corporate social responsibility can deliver benefits to the Group's business and, in turn, to Shareholders, by enhancing reputation and business trust, risk management performance, relationships with regulators, staff motivation and attraction of talent, customer preference 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 expected structure and contents and the preparation 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 Sustainability Report for FY2020 is found in pages 8 to 26 of this Annual Report.

18. MATERIAL CONTRACTS

There were no material contracts of the Group, including loans, involving the interests of any Director or the controlling Shareholder either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the financial year ended 31 December 2019, being the immediate preceding financial year.

19. NON-SPONSOR FEES

In compliance with Rule 1204(21) of the Catalist Rules, the fees paid/payable to the Company's continuing Sponsor, Stamford Corporate Services Pte. Ltd., during FY2020 for sponsor services amounted to $149,145. No non-sponsor fees were paid to the Sponsor during FY2020.

20. USE OF PROCEEDS FROM THE GRANT OF OPTIONS SHARES TO AN INVESTOR

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

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

The Company had, on 19 April 2019, received the Exercise Price in full from the Transferee and accordingly, the Company allotted and issued 500,000,000 new ordinary shares ("**New Shares**") to the Transferee on 22 April 2019 pursuant to the terms of the Option Agreement. The utilisation of the Option Proceeds is as follows:

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

Notes:

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

The use of the above Option Proceeds is consistent with the use of proceeds for the Option Shares as disclosed in the Company's circular to Shareholders dated 12 July 2016. As announced by the Company on 25 April 2020, the 4,500,000,000 outstanding Options which remained unexercised as at the expiry date on 24 April 2020 have become null and void pursuant to the terms of the Option Agreement. For more information on the grant of Option Shares, please refer to Note 26 of the Audited Financial Statements accompanying this Annual Report.

Except as disclosed above, there were no other outstanding proceeds raised from IPO or any offerings pursuant to Chapter 8 of the Catalist Rules at the end of FY2020 and no other proceeds have been raised since the end of the previous financial year.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Annica Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

In the opinion of the Directors:

(a) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 60 to 130 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**"); and

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

Directors

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

Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin	-	Independent and Non-Executive Chairman
Sandra Liz Hon Ai Ling	-	Executive Director and Chief Executive Officer
Lim In Chong	-	Non-Independent and Non-Executive Director
Shamsol Jeffri Bin Zainal Abidin	-	Non-Independent and Non-Executive Director
Su Jun Ming	-	Lead Independent and Non-Executive Director
Adnan Bin Mansor	-	Independent and Non-Executive Director

Arrangements to enable Directors to acquire benefits

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

Directors' interests in shares and convertible securities

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

	Shareholdings in the Company registered in the name of a Director		
Name	**At 1.1.2020**	**At 31.12.2020**	**At 21.1.2021**
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)	2,904,878,770	1,807,378,770	1,807,378,770
Shamsol Jeffri Bin Zainal Abidin (first appointed on 27 September 2019)	1,520,000,000	1,670,000,000	1,670,000,000
Su Jun Ming (first appointed on 20 January 2016)	54,630,992	54,630,992	54,630,992
Adnan Bin Mansor (first appointed on 20 January 2016)	54,630,992	54,630,992	54,630,992

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

Except as disclosed in this statement, no other Director of the Company who held office at the end of the financial year had an interest in shares, share options, warrants, debentures or convertible securities of the Company or related corporations, either at the beginning or at the end of the financial year.

	Number of Shares Options	
Name of Director	**At 1.1.2020**	**At 31.12.2020**
Lim In Chong	4,500,000,000	–

Share options

On 11 February 2016, the Company entered into an option agreement ("**Option Agreement**") with Lim In Chong whereby the Company issued an aggregate of 5,000,000,000 transferable share options ("**Options**") with each Option carrying the right to subscribe for one (1) new ordinary share of the Company ("**Option Shares**") at a minimum exercise price of $0.001 per Option Share, to raise an aggregate amount of up to $5,000,000. The validity of the Options granted under the Option Agreement was until 24 April 2020, after which they would expire and be no longer exercisable by their holder(s). The Option Agreement does not entitle the holder(s) of the Option Shares to participate in any share issue of any other company within the Group.

On 1 April 2019, the Company received a notice of transfer from Lim In Chong for the transfer of 500,000,000 Options (the "**Transferred Options**") to Shamsol Jeffri Bin Zainal Abidin (the "**Transferee**"). Following the transfer of the Transferred Options, Lim In Chong held 4,500,000,000 remaining Options. On the same day, the Company received a notice of exercise from the Transferee for the exercise of all of the Transferred Options for the total sum of $500,000 (the "**Exercise Price**").

On 19 April 2019, the Company received the Exercise Price in full from the Transferee and accordingly, the Company allotted and issued 500,000,000 new ordinary shares to the Transferee on 22 April 2019. The 500,000,000 new ordinary shares were listed and quoted on the SGX-ST on 24 April 2019.

As announced by the Company on 25 April 2020, the 4,500,000,000 outstanding Options which remained unexercised as at the expiry date on 24 April 2020 have become null and void pursuant to the terms of the Option Agreement.

There were no other unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Annica Performance Share Plan

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

Annica Performance Share Plan (cont'd)

On 27 December 2018, the Company granted 1,529,667,781 shares ("**Share Awards**") under the Share Plan 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
Ong Su Aun Jeffrey	27 December 2018	81,946,488	27 December 2018
Nicholas Jeyaraj s/o Narayanan	27 December 2018	81,946,488	27 December 2018
Su Jun Ming	27 December 2018	54,630,992	27 December 2018
Adnan Bin Mansor	27 December 2018	54,630,992	27 December 2018
Pek Seck Wei	27 December 2018	54,630,992	27 December 2018
Musa Bin Mohamad Sahir	27 December 2018	54,630,992	27 December 2018
Mohd Nor Azmi Bin Nordin	27 December 2018	54,630,992	27 December 2018

The Share Awards issued under the Share Plan are new ordinary shares, ranking pari passu with all other issued ordinary shares of the Company. The Shares Awards have vested as of the date of their issue on 27 December 2018. The Shares Awards granted under the Share Plan entitled the recipients set out above only to new ordinary shares issued by the Company.

There are no new Share Awards granted or cancelled during the financial year.

On 27 December 2018, the Company also granted 42,500,000 shares options under the Annica Employee Share Option Scheme ("**ESOS Options**"), details of which areas set out below:

Name	Number of ESOS Options Granted
Muhammad Hatta Bin Sukarni	12,500,000
Looi Kok Soon	12,500,000
Other Employees	17,500,000
Total	**42,500,000**

(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 granted to each Director and controlling shareholders (and each of their associates)	None
(e)	Market Price of the Shares on the Date of Grant	$0.001
(f)	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 shall be exercised before the 10th anniversary of the Date of Grant.

No ESOS Options have been exercised by any of the employees listed above as at 31 December 2020.

There were no new ESOS Options granted or cancelled during the financial year.

Annica Performance Share Plan (cont'd)

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

Audit Committee

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

Mr Su Jun Ming (Chairman)
Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin
Mr Adnan Bin Mansor

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. Their functions are detailed in the Corporate Governance Report section of the 2020 Annual Report.

In performing its functions, the Audit Committee met with the Company's independent external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's management to the internal and independent auditors;
- half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

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

14 April 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Annica Holdings Limited

For the financial year ended 31 December 2020

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Annica Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") as set out on pages 60 to 130, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 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 2020, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Qualified Opinion

1. Consideration due from Ms Chong Shin Mun (the "**Purchaser**") for disposal of a former subsidiary ("**GPE**") (Note 17) - Group and Company

   As at 31 December 2020, consideration due from the disposal of GPE Power Systems (M) Sdn. Bhd. ("**GPE**") amounted to $140,000 (2019: $1,212,000) after deducting allowance for impairment loss of $933,000 (2019: $Nil).

   During the current financial year, certain rights of control and sale of the Company's shares owned by the Purchaser ("**Controlled Shares**" and "**Further Controlled Shares**") were received and sold as partial settlement of the balance outstanding. The balance consideration due from the disposal is secured by a charge over shares of a private limited company and personal guarantee of a related party of the Purchaser. Management has assessed that allowance of $933,000 is required on the balance due from the Purchaser.

   We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that no further allowance for impairment loss is required with respect to the remaining consideration receivable of $140,000.

   Our audit opinion on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019 was qualified as we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that no allowance for impairment loss is required with respect to the consideration due from disposal of GPE as at 31 December 2019. Consequently, we were unable to satisfy ourselves as to whether the allowance of $933,000 recognised in the current financial year should be recognised in the current financial year or previous financial year ended 31 December 2019. Our opinion on the current financial year's financial statements is modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures in respect of the consideration due from disposal of GPE.

2. Loan to a former subsidiary (GPE) and amount due from a former subsidiary (GPE) (Note 17) - Group and Company

   As at 31 December 2020, loan to a former subsidiary (GPE) and amount due from a former subsidiary (GPE) amounted to $2,692,000 (2019: $2,666,000) and $300,000 (2019: $300,000) respectively. During the financial year, GPE defaulted on 3 instalments payments totalling $90,000 based on its loan repayment schedule.

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

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

Basis for Qualified Opinion (cont'd)

2. Loan to a former subsidiary (GPE) and amount due from a former subsidiary (GPE) (Note 17) - Group and Company (cont'd)

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

   Our audit opinion on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019 was similarly qualified in respect to the above outstanding balances due from GPE.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. During the financial year ended 31 December 2020, the Group reported a net loss of $1,199,000 (2019: $367,000). As at 31 December 2020, the Company's current liabilities exceeded its current assets by $152,000 (2019: $625,000).

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

Emphasis of Matter

We draw your attention to Note 34 to the financial statements which describes the investigations by the Commercial Affairs Department. 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 2020 Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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), 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.

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

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

- 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 period 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 Chan Sek Wai.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

14 April 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	**2020** **$'000**	2019 $'000
Revenue	4	**10,906**	9,081
Cost of sales		**(7,408)**	(5,542)
Gross profit		**3,498**	3,539
Other income	5	**436**	562
Interest income	5	**225**	205
Selling and distribution expenses		**(121)**	(291)
Administrative and general expenses		**(4,056)**	(3,973)
Other expenses	6	**(82)**	(312)
Impairment losses on trade and other receivables		**(933)**	(8)
Finance costs	7	**(53)**	(34)
Loss before tax	8	**(1,086)**	(312)
Tax expense	9	**(113)**	(55)
Loss for the financial year		**(1,199)**	(367)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**34**	5
Other comprehensive income for the financial year, net of tax		**34**	5
Total comprehensive loss for the financial year		**(1,165)**	(362)
(Loss)/profit attributable to:			
Equity holders of the Company		**(1,136)**	(455)
Non-controlling interests		**(63)**	88
Loss for the financial year		**(1,199)**	(367)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(1,102)**	(450)
Non-controlling interests		**(63)**	88
Total comprehensive loss for the financial year		**(1,165)**	(362)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	**(0.0068)**	(0.0028)

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

STATEMENTS OF FINANCIAL POSITION

At 31 December 2020

		Group		Company	
		2020	2019	**2020**	2019
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**593**	223	**135**	20
Right-of-use assets	12	**736**	378	**209**	56
Intangible assets	13	**36**	36	**–**	–
Investments in subsidiaries	14	**–**	–	**2,151**	2,151
Investment in an associate	15	**–**	–	**–**	–
Financial assets at fair value through profit or loss	16	**3**	2	**–**	96
Trade and other receivables	17	**33**	2,446	**330**	2,611
		1,401	3,085	**2,825**	4,934
Current assets					
Cash and cash equivalents	19	**1,393**	1,286	**110**	54
Fixed deposits	20	**552**	324	**–**	–
Trade and other receivables	17	**6,458**	4,542	**3,421**	1,908
Inventories	21	**536**	275	**–**	–
Financial assets at fair value through profit or loss	16	**5**	7	**101**	7
		8,944	6,434	**3,632**	1,969
Total assets		**10,345**	9,519	**6,457**	6,903
LIABILITIES					
Non-current liabilities					
Trade and other payables	22	**–**	171	**–**	171
Borrowings	23	**1,545**	96	**283**	3
Provision for employee benefits	24	**94**	105	**–**	–
Deferred tax liabilities	18	**42**	31	**–**	–
		1,681	403	**283**	174
Current liabilities					
Trade and other payables	22	**4,222**	3,101	**3,590**	1,750
Contract liabilities	25	**749**	868	**–**	–
Borrowings	23	**474**	727	**194**	844
Tax payable		**1**	37	**–**	–
		5,446	4,733	**3,784**	2,594
Total liabilities		**7,127**	5,136	**4,067**	2,768
Net assets		**3,218**	4,383	**2,390**	4,135
EQUITY					
Share capital	26	**67,801**	67,801	**67,801**	67,801
Other reserves	27	**(1,746)**	(1,780)	**89**	89
Accumulated losses		**(62,834)**	(61,698)	**(65,500)**	(63,755)
Equity attributable to equity holders of the Company		**3,221**	4,323	**2,390**	4,135
Non-controlling interests		**(3)**	60	**–**	–
Total equity		**3,218**	4,383	**2,390**	4,135

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Share capital $'000	Accumulated losses $'000	Other reserves $'000	Equity attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group						
Balance at 1 January 2019	67,301	(61,243)	(1,824)	4,234	10	4,244
Issuance of ordinary shares of the Company (Note 26)	500	–	–	500	–	500
ESOS expenses (Note 27)	–	–	39	39	–	39
(Loss)/profit for the financial year	–	(455)	–	(455)	88	(367)
Other comprehensive income						
- Currency translation differences arising from consolidation	–	–	5	5	–	5
Total comprehensive (loss)/ income for the financial year	–	(455)	5	(450)	88	(362)
Changes in ownership interests in a subsidiary						
Consolidation of an associate	–	–	–	–	(38)	(38)
	–	–	–	–	(38)	(38)
Balance at 31 December 2019	67,801	(61,698)	(1,780)	4,323	60	4,383
Loss for the financial year	–	(1,136)	–	(1,136)	(63)	(1,199)
Other comprehensive income						
- Currency translation differences arising from consolidation	–	–	34	34	–	34
Total comprehensive (loss)/income for the financial year	–	(1,136)	34	(1,102)	(63)	(1,165)
Balance at 31 December 2020	**67,801**	**(62,834)**	**(1,746)**	**3,221**	**(3)**	**3,218**

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Share capital $'000	Capital reserve $'000	Accumulated losses $'000	Total equity $'000
Company				
Balance at 1 January 2019	67,301	50	(62,768)	4,583
Issuance of ordinary shares of the Company (Note 26)	500	–	–	500
ESOS expenses (Note 27)	–	39	–	39
Loss and total comprehensive loss for the financial year	–	–	(987)	(987)
Balance at 31 December 2019	67,801	89	(63,755)	4,135
Loss and total comprehensive loss for the financial year	–	–	(1,745)	(1,745)
Balance at 31 December 2020	**67,801**	**89**	**(65,500)**	**2,390**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	**2020** **$'000**	2019 $'000
Cash flows from operating activities			
Loss before tax		**(1,086)**	(312)
Adjustments for:			
Depreciation of property, plant and equipment	11	**98**	62
Depreciation of right-of-use assets	12	**194**	260
Fair value gain on redeemable convertible bonds	23	**(44)**	(28)
Fair value loss on financial assets at fair value through profit or loss	16	**1**	1
Loss/(gain) on disposal of property, plant and equipment		**4**	(77)
Interest expenses on loans from holding company of a former corporate shareholder of Industrial Power Technology Pte Ltd waived		**–**	(268)
Impairment losses on trade and other receivables		**933**	8
Bad debts written off		**24**	–
Reversal of inventories previously written down		**(21)**	(24)
Interest expenses		**53**	34
Interest income		**(225)**	(205)
ESOS expenses		**–**	39
Loss on lease modification		**10**	–
Operating cash flow before working capital changes		**(59)**	(510)
Changes in working capital:			
Inventories		**(240)**	(167)
Payables and contract liabilities		**800**	630
Receivables		**(208)**	(103)
Currency translation adjustments		**4**	26
Cash generated from/(used in) operations		**297**	(124)
Income tax paid		**(138)**	(142)
Net cash generated from/(used in) operating activities		**159**	(266)
Cash flows from investing activities			
Interest received		**8**	8
Purchase of property, plant and equipment		**(503)**	(159)
Proceeds from disposals of property, plant and equipment		**31**	77
Net cash used in investing activities		**(464)**	(74)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	2020 $'000	2019 $'000
Cash flows from financing activities		
Interest paid for bank loans	**(15)**	(2)
Interest paid for lease liabilities	**(8)**	(9)
Interest paid for redeemable convertible bonds	**–***	–
Loan from a third party	**138**	1
Issuance of ordinary shares	**–**	500
Placement of fixed deposit pledged	**(228)**	(48)
Proceeds from bank loans	**1,300**	–
Release of deposit in cash margin account	**–**	133
Repayment of borrowings	**(554)**	(610)
Repayment of lease liabilities	**(218)**	(253)
Net cash generated from/(used in) financing activities	**415**	(288)
Net increase/(decrease) in cash and cash equivalents	**110**	(628)
Cash and cash equivalents at beginning of the financial year	**1,206**	1,842
Effects of foreign currency translation on cash and cash equivalents	**(15)**	(8)
Cash and cash equivalents at end of the financial year (Note 19)	**1,301**	1,206

*Amount less than $1,000.

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

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

1. Corporate information

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries and associate are disclosed in Notes 14 and 15 to the financial statements, respectively.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are presented in Singapore dollar ("**$**"), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) 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.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies' Act, Chapter 50, the Company's separate statement at profit or loss and other comprehensive income is not presented.

Use of estimates and judgements

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

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

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

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) ("**INT SFRS(I)**") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

2.1 Basis of preparation (cont'd)

New and revised standards that are adopted (cont'd)

The adoption of these new/revised SFRS(I) and INT SFRS(I) did not have any material effect on the financial results or position of the Group and the Company.

During the financial year, the Group has elected to early adopt the amendment to SFRS(I) 16: *COVID-19 - Related Rent Concessions* which provided practical relief for lessees in accounting for rent concessions. Under the practical expedient, the lessees are not required to assess whether a rent concession is a lease modification and instead are permitted to account for them as if they were not lease modifications, if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all leases. As a result of applying the practical expedient, rent concessions of $13,000 was recognised as other income in the profit or loss during the year. The amendment has no impact on accumulated losses at 1 January 2020.

New and revised standards not yet effective

At the date of the balance sheet, the following SFRS(I) and INT SFRS(I) were issued, revised or amended but not effective and which the Group has not early adopted:

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

SFRS(I) 17: Insurance Contracts

Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current

Amendments to SFRS(I) 3: Reference to the Conceptual Framework

Amendments to SFRS(I) 1-16: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to SFRS(I) 1-37: Onerous Contracts - Cost of Fulfilling a Contract

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: Interest Rate Benchmark Reform - Phase 2

Amendments to SFRS(I) 4: Extension of the Temporary Exemption from Applying SFRS(I) 9

Annual Improvements to SFRS(I)s 2018 - 2020

Amendments to SFRS(I) 17

The Group anticipates that the adoption of these SFRS(I)s and INT SFRS(I)s (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group.

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

2.2 Revenue recognition

Sales of goods

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

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

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

Rendering of services

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

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

Interest income

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

Commission income

Commission income is derived from the sale of goods on behalf of a principal. Commission income is recognised when the sales transaction is completed.

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.

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

2.3 Basis of consolidation (cont'd)

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 2.12. 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.

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. Summary of significant accounting policies (cont'd)

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.

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.

2.5 Associates

An associate is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

The Group accounts for its investment in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of the financial year whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's financial statements, investments in associates are carried at cost less accumulated impairment loss. On disposal of investment in associates, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

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

2.6 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2.7 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 Company'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 each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

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

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

2.8 Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the financial year, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the end of the financial year arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where 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 at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax liability is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting date.

2.9 Foreign currencies

Functional and presentation currency

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

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. Summary of significant accounting policies (cont'd)

2.9 Foreign currencies

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 balance sheet;

(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 exchange differences are recognised in the foreign currency translation reserve within equity.

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.

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.

2.10 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. Summary of significant accounting policies (cont'd)

2.10 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:

Leasehold properties	28 to 50 years
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.

2.11 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. Summary of significant accounting policies (cont'd)

2.11 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 2.13.

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 lease receivables and reduce the amount of income recognised over the lease term.

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

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

2.12 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 subsidiaries and associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The Group's policy for goodwill arising on the acquisition of associate is described in Note 2.5.

2.13 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 to sell 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 recognised in other comprehensive income up to the amount of any previous revaluation.

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.

2.14 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.

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

2.14 Financial assets (cont'd)

Recognition and derecognition (cont'd)

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 entity'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:

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.

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

2.14 Financial assets (cont'd)

Subsequent measurement (cont'd)

Amortised cost (cont'd)

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 gain or 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 statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 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. For the purposes of the consolidated statement of cash flows, cash and cash equivalents exclude restricted bank balances held in cash margin account.

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

2.16 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.

2.17 Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised leave, deferred government grants, GST payables and withholding tax payables), provision for employee benefits and borrowings. Financial liabilities are recognised on the statement 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.

2.18 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.

Redeemable convertible bonds

The Group's redeemable convertible bond is a hybrid instrument that combines feature of derivative liability component and non-convertible bond component.

The derivative liability component (conversion option) is recognised at its fair value, determined by applying the binomial valuation model. When the conversion option is exercised, its carrying amount is transferred to share capital.

The difference between the total proceeds and the derivative liability component is allocated to the non-convertible bond component and is classified as a financial liability. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

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

2.19 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.

Provisions are reviewed at end of each financial year and adjusted to reflect the current best estimates. 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 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

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

2.24 Contingencies (cont'd)

(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 statement 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.

2.25 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.

2.26 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.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the financial year. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimates which are dealt in the preceding paragraph).

Going concern

During the financial year ended 31 December 2020, the Group reported net loss of $1,199,000 (2019: $367,000). As at 31 December 2020, the Company's current liabilities exceeded its current assets by $152,000 (2019: $625,000). These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

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

3.1 Critical judgements made in applying accounting policies (cont'd)

Going concern (cont'd)

The outbreak of the COVID-19 pandemic and the measures adopted by the Singapore Government to mitigate the spread of the virus have negatively impacted the Group's financial performance during the financial year and also its liquidity position.

Nevertheless, the Directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis as:

(1) The review of the cash flow forecasts of the Group and of the Company subsequent to the financial year ended 31 December 2020 showed that the Group and the Company have adequate resources and will be able to generate sufficient cash flows in the next 24 months to meet their financial obligations as and when they fall due taking into consideration:

  (a) Group activities is expected to generate positive cash flows for the Group and the Company in the next 24 months despite the slowdown in the operating environment;

  (b) the Group's business segment in the renewable energy and green technology segment which is expected to register their maiden contributions during the next 24 months;

  (c) The Group is performing a reset on its engineering services segment and oil and gas equipment segment, reshaping their strategic direction to serve other markets along the value chain in the engineering services and oil and gas equipment segment. This expansion, if successful, will strengthen the Group's position along the value chain and improve the contribution from the engineering services and oil and gas equipment segments.

(2) As at 31 December 2020, the Group is in net current asset position; and

(3) The Directors are actively evaluating various strategies, including fund raising, acquisitions of suitable businesses as well as restructuring the Group's existing businesses or assets to improve the existing business and 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 24 months from the financial year ended 31 December 2020 and that the going concern basis of preparation of these financial statements remains appriopriate.

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.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating the incremental borrowing rate for leases

The Group uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate by using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates, such as the entity's stand-alone credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use asset at the commencement date of new leasing transactions. The carrying amount of right-of-use assets and lease liabilities are disclosed in Notes 12 and 23 respectively.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows. Details of the key assumptions applied in the impairment assessment of the Company's investment in subsidiaries are disclosed in Note 14. Changes in assumptions made and discount rate applied could affect the carrying value of these assets.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration on the impact of COVID-19 pandemic. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying value of trade receivables at reporting date are disclosed in Notes 17 and 32(b) respectively.

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

3.2 Key sources of estimation uncertainty (cont'd)

Income taxes and deferred tax liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's tax payable and deferred tax liabilities at 31 December 2020 was $1,000 (2019: $37,000) and $42,000 (2019: $31,000) respectively.

Information on unabsorbed tax losses and other temporary differences for which deferred tax assets/ liabilities had not been recognised are stated in Notes 9 and 18 respectively.

4. Revenue

	Group	
	2020	2019
	$'000	$'000
Sales of goods	**7,139**	8,491
Services rendered	**3,767**	590
	10,906	9,081

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

	Engineering services	**Oil and gas equipment**	**Total**
	$'000	**$'000**	**$'000**
2020			
Primary geographical markets			
Malaysia	255	5,770	6,025
Indonesia	–	2,307	2,307
Singapore	–	924	924
Brunei & Myanmar	–	666	666
Thailand	–	480	480
China	477	–	477
Vietnam	–	10	10
Others	–	17	17
	732	**10,174**	**10,906**

4. Revenue (cont'd)

	Engineering services $'000	Oil and gas equipment $'000	Total $'000
2019			
Primary geographical markets			
Malaysia	79	2,602	2,681
Brunei & Myanmar	–	1,850	1,850
Thailand	–	1,422	1,422
Vietnam	965	135	1,100
Indonesia	–	846	846
Singapore	3	740	743
China	429	–	429
Others	–	10	10
	1,476	7,605	9,081
2020			
Timing of revenue recognition			
At a point in time	**732**	**10,174**	**10,906**
2019			
Timing of revenue recognition			
At a point in time	1,476	7,109	8,585
Over time	–	496	496
	1,476	7,605	9,081

Revenue recognised during the financial year from:

	Group	
	2020	2019
	$'000	$'000
Amount included in contract liabilities at beginning of the financial year	**868**	1,466

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	
	2020	2019
	$'000	$'000
Other income		
Gain on disposal of property, plant and equipment	**–**	77
Commission income	**3**	177
Extension fees on amount due from Ms Chong Shin Mun (Note 17)	**55**	–
Government grant income	**224**	–
Interest on loans from holding company of a former corporate shareholder of IPT (Note 23)	**–**	268
Fair value gain on redeemable convertible bonds	**44**	28
Insurance claims	**35**	–
Rent concession	**13**	–
Subcontractor income	**22**	–
Miscellaneous	**40**	12
	436	562
Interest income		
- bank and fixed deposits	**8**	8
- third parties	**213**	197
- a director of a subsidiary	**4**	–
	225	205

Government grant income of $224,000 (2019: $Nil) was recognised during the financial year under the Jobs Support Scheme (the "**JSS**"). Under the JSS, the Singapore Government will cofund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started affecting the Group's operations.

6. Other expenses

	Group	
	2020	2019
	$'000	$'000
Bad debts written off	**24**	–
Loss on lease modifications	**10**	–
Loss on disposal of property, plant and equipment	**4**	–
Foreign currency exchange losses, net	**36**	128
Legal claim accrued	**–**	181
Miscellaneous	**8**	3
	82	312

7. Finance costs

	Group	
	2020	2019
	$'000	$'000
Amortisation of interest expenses on redeemable convertible bonds (Note 23)	**3**	10
Interest expenses:		
- lease liabilities [Note 28(a)]	**8**	9
- bank loans (Note 23)	**15**	3
- third party loan (Note 23)	**12**	–
Provision for employee benefits (Note 24)	**9**	8
Others	**6**	4
	53	34

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:

	Group	
	2020	2019
	$'000	$'000
Depreciation expense on property, plant and equipment	**98**	62
Depreciation expense on right-of-use assets	**194**	260
ESOS expenses (Note 27)	**–**	39
Bad debts written off	**24**	–
Loss on lease modifications (Note 6)	**10**	–
Reversal of inventories previously written down	**(21)**	(24)
Fair value loss on financial assets at fair value through profit or loss (Note 16)	**1**	1
Directors' fees		
- company	**179**	164
- subsidiaries	**–**	4
Audit fees paid/payable to:		
- auditor of the Company	**168**	170
- other auditors	**19**	17
Fees on non-audit services paid/payable to:		
- auditor of the Company	**11**	14
- other auditors	**2**	3
Rental expenses [Note 28(a)]	**115**	–
Staff costs (Note A)	**2,140**	2,288

8. Loss before tax (cont'd)

Note A- Staff costs

	Group	
	2020	2019
	$'000	$'000
Key management personnel*		
Directors of the Company:		
Wages, salaries and other related costs excluding directors' fees[(1)]	**662**	747
Employer's contribution to defined contribution plans including Central Provident Fund	**36**	36
	698	783
Other staff		
Wages, salaries and other related costs[(2)]	**1,320**	1,370
Employer's contribution to defined contribution plans including Central Provident Fund	**122**	135
	2,140	2,288
* Comprise amounts paid/payable to:		
Directors of the Company[(1)]	**157**	240
Other key management personnel	**541**	543
	698	783

(1) In 2019, other related costs included depreciation of right-of-use assets relating to a leasehold property rented for a director's accommodation amounted to $38,000 (Note 12).

(2) Includes ESOS expenses amounted to $Nil (2019: $39,000).

9. Tax expense

	Group	
	2020	2019
	$'000	$'000
Tax expense for the financial year consist of:		
Current income tax	**102**	47
Deferred tax (Note 18)	**11**	8
	113	55

9. Tax expense (cont'd)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2020	2019
	$'000	$'000
Loss before tax	**(1,086)**	(312)
Tax calculated at a tax rate of 17% (2019: 17%)	**(185)**	(53)
Effect of different tax rates in other countries	**60**	20
Statutory stepped income exemption	**–**	(36)
Expenses not deductible for tax purposes(1)	**184**	73
Income not subject to tax(2)	**(69)**	(84)
Tax incentive	**(14)**	(12)
Utilisation of deferred tax assets previously not recognised	**(3)**	(70)
Deferred tax assets not recognised	**256**	234
Effect of income subject to final income tax on revenue on sales of oilfield equipment	**(95)**	–
Others	**(21)**	(17)
	113	55

(1) Included in expenses not deductible for tax purposes mainly comprises of the allowance for impairment loss of $933,000 (2019: $Nil) for the consideration due from Ms Chong Shin Mun (Note 17).

(2) Included in income not subject to tax mainly comprise of JSS grant income of $224,000 (2019: $Nil) and extension fees of $55,000 (2019: $Nil) under Notes 5 and 17 respectively.

As at 31 December 2020, the Group has deferred tax assets in respect of unutilised tax losses of $20,820,000 (2019: $19,133,000), unabsorbed capital allowance of $80,000 (2019: $72,000) and other taxable temporary difference of $614,000 (2019: $379,000) 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 income tax benefits from the unutilised tax losses and unabsorbed capital allowance carried forward are available for an unlimited period subject to the conditions imposed by law except for unutilised tax losses of $Nil (2019: $40,000) that can only be carried forward up to 7 consecutive years of assessment in accordance to Malaysia tax legislation.

The corporate tax rates applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2019: 17%) and 18.5% to 24% (2019: 18.5% to 25%) respectively for the year of assessment 2021.

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	
	2020	2019
Loss for the year attributable to equity holders of the Company ($'000)	**(1,136)**	(455)
Weighted average number of ordinary shares outstanding for basic losses per share ('000)	**16,674,767**	16,526,822
Basic and diluted loss per share (cents)	**(0.0068)**	(0.0028)

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 2020 and 31 December 2019.

11. Property, plant and equipment

	Leasehold properties $'000	Fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group					
2020					
Cost					
At 1 January 2020	–	270	401	1	672
Additions	–	394	109	–	503
Write off	–	–	(23)	–	(23)
Disposals	–	(29)	(15)	–	(44)
Translation differences	–	1	1	–	2
At 31 December 2020	**–**	**636**	**473**	**1**	**1,110**
Accumulated depreciation					
At 1 January 2020	–	180	269	–*	449
Charge for the financial year	–	48	50	–*	98
Write off	–	–	(23)	–	(23)
Disposals	–	(4)	(5)	–	(9)
Translation differences	–	–	2	–	2
Reclassification	–	(3)	3	–	–
At 31 December 2020	**–**	**221**	**296**	**–***	**517**
Net carrying value					
At 31 December 2020	**–**	**415**	**177**	**1**	**593**

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

	Leasehold properties $'000	Fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group					
2019					
Cost					
At 1 January 2019	253	225	285	282	1,045
Reclassification to right-of-use assets (Note 12)	(253)	–	–	–	(253)
Additions	–	44	115	–	159
Disposals	–	–	–	(281)	(281)
Translation differences	–	1	–	–	1
Acquisition of a subsidiary (Note 14)	–	–	1	–	1
At 31 December 2019	–	270	401	1	672
Accumulated depreciation					
At 1 January 2019	31	146	240	281	698
Reclassification to right-of-use assets (Note 12)	(31)	–	–	–	(31)
Charge for the financial year	–	34	28	–*	62
Disposals	–	–	–	(281)	(281)
Acquisition of a subsidiary (Note 14)	–	–	1	–	1
At 31 December 2019	–	180	269	–*	449
Net carrying value					
At 31 December 2019	–	90	132	1	223

*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
Company				
2020				
Cost				
At 1 January 2020	64	25	–	89
Additions	128	18	–	146
At 31 December 2020	**192**	**43**	**–**	**235**
Accumulated depreciation				
At 1 January 2020	52	17	–	69
Charge for the financial year	23	8	–	31
At 31 December 2020	**75**	**25**	**–**	**100**
Net carrying value				
At 31 December 2020	**117**	**18**	**–**	**135**
2019				
Cost				
At 1 January 2019	64	21	279	364
Additions	–	4	–	4
Disposals	–	–	(279)	(279)
At 31 December 2019	64	25	–	89
Accumulated depreciation				
At 1 January 2019	28	10	279	317
Charge for the financial year	24	7	–	31
Disposals	–	–	(279)	(279)
At 31 December 2019	52	17	–	69
Net carrying value				
At 31 December 2019	12	8	–	20

Leasehold properties of the Group are two leasehold shop units at Unit 120 & 122, Lobby B, Block A, Kelana Centre Point 3, Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya, Malaysia. The leasehold properties are reclassified to right-of-use assets at 1 January 2019 upon adoption of SFRS(I) 16 (Note 12).

12. Right-of-use assets

	Leasehold properties $'000	Warehouse and office $'000	Corporate apartment $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Group						
2020						
Cost						
At 1 January 2020	253	296	63	25	32	669
Additions	–	542	66	–	–	608
Write off	–	(168)	(63)	(25)	–	(256)
Lease modification	–	(125)	–	–	–	(125)
Translation differences	–	2	–	–	–	2
At 31 December 2020	**253**	**547**	**66**	**–**	**32**	**898**
Accumulated depreciation						
At 1 January 2020	36	190	38	20	7	291
Charge for the financial year	5	141	36	5	7	194
Write off	–	(168)	(63)	(25)	–	(256)
Lease modification	–	(68)	–	–	–	(68)
Translation differences	–	1	–	–	–	1
At 31 December 2020	**41**	**96**	**11**	**–**	**14**	**162**
Net carrying value						
At 31 December 2020	**212**	**451**	**55**	**–**	**18**	**736**
2019						
Cost						
At 1 January 2019	–	–	–	–	–	–
Adoption of SFRS(I) 16	–	156	–	25	17	198
Reclassification from property, plant and equipment (Note 11)	253	–	–	–	–	253
Additions	–	140	63	–	15	218
At 31 December 2019	253	296	63	25	32	669
Accumulated depreciation						
At 1 January 2019	–	–	–	–	–	–
Reclassification from property, plant and equipment (Note 11)	31	–	–	–	–	31
Charge for the financial year	5	190	38	20	7	260
At 31 December 2019	36	190	38	20	7	291
Net carrying value						
At 31 December 2019	217	106	25	5	25	378

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

	Warehouse and office $'000	Corporate apartment $'000	Office equipment $'000	Total $'000
Company				
2020				
Cost				
At 1 January 2020	76	63	7	146
Additions	175	66	–	241
Write off	(76)	(63)	–	(139)
At 31 December 2020	**175**	**66**	**7**	**248**
Accumulated depreciation				
At 1 January 2020	50	38	2	90
Charge for the financial year	50	36	2	88
Write off	(76)	(63)	–	(139)
At 31 December 2020	**24**	**11**	**4**	**39**
Net carrying value				
At 31 December 2020	**151**	**55**	**3**	**209**
2019				
Cost				
At 1 January 2019 and 31 December 2019	76	63	7	146
Accumulated depreciation				
At 1 January 2019	–	–	–	–
Charge for the financial year	50	38	2	90
At 31 December 2019	50	38	2	90
Net carrying value				
At 31 December 2019	26	25	5	56

Right-of-use assets are acquired under leasing arrangements. Details of leases are disclosed in Note 28.

In 2019, the depreciation of $38,000 relating to a leasehold property rented for a director's accommodation was charged to staff costs for key management personnel (Note 8).

As at 31 December 2020, leasehold properties of the Group with carrying amounts of $212,000 (2019: $217,000) are provided as security for the Group's borrowings (Note 23).

13. Intangible asset

	Group	
	2020	2019
	$'000	$'000
Goodwill arising on consolidation		
At 1 January	**36**	–
Acquisition of a subsidiary (Note 14)	**–**	36
At 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	
	2020	2019
	$'000	$'000
Investments		
Cahya Suria Energy Sdn. Bhd. and its subsidiaries	**36**	36

14. Investments in subsidiaries

	Company	
	2020	2019
	$'000	$'000
Unquoted equity shares, at cost		
At 1 January	**11,697**	11,697
Less: Allowance for impairment	**(9,546)**	(9,546)
At 31 December	**2,151**	2,151
Impairment allowance:		
As at 1 January and 31 December	**9,546**	9,546

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 2020 %	2019 %
Industrial Engineering Systems Pte. Ltd. [(1)]	Designing of industrial plant engineering services systems and general wholesaler and trader	Singapore	**100**	100
P.J. Services Pte Ltd [(1)]	Trading in oilfield equipment and related products	Singapore	**100**	100
Nu-Haven Incorporated [(2)]	Investment holding	British Virgin Islands	**100**	100
Cahya Suria Energy Sdn. Bhd.[(3)]	Investment holding	Malaysia	**100**	100
Held by Nu-Haven Incorporated:				
Avital Enterprises Limited [(2)]	Investment holding	British Virgin Islands	**100**	100
Held by P.J. Services Pte Ltd:				
Panah Jaya Services Sdn. Bhd.[(4)(8)]	Trading in oilfield parts and equipment	Malaysia	**100**	100
PT Panah Jaya Sejahtera [(5)(8)]	Trading in oilfield equipment and related products	Indonesia	**100**	100
Panah Jaya Makmur Sdn. Bhd. [(6)]	Trading in oilfield equipment and related products	Brunei	**60**	60
Held by Cahya Suria Energy Sdn. Bhd.:				
Renosun International Sdn. Bhd. [(3)]	Provision of designing, engineering, procurement, construction and commissioning of solar photovoltaic system and related products	Malaysia	**51**	51
HT Energy (S) Sdn. Bhd. ("**HTES**") [(7)(9)]	Operation of generation facilities that produce electric energy, manufacturing of any fabricated metal products and construction of utility project.	Malaysia	**49**	49

14. Investments in subsidiaries (cont'd)

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

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by Group	
			2020	2019
			%	%
Held by Industrial Engineering Systems Pte. Ltd.:				
IES Engineering Systems Sdn. Bhd. [7]	Designing of industrial plant engineering services systems and general wholesaler and trader	Malaysia	**100**	100

(1) Audited by Baker Tilly TFW LLP, Singapore
(2) Not required to be audited in the country of incorporation
(3) Audited by Khoo Teng Keat & Co., Malaysia
(4) Audited by Azhar Noriza Zainuddin, Malaysia
(5) Audited by Herman Doby Tanumihardja & Rekan, Indonesia
(6) Audited by BDO Chartered Accountants, Brunei
(7) Audited by TNT Chartered Accountants, Malaysia
(8) 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.
(9) Considered a subsidiary as the Group has majority of board representation that enables the control over the financial and operation policies of the entity.

(b) There are no non-controlling interests that are considered by management to be material to the Group as at 31 December 2020 and 31 December 2019.

(c) Incorporation of IES Engineering Systems Sdn. Bhd.

On 5 December 2019, Industrial Engineering Systems Pte. Ltd. incorporated and owned 100% of equity interest in IES Engineering Systems Sdn. Bhd. for a consideration of $336.

14. Investments in subsidiaries (cont'd)

(d) Acquisition of HTES

The Group considered HTES, an entity in which it has 49% equity interest, a subsidiary with effect from 25 June 2019 upon having majority board representation.

HTES is involved in the operation of generation facilities that produce electric energy, manufacturing of any fabricated metal products and construction of utility project. The Group has acquired HTES to strengthen its presence in the renewable energy and green technology segment.

Fair values of identifiable assets and liabilities of HTES at acquisition date

	Group
	2019
	$'000
Plant and equipment	–*
Trade and other receivables	90
Cash and cash equivalents	–*
Trade and other payables	(69)
Total identifiable net assets	21
Less: Redeemable convertible non-cumulative preference shares held by the Company	(95)
Net identifiable liabilities acquired	(74)
NCI measured at non-controlling proportionate share of subsidiary net assets	38
Net identifiable liabilities acquired	(36)
Goodwill (Note 13)	36
Total consideration transferred	–

*Amount less than $1,000.

The goodwill of $36,000 is attributable to the synergies expected to arise to the Group after the acquisition. HTES has not generated revenue as of 31 December 2020 and 31 December 2019.

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

During the financial year, management performed an impairment test for the investment in Industrial Engineering Systems Pte. Ltd. as this subsidiary had been persistently making losses. No impairment loss was recognised for the year ended 31 December 2020. The recoverable amount of the investment in Industrial Engineering Systems Pte. Ltd. has been determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. These forecasts have been updated to reflect the most recent developments as at the reporting date. The discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five year period are 13.01% (2019:13.98%) and 2.0% (2019: 0.8%) respectively.

15. Investment in an associate

	Group	
	2020	2019
	$'000	$'000
Unquoted equity shares, at cost:		
At beginning and end of the financial year	**–**	–

Details of the associate is as follow:

Name of associate	Principal activities	Country of incorporation and operations	Effective equity interest held by Group	
			2020	2019
			%	%
<u>Held by Cahya Suria Energy Sdn. Bhd.:</u>				
HT Energy (S) Sdn. Bhd. ("**HTES**")	Operation of generation facilities that produce electric energy, manufacturing of any fabricated metal products and construction of utility project	Malaysia	**–**	–

Prior to 25 June 2019, the associate was measured using the equity method of accounting. Management did not consider the associate to be individually and in aggregate material to the Group. Accordingly, summarised financial information of the associate is not disclosed.

On 25 June 2019, the Group considered HTES as its subsidiary as it has control over the financial and operating policies of the associate through majority board representation [Note 14(d)].

16. Financial assets at fair value through profit or loss

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Current				
Quoted equity investments on the SGX-ST	**5**	7	**5**	7
Unquoted securities	**–**	–	**96**	–
	5	7	**101**	7
Non-current				
Quoted equity investments on the SGX-ST	**3**	2	**–**	–
Unquoted securities	**–**	–	**–**	96
	3	2	**–**	96
	8	9	**101**	103

During the financial year, the Group has:

(i) recognised a fair value loss on the quoted equity securities of $988 (2019: $418) against the last traded prices as at 31 December 2020 (2019: 31 December 2019);

16. Financial assets at fair value through profit or loss (cont'd)

During the financial year, the Group has: (cont'd)

(ii) recognised a net fair value loss on the unquoted securities in profit or loss of $Nil (2019: $449) against the best indication of fair value as at 31 December 2020 (2019: 31 December 2019) determined by a registered fund management company.

The Company subscribed for 290,000 Redeemable Convertible Non-Cumulative Preference Shares ("**RCNCPS**") amounting to $96,000 (RM290,000) in a subsidiary, HTES. On maturity date on 31 December 2021, the RCNCPS are redeemable in cash or convertible into fully paid ordinary shares at RM1 per share in the subsidiary at the option of the Company. The Company has not made a decision on the settlement arrangement as at year end.

17. Trade and other receivables

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables - third parties	**2,430**	2,885	**–**	–
Less: Allowance for impairment [Note 32(b)]	**(41)**	(780)	**–**	–
	2,389	2,105	**–**	–
Other receivables:				
- Third parties	**–**	43	**–**	–
- A director of the subsidiary	**4**	–	**4**	–
- A former subsidiary (GPE)	**300**	300	**300**	300
	304	343	**304**	300
Loans to:				
- A former subsidiary (GPE)	**2,692**	220	**2,692**	220
- A former corporate shareholder of a subsidiary	**24**	24	**–**	–
	2,716	244	**2,692**	220
Advances to:				
- Subsidiaries	**–**	–	**142**	115
- Former subsidiaries	**–**	11,171	**–**	11,171
Less: Allowance for impairment [Note 32(b)]	**–**	(11,171)	**(7)**	(11,171)
	–	–	**135**	115
Consideration due from disposal of a subsidiary (GPE) from Ms Chong Shin Mun	**1,073**	1,212	**1,073**	1,212
Less: Allowance for impairment [Note 32(b)]	**(933)**	–	**(933)**	–
	140	1,212	**140**	1,212
Other recoverable	**150**	150	**150**	150
Less: Allowance for impairment [Note 32(b)]	**(150)**	(150)	**(150)**	(150)
	–	–	**–**	–
Lease receivables [Note 28(b)]	**–**	–	**102**	–
Security deposits	**91**	54	**22**	24
GST receivables	**15**	15	**10**	11
Tax recoverables	**8**	24	**–**	–
Advance billings from suppliers	**773**	503	**–**	–
Prepayments	**22**	42	**16**	26
	909	638	**150**	61
	6,458	4,542	**3,421**	1,908

17. Trade and other receivables (cont'd)

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Non-current				
Lease receivables [Note 28(b)]	**–**	–	**165**	–
Loan to a subsidiary	**–**	–	**165**	165
Loan to a former subsidiary (GPE)	**–**	2,446	**–**	2,446
Prepayments	**33**	–	**–**	**–**
	33	2,446	**330**	**2,611**

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 subsidiaries

Other receivables due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Other receivables due from a former subsidiary (GPE)

The amount due from a former subsidiary, GPE Power Systems (M) Sdn Bhd (GPE) relates to management fee, is unsecured, interest-free and repayable on demand.

Loan to a former subsidiary (GPE)

The current amount of $2,692,000 (2019: current amount of $220,000 and non-current amount of $2,446,000) being loan to a former subsidiary, is unsecured and bears an interest rate of 8% (2019: 8%) per annum. The scheduled repayment of the restructured loan commenced in January 2019 and final payment due in July 2021.

During the financial year,

- GPE defaulted 3 instalment payments amounted to $90,000 (2019: defaulted on 4 instalment payments amounted to $100,000); and
- On 31 March 2020, the Company received cash of $30,000 from GPE being the scheduled payment specified under the loan restructuring agreement. On 11 June 2020, the Company has sold the 100,000,000 shares granted by Ms Chong Shin Mun for a cash consideration of $100,000, towards satisfying the outstanding payment of $100,000 on behalf of GPE.

As at the date of this report, the amount due from GPE and loan to GPE amounted to $300,000 and $2,692,000 respectively.

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 payable on demand.

17. Trade and other receivables (cont'd)

Advances to former subsidiaries

Advances to former subsidiaries are unsecured, interest-free and payable 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 2020, the gross receivables of $1,073,000 from Ms Chong comprised the extension fees and Fourth Tranche amounting to $55,000 and $950,000 respectively with accrued interest of $68,000 (31 December 2019: $1,212,000 which comprised of Third and Fourth Tranche amounting to $182,000 and $1,000,000 respectively with accrued interest of $30,000).

Balance consideration (including interest and other costs, charges and expenses incurred by the Company) due from the disposal of the subsidiary is secured against:

(a) a charge over 21,875 ordinary shares, fully paid, of Seri Beskaya Sdn. Bhd. ("**SBSB**"), a private limited company representing 14.58% of its entire share capital, held by a related party of the Purchaser, Tan Yock Chew; and

(b) a personal guarantee by Tan Yock Chew in favour of the Company.

In 2019,

- The Purchaser defaulted on the Fourth Tranche consideration amount of $1,000,000;
- certain rights of control and sale of 697,330,000 Company's shares owned by the Purchaser ("**Controlled Shares**") were received towards satisfying the balance of Third Tranche consideration and interest; and
- The Group received approximately $420,000 from the sale of controlled shares of 420,000,000 as partial settlement of the balance outstanding.

In 2020,

- The Group received 50,000,000 further controlled shares ("**Further Controlled Shares**") from the Purchaser to satisfy the outstanding amount under the Third Tranche consideration as at 31 December 2019;
- The Group received approximately $250,000 from the sale of 250,000,000 Controlled and Further Controlled Shares;
- On 2 March 2020, a Third Supplemental Letter agreement was entered between the Company and the Purchaser where the Purchaser shall:

    (i) pay a sum of $50,000 as part payment of the Fourth Tranche Consideration;

    (ii) continue to pay interest on the Fourth Tranche Consideration;

    (iii) pay further sum of $5,000 as an extension fee monthly in addition to (i) and (ii) above, commencing from the month of February 2020;

17. Trade and other receivables (cont'd)

*Consideration due from disposal of a subsidiary (GPE) from Ms Chong Shin Mun (the "**Purchaser**") (cont'd)*

In 2020, (cont'd)

- On 30 April 2020, the Company and the Purchaser entered into a letter agreement ("**Settlement Agreement**") with the Purchaser and Tan Yock Chew (the "**Guarantor**") with the following key terms:

  (i) in the event of default in repayment of the Fourth Tranche Consideration, the Company shall be entitled the rights to enforce the share charge and to have the 21,875 ordinary shares of SBSB;

  (ii) the Company shall be granted with a put option to require the Guarantor and/or the Purchaser to purchase back SBSB shares from the Company;

  (iii) the Purchaser shall procure SBSB to enter into a deed of assignment of proceeds whereby SBSB shall assign unto the Company 50% of SBSB's rights, title, interest, benefit, advantages and remedies which SBSB may have in under or arising out of the sale of all, or any, of the production lines currently housed in a factory lot including all the sale proceeds thereof and other monies payable or to become payable thereunder as satisfaction of the outstanding Fourth Tranche Consideration, accrued interest, extension fees and all other costs; and

  (iv) the Purchaser and Guarantor shall continue to be liable to the Company for the shortfall amount after (i) to (iii) above under the Settlement Agreement, which shall be immediately payable on demand.

- On 23 June 2020, the Company and Purchaser entered into further definitive agreements under which the Purchaser granted certain rights of control and sale to the Company in respect of 62,670,000 ("**Further Controlled Shares**") shares held by the Purchaser in the Company.

During the financial year, $933,000 (2019: $Nil) 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.

Loan to a subsidiary

Loan to a subsidiary is unsecured, interest-free and repayable on 8 January 2022.

18. Deferred tax liabilities

	Group	
	2020	2019
	$'000	$'000
At beginning of the financial year	**31**	21
Transfer to profit or loss (Note 9)	**11**	8
Translation difference	**–***	2
At end of the financial year	**42**	31
Representing:		
Deferred tax liabilities (Non-current)	**42**	31

* Amount less than $1,000

18. Deferred tax liabilities (cont'd)

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

	Group	
	2020	2019
	$'000	$'000
Accelerated tax depreciation	**9**	5
Other temporary differences	**33**	26
	42	31

Deferred tax liabilities of $40,000 (2019: $1,000) 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 $404,000 (2019: $12,000) at the end of the financial year.

19. Cash and cash equivalents

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**1,301**	1,206	**110**	54
Deposit placed in cash margin account	**92**	80	**–**	–
	1,393	1,286	**110**	54

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2020	2019
	$'000	$'000
Cash and bank balances (as above)	**1,393**	1,286
Less: Deposit placed in cash margin account	**(92)**	(80)
Cash and cash equivalents in consolidated statement of cash flows	**1,301**	1,206

20. 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 27 months (2019: 1 to 12 months) from the end of the financial year with interest rates ranging from 0.33% to 3.20% (2019: 0.97% to 5.90%) per annum.

21. Inventories

	Group	
	2020	2019
	$'000	$'000
Trading goods	**391**	54
Goods in transit	**145**	221
	536	275

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $3,423,000 (2019: $4,806,000). During the financial year, the Group recognised a reversal of $21,000 (2019: $24,000) being part of an inventory written down made on or before 2017 as the inventories were sold above the carrying amounts in 2020 (2019). The reversal was included in costs of sales.

22. Trade and other payables

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Current				
Trade payables	**1,280**	955	**–**	–
Amounts due to subsidiaries	**–**	–	**1,469**	279
Amounts due to directors of the Company	**878**	310	**878**	279
Amounts due to directors of subsidiaries	**264**	206	**–**	–
Amount due to former corporate shareholder of a subsidiary	**20**	20	**–**	–
Other payables	**1,021**	815	**962**	740
Deferred government grants	**39**	–	**–**	–
Accrued purchases	**51**	15	**–**	–
Accrued operating expenses	**429**	623	**190**	371
Provision for unutilised leave	**64**	60	**16**	21
GST payables	**65**	36	**–**	–
Withholding tax payables	**111**	61	**75**	60
	4,222	3,101	**3,590**	1,750
Non-current				
Other payables	**–**	171	**–**	171
Total	**4,222**	3,272	**3,590**	1,921

Amounts due to subsidiaries are non-trade in nature, unsecured, repayable on demand and interest-free (2019: an amount of $60,000 bears interest at 8.75% per annum).

Amounts due to directors of the Company, directors of subsidiaries and former corporate shareholder of a subsidiary are non-trade in nature, unsecured, repayable on demand and interest-free.

As at 31 December 2019, included in current and non-current other payables are amount of $129,000 and $171,000 respectively payable to a former employee of the Group. During the financial year, the Company entered into a settlement agreement with the former employee to settle the amount of $300,000, in twenty-one equal monthly instalments started from 1 April 2020. As at 31 December 2020, the amount payable to the former employee amounted to $171,000.

22. Trade and other payables (cont'd)

Included in accrued operating expenses is an amount of $377,000 (2019: $204,000) being outstanding directors' fees for the financial years ended 31 December 2018, 2019 and 2020 (2019: 31 December 2018 and 2019). An amount of $123,000 (2019: $123,000) was due to a law firm where one of the former director is an equity partner.

23. Borrowings

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Current				
Bank loans				
- Term Loan - 5.1% above bank base lending rate (2019: 5.1% above bank base lending rate) per annum ("**p.a**")	**8**	8	**–**	–
- Temporary bridging loan - 2.5% p.a	**105**	–	**–**	–
	113	8	**–**	–
Loan from a third party	**150**	–	**–**	–
Loans from holding company of a former corporate shareholder of IPT	**–**	50	**–**	50
Loan from a subsidiary	**–**	–	**–**	200
Redeemable convertible bonds ("**RCBs**")	**–**	497	**–**	497
Derivative liability conversion component on RCBs	**–**	44	**–**	44
Lease liabilities	**211**	128	**194**	53
	474	727	**194**	844
Non-current				
Bank loans				
- Term Loan - 5.1% above bank base lending rate (2019: 5.1% above bank base lending rate) p.a	**57**	61	**–**	–
- Temporary bridging loan - 2.5% p.a	**1,195**	–	**–**	–
	1,252	61	**–**	–
Lease liabilities	**293**	35	**283**	3
	1,545	96	**283**	3
Total borrowings	**2,019**	823	**477**	847

Bank loans

The bank loans of the Group are secured by:

(i) legal mortgage over the Group's fixed deposits (Note 20);

(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.

23. Borrowings (cont'd)

Loan from a third party

Loan from a third party is unsecured, carry a fixed interest rate of 1% per month and repayable in 2 instalments on 31 December 2020 and 31 March 2021. The amount has been fully repaid subsequent to the end of the financial year.

Loans from holding company of a former corporate shareholder of IPT

The loans were from Liongold Corp Ltd ("**LionGold**"), the holding company of a former corporate shareholder of Industrial Power Technology Pte Ltd ("**IPT**"). The Company disposed its equity interest in IPT in 2016. The loans arose in 2015 from a customer of IPT who made a claim totaling $5,200,000 from the Company and LionGold, as guarantors of performance securities in respect of the contract entered into between the customer and IPT together with its 49% owned associate, Industrial Power (Thailand) Co., Ltd, on grounds of project delays. Pursuant to the claims, LionGold provided the Company with a loan of $3,505,000 to repay the Company's share of the claims and for IPT's working capital purposes.

In 2016, LionGold announced that it would assign the benefits of $3,505,000 under the loan to a third-party investor in three portions. LionGold has assigned $1,000,000 to the investor in 2016 and the remaining loan amount of $2,505,000 as at 31 December 2017 was unsecured, interest bearing at 8% per annum.

In 2018, the principal loan amount of $2,505,000 were fully converted into ordinary shares of the Company.

In 2019, the Company made a payment of $250,000 and LionGold agreed to waive interest payable amounting to $268,000 (Note 5).

The remaining outstanding interest payable of $50,000 was fully repaid during the current financial year.

Loan from a subsidiary

Loan from a subsidiary is unsecured, interest-free and repayable on demand.

*Redeemable convertible bonds ("**RCBs**")*

The RCBs carried a fixed interest of 2% (2019: 2%) per annum and were convertible into ordinary shares of the Company at the holder's option at the share conversion price valued at 90% of the average of the traded volume weighted average price per share of the Company for any 3 consecutive market days immediately preceding the relevant conversion date.

	Group and Company	
	2020	2019
	$'000	$'000
Liability component at beginning of the financial year	**497**	737
Redemption of liability component	**(500)**	(250)
Amortisation of interest expense (Note 7)	**3**	10
Liability component at end of the financial year	**–**	497
Derivative liability conversion component at beginning of the financial year	**44**	72
Redemption of derivative liability conversion component	**–**	(22)
Gain on fair value of derivative liability conversion component	**(44)**	(6)
Derivative liability conversion component at end of the financial year	**–**	44
Representing:		
Liability component	**–**	497
Derivative liability conversion component	**–**	44
	–	541

23. Borrowings (cont'd)

In 2017,

(i) the Company had issued RCBs representing a total of 16 sub-tranche of the Tranche 1 RCBs with an aggregate sum of $8,000,000; and

(ii) the subscribers of the RCBs had exercised their rights to convert RCBs with an aggregate principal value of $7,250,000 into a total of 8,963,235,291 ordinary shares of the Company.

In 2019,

(i) the Company redeemed $250,000 RCBs in full as the subscriber did not exercise its conversion right upon expiration of the RCBs; and

(ii) the principal value of RCBs that had been issued but yet to be converted into the Company's shares amounted to $500,000.

In 2020,

(i) on 31 March 2020, the RCB's redemption date has been extended to 31 May 2020; and

(ii) on 3 June 2020, the subscribers of the RCBs further agreed to allow the Company until 12 June 2020 to redeem the outstanding RCBs and subsequently, the Company had fully redeemed the remaining RCBs of $500,000.

Derivative liability conversion component on the RCBs

The derivative liability conversion component relates to the conversion option of RCBs that was recognised at its fair value, determined by applying the Black-Scholes valuation model. The fair value measurement was categorised in Level 2 fair value of the fair value hierarchy.

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.

23. Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flow arising from financing activities:

	Bank loans $'000	Loans from holding company of a former corporate shareholder of IPT $'000	Redeemable convertible bonds $'000	Loan from a third party $'000	Lease liabilities $'000	Total $'000
At 1 January 2020	69	50	541	–	163	823
Additions	–	–	–	–	608	608
Changes from financing cash flows:						
- Proceeds	1,300	–	–	138	–	1,438
- Repayments	(4)	(50)	(500)	–	(218)	(772)
- Interest paid	(15)	–	–	–	(8)	(23)
Non-cash changes:						
- Interest expense	15	–	3	12	8	38
- Fair value gains on RCBs	–	–	(44)	–	–	(44)
- Lease modification	–	–	–	–	(47)	(47)
- Rent concession	–	–	–	–	(2)	(2)
At 31 December 2020	**1,365**	**–**	**–**	**150**	**504**	**2,019**

	Bank loans $'000	Loans from holding company of a former corporate shareholder of IPT $'000	Redeemable convertible bonds $'000	Advances from the subscriber of RCBs $'000	Lease liabilities $'000	Total $'000
At 1 January 2019	77	568	809	100	–	1,554
Adoption of SFRS(I) 16	–	–	–	–	198	198
Additions	–	–	–	–	218	218
Changes from financing cash flows:						
- Proceeds	1	–	–	–	–	1
- Repayments	(10)	(250)	(250)	(100)	(253)	(863)
- Interest paid	(2)	–	–	–	(9)	(11)
Non-cash changes:						
- Interest expense	3	–	10	–	9	22
- Write off loan	–	(268)	–	–	–	(268)
- Fair value gains on RCBs	–	–	(28)	–	–	(28)
At 31 December 2019	69	50	541	–	163	823

24. Provision for employee benefits

	Group	
	2020	2019
	$'000	$'000
Provision for employee benefits	**94**	105

Provision for employee benefits relates to the Group's estimated liabilities for employee benefits under the Group's Indonesian operating entity. The principal actuarial assumptions used to estimate liabilities for employee benefits under defined benefits plans are based on independent actuarial report of PT Kompujasa Aktuaria Indonesia.

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

	Group	
	2020	2019
	$'000	$'000
At 1 January	**105**	93
Current service costs	**7**	8
Interest expense (Note 7)	**9**	8
Actuarial loss	**8**	(7)
Utilisation	**(38)**	–
Translation differences	**3**	3
At 31 December	**94**	105

25. Contract liabilities

Contract liabilities relate to advance consideration received from customers and deferred income. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities from contracts with customers.

		Group	
	2020	2019	1.1.2019
	$'000	$'000	$'000
Trade receivables from contracts with customers	**2,389**	2,105	1,716
Contract liabilities	**749**	868	1,466

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

	Group	
	2020	2019
	$'000	$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**868**	1,466
Revenue recognised during the financial year	**(868)**	(1,466)
Increases due to advances received and deferred income, excluding amounts recognised as revenue during the financial year	**749**	868
	749	868

26. Share capital

	Group and Company			
	2020		2019	
	Number of shares	**Issued share capital**	Number of shares	Issued share capital
	'000	**$'000**	'000	$'000
Issued and fully paid				
At beginning of the financial year	**16,674,767**	**68,459**	16,674,767	67,959
Issuance of ordinary shares of the Company	**–**	**–**	500,000	500
At end of the financial year	**16,674,767**	**68,459**	16,674,767	68,459
Less:				
Share issue expenses				
At beginning and end of the financial year	**–**	**(658)**	–	(658)
Net	**16,674,767**	**67,801**	16,674,767	67,801

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.

Details of ordinary shares of the Company issued during the financial year ended 31 December 2019 are as follows:

	Group and Company	
	2019	
	Number of shares	Issued share capital
	'000	$'000
Exercising of Option Shares	500,000	500

In 2016, the Company entered into an option agreement with the investor whereby the Company will issue an aggregate of 5,000,000,000 transferable share options ("**Option Agreement**") with each option carrying the right to subscribe for one (1) new ordinary share of the Company ("**Option Shares**") at a minimum exercise price of $0.001 per Option Share to raise an amount of up to $5,000,000.

In 2017, the Company received share option application monies of $50,000 from the investor.

In 2019, 500,000,000 options were exercised under this option agreement and the Company allotted and issued 500,000,000 new shares, representing 2.99% of the enlarged share capital of the Company.

On 25 April 2020, the 4,500,000,000 outstanding options which were remained unexercised as at the expiry date have been null and void pursuant to the Option Agreement.

26. 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:

	2020		2019	
	Number of shares	**Share capital**	Number of shares	Share capital
	'000	**$'000**	'000	$'000
RCB Conversion Shares (Note 23)				
New RCB Conversion Shares to be allotted and issued upon conversion of RCBs issued as at the end of the financial year, assuming conversion at the minimum price of $0.0009 (2019: $0.0009) per RCB Conversion Share	–	–	555,556	500

*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). 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 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.

27. Other reserves

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Composition				
Capital reserve	**(1,334)**	(1,334)	**89**	89
Foreign currency translation reserve	**(412)**	(446)	**–**	–
	(1,746)	(1,780)	**89**	89
Movements				
Capital reserve				
At beginning of the financial year	**(1,334)**	(1,373)	**89**	50
ESOS expenses	**–**	39	**–**	39
At end of the financial year	**(1,334)**	(1,334)	**89**	89
Foreign currency translation reserve				
At beginning of the financial year	**(446)**	(451)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**34**	5	**–**	–
At end of the financial year	**(412)**	(446)	**–**	–

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; and (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.

Capital reserve also comprises share option application monies of $50,000; capitalisation of accumulated profits for the issue of bonus shares of $83,000, and ESOS expenses of $39,000.

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.

28. 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, motor vehicle 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.

28. Leases (cont'd)

a) The Group as a lessee (cont'd)

Nature of the Group's leasing activities (cont'd)

The maturity analysis of the lease liabilities is disclosed in Note 32(c).

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in profit or loss

	Group		Company	
	2020	2019	**2020**	2019
	$	$	**$**	$
Depreciation charge for the financial year				
Leasehold properties	**5**	5	**–**	–
Warehouse and office	**141**	190	**50**	50
Corporate apartment	**36**	38	**36**	38
Motor vehicle	**5**	20	**–**	–
Office equipment	**7**	7	**2**	2
	194	260	**88**	90
Lease expense not included in the measurement of lease liabilities				
Lease expense - short-term leases (Note 8)	**115**	–	**8**	6
Interest expense on lease liabilities (Note 7)	**8**	9	**4**	3

Total cash flows for the Group's and the Company's leases amounted to $341,000 (2019: $262,000) and $142,000 (2019: $92,000).

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 17) in the statements of financial position. Finance income on lease receivables during the financial year is $2,000.

28. Leases (cont'd)

b) The Company as a lessor (cont'd)

Information about the lease receivables is presented below:

	Company	
	2020	2019
	$'000	$'000
Within one year	**106**	–
After one year but not more than 5 years	**167**	–
Total undiscounted lease receivables	**273**	–
Less: unearned finance income	**(6)**	–
Net lease receivables	**267**	–
Non-current	**165**	–
Current	**102**	–
Total lease receivables included in trade and other receivables (Note 17)	**267**	–

29. Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

Guarantees

The Company has provided corporate guarantees of $1,300,000 (2019: $Nil) to a bank for bank loans of $1,300,000 (2019: $Nil) drawndown by its subsidiaries as at 31 December 2020.

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.

30. Significant related party transactions

Some of the Group's and the Company's transactions and arrangements are between entities of the Group and with related parties, the effects of which, on basis determined between the parties, are reflected in these consolidated financial statements. The balances with these parties are unsecured, interest-free and repayable on demand unless stated otherwise.

In addition to the information disclosed elsewhere in these financial statements, the Group entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2020	2019
	$'000	$'000
With a director of the Company		
Advances from	**119**	**–**
With a director of the subsidiary		
Interest income	**4**	**–**

31. Segment information

The Group is organised into business units based on its products and services for management purposes. The reportable segments are engineering services, oil and gas equipment and investments and others. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

The segment information provided to management for the reportable segments are as follows

Business Segments

	Engineering services $'000	Oil and gas equipment $'000	Investments and others $'000	Elimination $'000	Total $'000
For the financial year ended 31 December 2020					
Revenue					
External sales	732	10,174	–	–	10,906
Results					
Segment results	(359)	1,098	(2,002)	5	(1,258)
Interest income	2	8	219	(4)	225
Interest expense	(15)	(27)	(15)	4	(53)
Profit/(loss) before income tax	(372)	1,079	(1,798)	5	(1,086)
Income tax	–	(113)	–	–	(113)
Profit/(loss) for the financial year	(372)	966	(1,798)	5	(1,199)
Other information					
Capital expenditure	115	609	387	–	1,111
Depreciation of plant and equipment	3	64	31	–	98
Depreciation of right-of-use assets	11	95	88	–	194
Fair value loss on financial assets at fair value through profit or loss	–	–	1	–	1
Fair value gain on redeemable convertible bonds	–	–	(44)	–	(44)
Allowance for impairment loss on other receivables	–	–	940	(7)	933
Bad debts written off	–	24	–	–	24
Job Support Scheme grant income	(21)	(151)	(52)	–	(224)
Reversal of inventories previously written down	(21)	–	–	–	(21)
Assets					
Non-current assets	101	884	380	–	1,365
Other segment assets	1,409	5,575	6,534	(4,538)	8,980
Consolidated total assets	1,510	6,459	6,914	(4,538)	10,345
Liabilities					
Segment liabilities	930	2,037	3,963	(1,865)	5,065
Borrowings	520	1,289	641	(431)	2,019
Tax payable	–	1	–	–	1
Deferred tax liabilities	–	42	–	–	42
Consolidated total liabilities	1,450	3,369	4,604	(2,296)	7,127

31. Segment information (cont'd)

Business Segments (cont'd)

	Engineering services $'000	Oil and gas equipment $'000	Investments and others $'000	Elimination $'000	Total $'000
For the financial year ended 31 December 2019					
Revenue					
External sales	1,476	8,988	–	(1,383)	9,081
Inter-segment sales	–	(1,383)	–	1,383	–
Total revenue	1,476	7,605	–	–	9,081
Results					
Segment results	97	609	(1,188)	(1)	(483)
Interest income	7	8	197	(7)	205
Interest expense	–	(9)	(32)	7	(34)
Profit/(loss) before income tax	104	608	(1,023)	(1)	(312)
Income tax	–	(55)	–	–	(55)
Profit/(loss) for the financial year	104	553	(1,023)	(1)	(367)
Other information					
Capital expenditure	–	373	4	–	377
Depreciation of property, plant and equipment	–	31	31	–	62
Depreciation of right-of-use assets	–	170	90	–	260
Fair value loss on financial assets at fair value through profit or loss	–	–	1	–	1
Fair value gain on redeemable convertible bonds	–	–	(28)	–	(28)
Interest on loans from holding company of a former corporate shareholder of IPT waived	–	–	(268)	–	(268)
Reversal of inventories previously written down	(24)	–	–	–	(24)
Assets					
Non-current assets	–	525	112	–	637
Other segment assets	991	3,880	7,195	(3,184)	8,882
Consolidated total assets	991	4,405	7,307	(3,184)	9,519
Liabilities					
Segment liabilities	559	2,072	2,186	(572)	4,245
Borrowings	–	176	1,012	(365)	823
Tax payable	–	37	–	–	37
Deferred tax liabilities	–	31	–	–	31
Consolidated total liabilities	559	2,316	3,198	(937)	5,136

31. 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	
	2020	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Singapore	**2,131**	4,764	**5,868**	6,849	**827**	2,621
Malaysia	**5,770**	2,602	**2,852**	1,790	**319**	310
Indonesia	**2,339**	236	**1,024**	300	**175**	34
Brunei	**666**	1,479	**601**	580	**80**	120
	10,906	9,081	**10,345**	9,519	**1,401**	3,085

Information about major customer

Revenue of approximately $5,591,000 (2019: $1,463,000) are derived from 2 (2019: 1) external customers who individually contributed 10% or more of the Group's revenue reported under continuing operations. The details are as follows:

		2020	2019
	Attributable segments	**$'000**	$'000
Customer 1	Oil and gas equipment	**4,145**	–
Customer 2	Oil and gas equipment	**1,446**	–
Customer 3	Oil and gas equipment	**–**	1,463
		5,591	**1,463**

32. Financial instruments

Categories of financial instruments

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

	Group		Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Financial assets at fair value through profit or loss	**8**	9	**101**	103
Financial assets at amortised costs	**7,618**	8,014	**3,835**	4,536
	7,626	8,023	**3,936**	4,639
Financial liabilities, at amortised cost				
- Payables and borrowings	**6,056**	3,999	**3,976**	2,643
Derivatives liabilities conversion component on redeemable convertible bonds	**–**	44	**–**	44
	6,056	4,043	**3,976**	2,687

32. Financial instruments (cont'd)

Financial risk management

The Group's overall risk management framework is set by the directors of the Company which sets out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management approach seeks to minimise potential adverse effects on the financial performance of the Group.

There has been no change to the Group's exposure to these financial risks or the way in which it manages and measures financial risk. Market risk, credit risk and liquidity risk exposures are measured using sensitivity analysis indicated below.

(a) Market risk

Foreign exchange risk

The Group operates in Asia with dominant operations in Singapore, Malaysia and Indonesia (2019: Singapore and Malaysia). 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"**) 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	SGD $'000
Group			
2020			
Financial assets			
Cash and cash equivalents and fixed deposits	559	49	15
Trade and other receivables	754	685	–
Intragroup receivables	493	267	1,002
	1,806	1,001	1,017
Financial liabilities			
Trade and other payables	(785)	(427)	(9)
Intragroup payable	(494)	(267)	(212)
Intragroup borrowings	(57)	–	(165)
Net financial assets and net currency exposure	**470**	**307**	**631**
2019			
Financial assets			
Cash and cash equivalents and fixed deposits	479	107	15
Trade and other receivables	1,429	179	234
Intragroup receivables	267	–	–
	2,175	286	249
Financial liabilities			
Trade and other payables	(605)	(2)	(24)
Intragroup payable	(303)	–	(181)
Net financial assets and net currency exposure	1,267	284	44

32. Financial instruments (cont'd)

Financial risk management (cont'd)

(a) Market risk (cont'd)

Foreign exchange risk (cont'd)

Group

A 5% fluctuation in exchange rates, with all other variable held constant, will not have a significant impact on the Group's loss for the current and previous financial years.

Company

As at the end of the respective financial year, there is no currency risk exposure for the financial assets and liabilities as they are all denominated in the Company's functional currency.

Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified as fair value through profit or loss on the statements of financial position as at 31 December 2020 and 31 December 2019. These investments are quoted equity securities listed on the Singapore Exchange and unquoted securities. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The sensitivity analysis for price risk is not disclosed if prices for equity securities change by 10% (2019: 10%) with all other variables including tax being held constant, as the effect on profit or loss is considered not significant.

Interest rate risk

The Group's interest rate for short term bank deposits is fixed. The Company's interest rate for loan to subsidiaries is at fixed rate. For interest income from the fixed deposits, the Group manages the interest rate risks by placing fixed deposits with reputable financial institutions on varying maturities and interest rate terms. The debt obligations of the Group and the Company mainly pertain to its bank loans and lease liabilities are at fixed rates. The Group does not hedge its interest rate risk.

The Group and the Company ensures that it borrows at competitive interest rates under favourable terms and conditions.

Sensitivity analysis of the Group's and Company's interest rate risk exposures are not presented as the impact of an increase/decrease of 50 (2019: 50) basis points in interest rates are not expected to be significant.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate exposure is significant in relation to the Group's total credit exposure. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

32. Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk (cont'd)

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 balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

32. Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk (cont'd)

Significant increase in credit risk (cont'd)

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the financial year. A financial instrument is determined to have low credit risk; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes. Where information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Maximum exposure and concentration of credit risk

The Group's trade receivables comprise 2 debtors (2019: 4 debtors) that represented approximately 27% (2019: 13% to 20%) 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) and net receivable on the consideration due from the disposal of a subsidiary (GPE) from Ms Chong Shin Mun as disclosed in Note 17.

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 the 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 17. Except for this collateral, the maximum exposure to the 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 $1,300,000 (2019: $Nil) relating to corporate guarantees given by the Company to banks for the subsidiaries' bank borrowing (Note 29).

32. Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk (cont'd)

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 2020 and 31 December 2019, an allowance for impairment amounting to $41,000 (2019: $780,000) 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 conditions with consideration of the impact of COVID-19 pandemic 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 17 (except GST receivables, tax recoverables, advance billings from suppliers and prepayment), cash and cash equivalents and fixed deposits.

The table below details the credit quality of the Group's financial assets (other than trade receivables):

2020	**12-month or lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
Other receivables - a director of the subsidiary	12-month ECL	4	–	4
Other receivables - former subsidiary (GPE)	Lifetime ECL	300	–	300
Loan to a former subsidiary (GPE)	Lifetime ECL	2,692	–	2,692
Loan to a former corporate shareholder of a subsidiary	12-month ECL	24	–	24
Consideration due from disposal of GPE from Ms Chong Shin Mun	Lifetime ECL	1,073	(933)	140
Other recoverable	Lifetime ECL	150	(150)	–
Security deposits	12-month ECL	91	–	91
Cash and cash equivalents	N.A. Exposure Limited	1,393	–	1,393
Fixed deposits	N.A. Exposure Limited	552	–	552

32. Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk (cont'd)

Other financial assets at amortised cost (cont'd)

The table below details the credit quality of the Group's financial assets (other than trade receivables): (cont'd)

2019	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Other receivables - third parties	12-month ECL	43	–	43
Amount due from a former subsidiary (GPE)	12-month ECL	300	–	300
Loan to a former subsidiary (GPE)	12-month ECL	2,666	–	2,666
Loan to a former corporate shareholder of a subsidiary	12-month ECL	24	–	24
Advances to former subsidiaries	Lifetime ECL	11,171	(11,171)	–
Consideration due from disposal of GPE from Ms Chong Shin Mun	Lifetime ECL	1,212	–	1,212
Other recoverable	Lifetime ECL	150	(150)	–
Security deposits	12-month ECL	54	–	54
Cash and cash equivalents	N.A. Exposure Limited	1,286	–	1,286
Fixed deposits	N.A. Exposure Limited	324	–	324

32. Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk (cont'd)

Other financial assets at amortised cost (cont'd)

The table below details the credit quality of the Company's financial assets:

2020	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Other receivables - a director of the subsidiary	12-month ECL	4	–	4
Amount due from a former subsidiary (GPE)	Lifetime ECL	300	–	300
Loan to a former subsidiary (GPE)	Lifetime ECL	2,692	–	2,692
Advances to subsidiaries	12-month ECL	142	(7)	135
Consideration due from disposal of GPE from Ms Chong Shin Mun	Lifetime ECL	1,073	(933)	140
Other recoverable	Lifetime ECL	150	(150)	–
Security deposits	Lifetime ECL	22	–	22
Loan to a subsidiary	Lifetime ECL	165	–	165
Lease receivables	Lifetime ECL	267	–	267
Cash and cash equivalents	N.A. Exposure Limited	110	–	110

2019	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Amount due from a former subsidiary (GPE)	12-month ECL	300	–	300
Loan to a former subsidiary (GPE)	12-month ECL	2,666	–	2,666
Advances to subsidiaries	12-month ECL	115	–	115
Advances to former subsidiaries	Lifetime ECL	11,171	(11,171)	–
Consideration due from disposal of GPE from Ms Chong Shin Mun	Lifetime ECL	1,212	–	1,212
Other recoverable	Lifetime ECL	150	(150)	–
Security deposits	12-month ECL	24	–	24
Loan to subsidiaries	12-month ECL	165	–	165
Cash and cash equivalents	N.A. Exposure Limited	54	–	54

32. Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk (cont'd)

Movements in credit loss allowance

There are no movement in the allowance for impairment of financial assets under SFRS(I) 9 during the financial year for the Group and the Company except for the following:

	Trade receivables $'000	Advances to former subsidiaries $'000	Other recoverable $'000	Consideration due from disposal of GPE from Ms Chong Shin Mun $'000
Group				
Balance at 1 January 2019	772	11,171	150	–
Loss allowance measured:				
Lifetime ECL				
- Simplified approach	8	–	–	–
Balance at 31 December 2019	780	11,171	150	–
Loss allowance measured:				
Lifetime ECL				
- Credit-impaired	–	–	–	933
Receivables written off as uncollectable	(739)	(11,171)	–	–
Balance at 31 December 2020	**41**	**–**	**150**	**933**

	Advances to subsidiaries $'000	Advances to former subsidiaries $'000	Other recoverable $'000	Consideration due from disposal of GPE from Ms Chong Shin Mun $'000
Company				
Balance at 1 January 2019	–	11,171	150	–
Loss allowance measured:				
Lifetime ECL				
- Simplified approach	–	–	–	–
Balance at 31 December 2019	–	11,171	150	–
Loss allowance measured:				
Lifetime ECL				
- Credit-impaired	7	–	–	933
Receivables written off as uncollectable	–	(11,171)	–	–
Balance at 31 December 2020	**7**	**–**	**150**	**933**

32. Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk (cont'd)

Financial guarantees

The Company has issued financial guarantees to banks for bank loans provided to its subsidiaries. These guarantees are subject to the impairment requirements of SFRS (I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations. In addition, the bank loans are secured by legal mortgage over the Group's fixed deposits, legal mortgage over the Group's leasehold properties under the right-of-use assets and personal guarantee from the directors of the subsidiaries. Hence, the Company does not expect significant credit losses arising from these guarantees.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Management has reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future as described in Note 3.1.

The Group's financial liabilities based on the remaining year at the end of the financial year to the contractual maturity date based on contractual undiscounted cash flows are as follows:

	Group		**Company**	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Less than one year:				
Trade and other payables	**3,943**	2,944	**3,499**	1,669
Borrowings	**666**	732	**201**	847
Financial guarantee contracts*	**–**	–	**1,300**	–
	4,609	3,676	**5,000**	2,516
Between 2 to 5 years:				
Trade and other payables	**–**	171	**–**	171
Borrowings	**1,617**	74	**286**	3
	1,617	245	**286**	174
More than 5 years:				
Provision for employee benefits	**94**	105	**–**	–
Borrowings	**25**	33	**–**	–
	119	138	**–**	–
	6,345	4,059	**5,286**	2,690

*At the financial reporting date, the maximum exposure of the Company in respect of the intra-group financial guarantee (Note 29) based on facilities drawn down by the subsidiaries is $1,300,000 (2019: $Nil). 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.

32. Financial instruments (cont'd)

Financial risk management (cont'd)

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares and obtain new borrowings.

The Directors review the capital structure on a periodic basis. As part of the review, the Directors consider the cost of capital and other sources of funds, including borrowings from banks and redeemable convertible bonds.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as borrowings (less derivative liability conversion component on RCBs) divided by net equity.

The net equity of the Group comprising share capital, other reserves, accumulated losses and borrowings, less derivative liability conversion component on RCBs. The Group's overall strategy remains unchanged from 2019.

	Group	
	2020	2019
	$'000	$'000
Borrowings (Note 23)	**2,019**	823
Less: Derivative liability conversion component on redeemable convertible bonds	**–**	(44)
	2,019	779
Net equity of the Group	**5,240**	5,102
Gearing ratio	**0.39**	0.15

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.

33. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

33. 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 on the balance sheet/at the end of the financial year at 31 December 2020**.**

	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Recurring fair value measurements				
Group				
2020				
Financial assets				
Financial assets at fair value through profit or loss	**8**	**–**	**–**	**8**
2019				
Financial assets				
Financial assets at fair value through profit or loss	9	–	–	9
Financial liabilities				
Derivative liability conversion component on RCBs	–	44	–	44
Company				
2020				
Financial assets				
Financial assets at fair value through profit or loss	**5**	**–**	**96**	**101**
2019				
Financial assets				
Financial assets at fair value through profit or loss	7	–	96	103
Financial liabilities				
Derivative liability conversion component on RCBs	–	44	–	44

The fair values of trading securities traded in active markets are based on quoted market prices at the end of the respective financial year. The quoted market prices used for the trading securities held by the Group and the Company are the closing price as at the end of the respective financial year. These financial assets are included in Level 1.

In 2019, the fair value of the derivative liability conversion component on RCBs was determined by using Black-Scholes Option Pricing Model, based on the strike price derived from the quoted market price of the Company at the end of the respective financial year. Management estimated the volatility rate and risk-free rate input in the Black-Scholes model to be 1% and 1.74% for the financial year ended 31 December 2019.

Included in Level 3 are unquoted equity securities that are carried at fair value at the end of the respective financial year.

33. Fair value of assets and liabilities (cont'd)

(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.

34. Other Matter

Matter with Commercial Affairs Department

As announced by the Company on 4 April 2014 and 29 April 2014, the Company and certain of its subsidiaries, P.J. Services Pte Ltd, Nu-Haven Incorporated and IPT (which was disposed during the financial year ended 31 December 2016), were served with notices to provide the Commercial Affairs Department (the "**CAD**") with certain information and documents for the period from 1 January 2011 to 31 March 2014 in relation to its investigations into a potential offence under the Securities and Futures Act (Cap. 289) in respect of certain individuals. The Company has been cooperating fully with the CAD in its investigations.

On 14 January 2021, the CAD confirmed to the Company's external auditor that certain persons were charged with offences under the Securities and Futures Act, the Penal Code and Companies Act. One of them pled guilty to the charges and has been convicted accordingly. The other two are standing trial in the High Court. Investigations against persons who may have facilitated the offences are still on-going. The CAD has not provided the Company with any further details or updates of its investigations.

The business and day-to-day operations of the Group are not affected by the investigations and have continued as normal. However, the ongoing investigations have cast a negative outlook on the Company from the perspective of the financial institutions which are highly risk averse and pose limitations to the Group's growth and expansion plans.

35. Events after the financial year

Other than as disclosed elsewhere in these financial statements, subsequent to the financial year:

HTES, a subsidiary of the Company, had entered into a binding term sheet with H2U Power Tech Pty Ltd, a company incorporated in Australia (the "**Licensee**"). Under the term sheet, HTES has agreed to grant the Licensee a perpetual (subject to termination for breach), sole, non-sublicensable license under the Licensed Know-how (as defined in the 8 March 2021 Announcement) to assemble, install, distribute, market and sell the Solar H-2 Power System ("**SH2PS**") worldwide, save for certain excluded territories. In consideration for the rights granted by HTES under the term sheet (and the definitive licensing agreement to be entered into) but subject to the occurrence of certain events as set out in the 8 March 2021 Announcement, the Licensee is to pay or otherwise provide HTES with an aggregate cash consideration of A$1,000,000 and such number of immediately tradeable, unrestricted shares of the potential listing vehicle of the Licensee worth A$1,000,000. The Licensee shall further pay to HTES royalties of 1.5% on the gross revenue of the SH2PS that are (a) sold by the Licensee; (b) lent, leased, let on hire or sold on hire purchase by the Licensee; (c) supplied by the Licensee to any person; or (d) put into use by the Licensee in any way. The potential financial effect of the term sheet, particularly on the royalties payable by the Licensee to HTES cannot be reasonably estimated, as it is subject to the definitive licensing agreement to be entered into by the parties.

36. Authorisation of financial statements

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 14 April 2021.

STATISTICS OF SHAREHOLDINGS

As at 31 March 2021

Issued and fully paid-up share capital	:	$68,459,351
Number of issued Shares	:	16,674,767,048
Class of Shares	:	Ordinary Shares
Voting rights	:	One vote for each Share

DISTRIBUTION OF SHAREHOLDINGS

The Company does not hold any treasury shares or subsidiary holdings.

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 -99	3	0.08	21	0.00
100 - 1,000	157	4.24	112,599	0.00
1,001 - 10,000	504	13.62	3,729,892	0.02
10,001 - 1,000,000	2,592	70.06	545,700,410	3.27
1,000,001 and above	444	12.00	16,125,224,126	96.71
Total	3,700	100.00	16,674,767,048	100.00

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders as at 31 March 2021)

	Direct Interest		Deemed Interest	
	Number of Shares held	%	Number of Shares held	%
Lim In Chong	1,807,378,770	10.84	–	–
Shamsol Jeffri Bin Zainal Abidin	1,670,000,000	10.02	–	–
Sandra Liz Hon Ai Ling	1,092,619,845	6.55	–	–

STATISTICS OF SHAREHOLDINGS

As at 31 March 2021

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of Shares	%
1.	Phillip Securities Pte Ltd	2,163,570,700	12.98
2.	Lim In Chong	1,807,378,770	10.84
3.	Shamsol Jeffri Bin Zainal Abidin	1,670,000,000	10.02
4.	Sandra Liz Hon Ai Ling	1,092,619,845	6.55
5.	Citibank Nominees Singapore Pte Ltd	862,735,100	5.17
6.	Musa Bin Mohamad Sahir	652,130,992	3.91
7.	Pek Seck Wei	554,630,992	3.33
8.	OCBC Securities Private Ltd	544,679,600	3.27
9.	IPCO International Limited	500,000,000	3.00
10.	DBS Vickers Securities (S) Pte Ltd	388,760,473	2.33
11.	UOB Kay Hian Pte Ltd	384,645,000	2.31
12.	DBSN Services Pte Ltd	370,000,000	2.22
13.	Ong Siow Fong	309,000,000	1.85
14.	HSBC (Singapore) Nominees Pte Ltd	300,000,000	1.80
15.	DBS Nominees Pte Ltd	297,604,605	1.78
16.	Lim Sze Chia	248,578,900	1.49
17.	Chong Shin Mun	204,000,000	1.22
18.	Chan Chee Yin	200,000,000	1.20
19.	Low Koon Min	100,000,000	0.60
20.	Wong Chin Yong	100,000,000	0.60
	Total	**12,750,334,977**	**76.47**

SHAREHOLDINGS HELD BY PUBLIC

Based on the information provided to the Company as at 31 March 2021, there were 10,734,113,473 Shares held in the hands of the public, representing 64.37% of the total number of issued Shares of the Company. Accordingly, Rule 723 of the Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), the Company will conduct its annual general meeting by electronic means. The Order originally provided that the alternative arrangements apply to meetings held during the period from 27 March 2020 to 30 September 2020. The Order has now been extended until 30 June 2021.

This Notice of the Annual General Meeting (the "**Notice**") of Annica Holdings Limited (the "**Company**") has, therefore, been made available on SGXNET at: https://www.sgx.com/securities/company-announcements and on the Company's website at: www.annica.com.sg. **A printed copy of this Notice will NOT be sent out by post to shareholders.**

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of the Company will be convened and held by way of electronic means via a live webcast from 40 Ubi Crescent, #01-01, Singapore 408567 on 29 April 2021 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 2020, together with the Directors' Statement and Independent Auditors' Report. **[Resolution 1]**

2. To re-elect Mr. Lim In Chong who is retiring by rotation pursuant to Regulation 95 of the Company's constitution (the "**Constitution**"), and who, being eligible, is offering himself for re-election as a Director.
[See Explanatory Note (a)] **[Resolution 2]**

3. To re-elect Mr. Adnan Bin Mansor 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 $179,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears (31 December 2020: $179,000). **[Resolution 4]**

5. To re-appoint Baker Tilly TFW 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. Authority to allot and issue shares and convertible securities

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:-

(A) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force, provided that: -

(1) 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;

(2) (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: -

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) 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

(iii) any subsequent bonus issue, consolidation or sub-division of Shares;

(3) in exercising the authority conferred by this Resolution 9 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

(4) (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

14 April 2021

Explanatory Notes:

(a) In relation to Ordinary Resolution 2, Mr. Lim In Chong will, upon re-election as a Director, remain as a Non-Independent and Non-Executive Director.

(b) In relation to Ordinary Resolution 3, Mr. Adnan Bin Mansor will, upon re-election as a Director, remain as an Independent and Non-Executive Director. He is considered to be Independent for the purposes of Rule 704(7) of the Catalist Rules. He will continue to serve as the Chairman of the Nominating Committee, and member of the Remuneration Committee and the Audit Committee.

(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.

Special Notice Regarding Measures to Minimize Risk of Community Spread of 2019 Novel Coronavirus ("COVID-19")

The COVID-19 (Temporary Measures) Act 2020 was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**COVID-19 (Temporary Measures) Order 2020**") was issued by the Minister for Law on 13 April 2020. The COVID-19 (Temporary Measures) Order 2020 enables issuers to, among other things, make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution).

The COVID-19 (Temporary Measures) Order 2020 originally provided that the prescribed alternative arrangements applied to meetings held during the period from 27 March 2020 to 30 September 2020. The COVID-19 (Temporary Measures) Order 2020 has now been extended until 30 June 2021.

In light of the above developments, the Company's Annual General Meeting ("**AGM**") will be convened and held by electronic means only. The Company is arranging for a live webcast of the AGM proceedings (the "**Live AGM Webcast**") which will take place on 29 April 2021 at 10.00 a.m. Shareholders will be able to observe and/or listen to the AGM proceedings via the live audio-visual webcast or the live audio-only stream. In the interests of the safety of our shareholders in view of the ongoing pandemic, shareholders will not be able to attend the AGM in person.

Shareholders will be able to participate in the AGM in the following manner set out below.

Live AGM Webcast and live audio-only stream:

1. Shareholders (including CPF and SRS investors) may observe and/or listen to the AGM proceedings through the Live AGM Webcast or live audio-only stream. To do so, shareholders will need to register at https://globalmeeting.bigbangdesign.co/annica/ (the "**Registration Link**") from 15 April 2021 till **10.00 a.m. on 26 April 2021** (the "**Registration Deadline**") to enable the Company to verify their status.

2. Following verification, authenticated shareholders will receive an email by 5.00 p.m. on 27 April 2021 containing instructions to access the live audio-visual webcast of the AGM proceedings or a telephone number to access the live audio only stream of the AGM proceedings.

3. Shareholders must not forward the abovementioned instructions to other persons who are not shareholders of the Company and who are not entitled to attend the AGM.

4. Shareholders who register by the Registration Deadline but do not receive an email response by 5.00 p.m. on 27 April 2021 may contact the Company by email at agm2021@annica.com.sg or by telephone at (65) 6221 1123.

Submission of Proxy Forms to Vote:

1. Shareholders who wish to vote at the AGM must submit a proxy form appointing the Chairman of the Meeting to cast votes, or abstain from voting, on their behalf. Please note that the proxy must be directed, i.e. the shareholder must indicate for each Resolution whether the Chairman of the meeting is directed to vote “for” or “against” or “abstain” from voting.

2. The proxy form (which can be assessed on SGXNET at the link: https://www.sgx.com/securities/company-announcements or the Company’s website at the link: www.annica.com.sg), duly completed and signed, must be submitted in the following manner:

   (a) if submitted by post, be deposited at the office of the Company’s share registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or

   (b) if submitted electronically, be submitted via email to agm2021@annica.com.sg,

   in either case, by no later than 10.00 a.m. on 26 April 2021, being 72 hours before the time fixed for the holding of the AGM.

3. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order 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 26 April 2021.

4. Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

Submission of Questions:

1. Shareholders (including CPF and SRS investors) may submit questions relating to the items on the agenda of the AGM via email to agm2021@annica.com.sg or via the Registration Link. All questions must be submitted by 10.00 a.m. on 26 April 2021. Although the deadline for submitting questions is 10.00 a.m. on 26 April 2021, shareholders are, however, encouraged to register themselves via the Registration Link and to submit their questions via the Registration Link (or via email to agm2021@annica.com.sg) ***earlier than*** 10.00 a.m. on 26 April 2021 so that they may have the benefit of the answers provided by the Company to their questions (where substantial and relevant to the agenda of the AGM) prior to submitting their proxy forms by 10.00 a.m. on 26 April 2021.

2. The Company will endeavour to respond to shareholders’ questions relating to the items on the agenda of the AGM via SGXNET and the Company’s website at www.annica.com.sg (where substantial and relevant to the agenda of the AGM) within 48 hours of their receipt. The Company will also publish the minutes of the AGM (including any substantial and relevant comments or queries from shareholders relating to the agenda of the AGM, and responses from the Board of Directors) on SGXNET and the Company’s website within one month after the date of the AGM.

Important Reminder:

Due to the constantly evolving COVID-19 situation (and/or pursuant to any legislative amendments and directives or guidelines from government agencies or regulatory authorities), the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company’s website or announcements released on SGXNET for updates on the AGM.

Notes on AGM (these notes are to be read in conjunction with the Special Notice Regarding Measures to Minimize Risk of Community Spread of COVID-19):

1. 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 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. As this AGM is held under extraordinary circumstances owing to the COVID-19 pandemic, pursuant to the COVID-19 (Temporary Measures) Order 2020, shareholders are to note that the only person they can appoint as proxy for the purpose of voting at the AGM is the Chairman of the meeting. Please also note that the proxy must be directed, i.e. the shareholder must indicate for each Resolution whether the Chairman of the meeting is directed to vote “for” or “against” or “abstain” from voting.

2. 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 each proxy has been appointed shall be specified in the proxy form. As this AGM is held under extraordinary circumstances owing to the COVID-19 pandemic, pursuant to the COVID-19 (Temporary Measures) Order 2020, shareholders are to note that the only person they can appoint as proxy for the purpose of voting at the AGM is the Chairman of the meeting. Please also note that the proxy must be directed, i.e. the shareholder must indicate for each Resolution whether the Chairman of the meeting is directed to vote "for" or "against" or "abstain" from voting.

3. All voting will be carried out by way of proxy forms submitted as stipulated above.

4. The duly executed instrument appointing a proxy must be emailed to the Company at agm2021@annica.com.sg or sent by post to B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not later than seventy-two (72) hours before the time set for the AGM.

5. The instrument appointing a proxy must be signed by the appointor or 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 any officer or attorney duly authorised. A copy of the power of attorney or such other authority must be submitted together with the instrument appointing a proxy.

6. A depositor's name must appear in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) maintained by The Central Depository (Pte) Limited not later than seventy-two (72) hours before the time set for the AGM in order for the depositor to be entitled to attend 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 in order 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.

APPENDIX 7F TO THE CATALIST RULES: ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(5) IN RELATION TO DIRECTORS SEEKING RE-ELECTION

The following additional information on Mr. Lim In Chong and Mr. Adnan Bin Mansor, each of whom is seeking re-election as a Director at the Annual General Meeting of the Company to be held on 29 April 2021 at 10.00 a.m., is to be read in conjunction with their respective profiles in the section entitled "Board of Directors" on page 27 of the Company's annual report for the financial year ended 31 December 2020.

Details required under Appendix 7F of the Catalist Rules	**Mr. Lim In Chong**
1. Date of Initial Appointment	6 July 2018
2. Date of last re-appointment (if applicable)	29 April 2019
3. Age	66
4. Country of principal residence	Singapore
5. The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company, having considered the NC's recommendations, concluded that Mr. Lim has the requisite track record, qualifications and work experiences and is able to exercise objective judgement on the Company's affairs and has therefore approved the re-election and re-appointment of Mr. Lim as a Non-Independent and Non-Executive Director.
6. Whether appointment is executive, and if so, the area of responsibility	Non-Executive
7. Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent and Non-Executive Director
8. Professional qualifications	Master of Design (Architecture & Design) - RMIT University, Melbourne, Australia Bachelor of Art - Trent University, Peterborough, Ontario, Canada United World College of South East Asia, Singapore
9. Working experience and occupation(s) during the past 10 years	Folia Malaysiana Sdn. Bhd.: 2009 to 2020 – Director Limex Marketing Sdn. Bhd.: 1990 to present - Director Juara Tropika Sdn. Bhd.: 1992 to present - Director C.I.J Properties (PVT) Ltd: 2008 to present - Key Director Nenasi Resorts Sdn. Bhd.: 2014 to present - Director Inchscape Sdn. Bhd.: 2014 to present - Managing Director Inchscape Pte Ltd: 2015 to present - Director
10. Shareholding interest in the listed issuer and its subsidiaries	Yes – direct interest in 1,807,378,770 ordinary shares

Details required under Appendix 7F of the Catalist Rules	Mr. Lim In Chong
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)	Folia Malaysiana Sdn. Bhd.
(ii) Present	Inchscape Sdn. Bhd. C.I.J. Properties (PVT) Ltd Nenasi Resorts Sdn. Bhd. Limex Marketing Sdn. Bhd. Juara Tropika Sdn. Bhd. Inchscape Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
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

Details required under Appendix 7F of the Catalist Rules	Mr. Lim In Chong
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

Details required under Appendix 7F of the Catalist Rules	Mr. Lim In Chong
(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
Disclosure applicable to the appointment of Director only.	
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. Lim is nominated for re-election and re-appointment to the Board.

NOTICE OF ANNUAL GENERAL MEETING

Details required under Appendix 7F of the Catalist Rules	Mr. Adnan Bin Mansor
1. Date of Initial Appointment	20 January 2016
2. Date of last re-appointment (if applicable)	29 April 2019
3. Age	58
4. Country of principal residence	Malaysia
5. The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company, having considered the NC's recommendations, concluded that Mr. Bin Mansor 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. Adnan Bin Mansor 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 Nominating Committee Member of Audit Committee and Remuneration Committee
8. Professional qualifications	Instrumentation and Control (Electrical Engineering) – Polytechnic Ungku Omar
9. Working experience and occupation(s) during the past 10 years	2015 to present – Independent Consultant Kemuncak Laksana Sdn. Bhd.: 2007 to present – Director Susanan Kreatif Sdn. Bhd.: 1997 to present – Director
10. Shareholding interest in the listed issuer and its subsidiaries	Yes – direct interest in 54,630,992 ordinary shares
11. Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
12. Conflict of interest (including any competing business)	Nil
13. Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

Details required under Appendix 7F of the Catalist Rules	Mr. Adnan Bin Mansor
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	Kemuncak Laksana Sdn. Bhd. Susanan Kreatif Sdn. Bhd.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c. Whether there is any unsatisfied judgment against him?	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

Details required under Appendix 7F of the Catalist Rules	Mr. Adnan Bin Mansor
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

Details required under Appendix 7F of the Catalist Rules	Mr. Adnan Bin Mansor
Disclosure applicable to the appointment of Director only.	
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. Bin Mansor is nominated for re-election and re-appointment to the Board.

ANNICA HOLDINGS LIMITED

(Company Registration No. 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 Investors and/or SRS Investors are requested to contact their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM to specify voting instructions and to ensure that their votes are submitted.

PERSONAL DATA PRIVACY TERMS:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2021.

PROXY FORM

I/We ____________________ (Name), ____________________ (NRIC/Passport/Company Registration Number)

of ____ (Address)

being a member/members* of ANNICA HOLDINGS LIMITED (the "**Company**") hereby appoint the Chairman of the Annual General Meeting (the "**AGM**") as my/our* proxy to attend, speak and vote for me/us* on my/our* behalf at the AGM to be held by electronic means on Thursday, 29 April 2021 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 "Abstain" from voting on, the Resolutions as set out in the Notice of AGM dated 14 April 2021. Alternatively, please indicate the number of Shares as appropriate.

No.	Resolutions relating to:	FOR	AGAINST	ABSTAIN
As Ordinary Business				
1.	Adoption of the Company's audited financial statements for the financial year ended 31 December 2020 together with the Directors' Statement and Independent Auditors' Report.			
2.	Re-election of Mr. Lim In Chong as a Director.			
3.	Re-election of Mr. Adnan Bin Mansor as a Director.			
4.	Approval of Directors' fees of $179,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears.			
5.	Re-appoint Baker Tilly TFW LLP as the Independent Auditor and to authorise the Directors to fix its remuneration.			
As Special Business				
6.	Authority to allot and issue Shares and convertible securities			

Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM dated 14 April 2021 for the full purpose and intent of the Resolutions to be passed.

Dated this ________ day ______________ of 2021

Total number of Shares held:	
(a) in CDP Register	
(b) in Register of Members	

____
Signature(s) of Member(s)/Common Seal

*please delete as appropriate

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES: -

1. For this AGM, members of the Company (including Relevant Intermediaries) may only vote by way of this proxy form appointing the Chairman of the meeting to vote in accordance with the proxy form.

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, Chapter 289 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 number. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.

3. The duly executed instrument appointing a proxy must be sent by post to the office of the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, or emailed to the Company at agm2021@annica.com.sg, not later than seventy-two (72) hours before the time set for the AGM.

4. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2021.

5. 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.

Affix Postage Stamp here

ANNICA HOLDINGS LIMITED

c/o B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be sent with the instrument of proxy either by post or by email as described above, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

ANNICA HOLDINGS LIMITED
(COMPANY REGISTRATION NO: 198304025N)

40 Ubi Crescent
#01-01
Singapore 408567