ANNICA HOLDINGS LIMITED

ANNUAL REPORT 2021

*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.
Tel: 6389 3000 Email: bernard.lui@morganlewis.com

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

CONTENT

LETTER TO SHAREHOLDERS

Dear Shareholders,

2021 saw continued impact from the COVID19 pandemic along with new supply chain pressures. Annica Holdings Limited ("**Annica**" or the "**Company**") is navigating these challenges as we pursue our long-term strategy of reshaping ourselves as an energy transition company. As we move towards the new norm of living with COVID19, we face other challenges at every turn: unprecedented government actions in Malaysia and Indonesia banning energy exports, mounting inflation, the war in Ukraine and an increasingly fragile world order. While all this turmoil has serious ramifications on our Company, we continue to innovate new products quickly and moving purposefully forward in our business transformation to stay at the forefront of the industries that we operate in while contributing towards a sustainable future for the markets that we serve in.

Although we begin this annual letter to shareholders in a challenging landscape, we remain proud of what our Company and our employees across our various regional offices have achieved, collectively and individually. We have long championed the roles that our employees and businesses can play and contribute to the communities we serve — its potential for bringing people together, for enabling companies and individuals to realise their fullest potential, and for being a source of strength in difficult times. Throughout these past two challenging years, we never stopped serving our clients, communities, shareholders, partners and other stakeholders.

During the last two years, we recognised the challenges faced by our employees as we reorganised our work arrangements to cope with COVID19. The Group implemented a series of initiatives to digitalise and decentralise our work to ensure business continuity, where our employees worked under the safest conditions possible, either from home, at the office or worksites on periodic rotations. Meetings and engagements with our employees, customers and shareholders were mostly conducted virtually. As we transition to living with COVID19, we are still maintaining decentralised work arrangements to a certain extent as the digitalisation of many of our processes and functions has made such arrangements possible without compromising on productivity and has ensured business continuity in the event of another pandemic.

Financial Performance

2021 was a difficult year and this was reflected in the Group's financial performance. Despite this, the Group continued to invest in efforts to enhance and expand our service offerings and the geographical markets of our existing businesses.

Annica's main business segments, namely Oil & Gas Equipment ("**O&G Equipment**") and Engineering Services ("**Engineering Services**"), recorded lower contributions for the financial year ended 31 December 2021 ("**FY2021**") compared to the preceding financial year ended 31 December 2020 ("**FY2020**").

During FY2021, the Group posted revenues of $7.7 million, representing a 30% decrease from $10.9 million in FY2020. The revenues in F2021 were lower compared to FY2020 primarily because FY2020 had accounted for revenues from certain orders that were carried forward from the financial year ended 31 December 2019 ("**FY2019**") while FY2021 also registered lower sales generally.

All our business segments accounted for the Group's total revenue in FY2021. Our Renewable Energy and Green Technology business segment recorded its maiden contribution of $53,000 in FY2021 from the licensing of our Group's proprietary hydrogen storage system, the Solar H-2 Power System ("**SH2PS**", also known as "**H2Energy System**"). All our business segments were affected by the various COVID19 measures such as movement restrictions imposed across the jurisdictions that we operate in, which curtailed our marketing efforts and also delayed, postponed or terminated several planned projects that we had interests in. In the face of such challenging conditions, our gross margin improved to 33% in FY2021 as compared to 32% in FY2020, and our loss for FY2021 decreased to $1,130,000 as compared to $1,199,000 in the preceding year. Both of the aforementioned improvements are due to a one-off lower margin project in the O&G Equipment business segment in FY2020.

The Group's FY2021 net current assets and total assets stood at $2.3 million and $9.5 million respectively. Meanwhile, the Group's net assets decreased by $1.2 million from $3.2 million as at FY2020 to $2.0 million as at FY2021 as a result of the operating loss.

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

Integrated Engineering Solutions

During FY2021, the Group continued to perform its reset and reshaping of its O&G Equipment and Engineering Services segments and has grouped them under the Integrated Engineering Solutions Segment. Going forward, the O&G Equipment and Engineering Services segments will collectively be referred to as the "Integrated Engineering Solutions Segment".

O&G Equipment - While revenues declined in FY2021, O&G Equipment continued to improve its operating margins and broaden its revenue base. In FY2021, we were appointed as the exclusive distributor and training services provider of TorsionX in Indonesia and Brunei. The TorsionX appointment is complementary to our existing PLIDCO product service offerings as TorsionX bolting tools are used in the installation of PLIDCO repair fittings. Meanwhile, our facility in Jakarta, Indonesia has been approved in April 2022 by the Engineering Construction Industry Training Board ("**ECITB**") of the United Kingdom as an ECITB Approved Training Provider to provide Mechanical Joint Integrity ("**MJI**") Flange management training for clients in Indonesia. P.J. Services Group (comprising P.J. Services Pte Ltd and its subsidiaries) was also appointed by Titan Aviation S.A. as its sole authorised agent in Malaysia for its Fuel Bowser and Hydrant Dispenser. This appointment is in line with our reset and reshape strategy as we expand our product and service offerings along the value chain.

Engineering Services - Similarly, Engineering Services experienced highly challenging operating conditions resulting from the pandemic. This led to lower revenues as many projects were delayed. This was further compounded by travel and movement restrictions which restricted our marketing efforts. Nevertheless, Engineering Services has also expanded its service offerings to include the provision of technical consultancy services and other bespoke services to international oil and gas-related manufacturers based in Vietnam, China and Malaysia.

Renewable Energy and Green Technology

Green Technology ("GT") – In FY2021, our subsidiary HT Energy (S) Sdn. Bhd. underwent a name change to H2 Energy Sdn. Bhd. to align with the approved trademark name. The name change is expected to improve our efforts to create greater brand awareness for our products and solutions.

On 12 April 2022, after prolonged delay due to COVID19-related travel and movement restrictions, adverse weather, technical complications, and lack of telecommunications infrastructure at site, we successfully deployed and officially launched our H2Energy System, Malaysia's first hydrogen-based energy system, that is low maintenance, requires minimal supervision and operational intervention, while offering long term green energy and cost savings at a government clinic in Long Loyang, Sarawak, Malaysia. On the same date, the Pilot Study was launched and will run for 3 months. The data collected from the Pilot Study shall be used to provide continued services to the clinic as well as to serve as benchmarks for similar solutions offered to other off-grid rural clinics, settlements and facilities. The official launch was attended by representatives from various departments in the Ministry of Health Malaysia.

This pilot project is a blueprint for climate and environmentally friendly uninterrupted electrification at off-grid rural clinics. This is truly a pioneering achievement not only technically but also in operational terms. This achievement will serve as a benchmark for future projects to serve rural off-grid communities around the world, providing them with access to zero-carbon, reliable and sustainable energy. We are also pleased to share the success of the H2Energy System at the Malaysia Board of Technologists ("**MBOT**") Technology & Innovation Expo, where H2Energy Sdn Bhd won first place under Category A (MBOT Professional Members) on 7 June 2022. We are honoured to win this prestigious award as it is a testament to the recognition and appreciation accorded by our peers, MBOT and the Malaysian Ministry of Science, Technology and Innovation with regard to our H2Energy System.

FY2021 was a landmark year for our GT segment. During the year, H2 Energy Sdn Bhd (the "**Licensor**") entered into a binding framework agreement with Hydro X Gen Pty Ltd("**Hydro X**" or the "**Licensee**") whereby the Licensor has agreed to grant the Licensee a perpetual, sole exclusive license to assemble, install, distribute, market and sell the H2Energy System worldwide, save for certain excluded territories which include South East Asia (including but not limited to Malaysia), Africa, selected Middle East countries, the United Kingdom, Portugal and Spain. We also registered our maiden contribution from GT as a result of the term sheet entered with H2U Power Tech Pty Ltd ("**H2U Power**") on 8 March 2021 (which has since been terminated on 16 December 2021 and effectively replaced with the abovementioned licensing arrangement with Hydro X Gen Pty Ltd, a sister company of H2U Power).

LETTER TO SHAREHOLDERS

Renewable Energy ("RE") – We acknowledge that the take-off for RE projects has been slow in terms of project materialisation as we decided against advancing our collaboration with Majuperak Energy Resources Sdn. Bhd. ("**MERSB**") due to the termination of the proposed project in Perak. Nevertheless, we continue to position ourselves to participate in potential projects in this space, such as cross-border energy export and large scale solar projects.

Prospects ahead

We expect that the growing significance of sustainable energy will continue to increase our potential growth prospects in the future. Globally, concerns on climate change, ESG considerations, and energy security have translated into an unprecedented involvement of governments to address these existential issues. The stage is therefore set for the Company to position itself as an energy transition company.

In the near term, our current markets in South East Asia remains highly volatile from the effects of global inflationary pressures and supply chain disruptions mainly due to the prolonged effects of COVID19 and the war in Ukraine. The uncertain global economy, heightened geopolitical tensions and trade protectionism may also impact the Group's operations and performance, especially the O&G Equipment which is highly susceptible to geopolitical events. Meanwhile, the political landscape in Malaysia, a key market for the Group, is still fragile and uncertain. This, coupled with global macroeconomic concerns, continues to weigh down on the Malaysian economy and possibly on our own RE projects.

Nevertheless, we continue to monitor these developments and take appropriate measures to mitigate any potentially negative impact. Our RE and GT segments have the potential to be a primary revenue stream as well as broaden our earnings base in the years ahead. Furthermore, our diversification into renewables is both timely and strategic as significant investments are directed into renewable energy projects to address climate change, including emerging hydrogen technologies such as our H2Energy System.

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

In Appreciation

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

We would also like to take this opportunity to welcome Mr. Robin Stevens who joined the Board of Annica as an independent non-executive director on 20 May 2022. Mr. Stevens is a highly qualified and vastly experienced professional in international corporate finance and advisory and his insights, opinions and views shall be invaluable to the Company's success in the present and future. Mr. Stevens' leadership and experience should prove useful in guiding us in the planned expansion in our RE and GT businesses internationally.

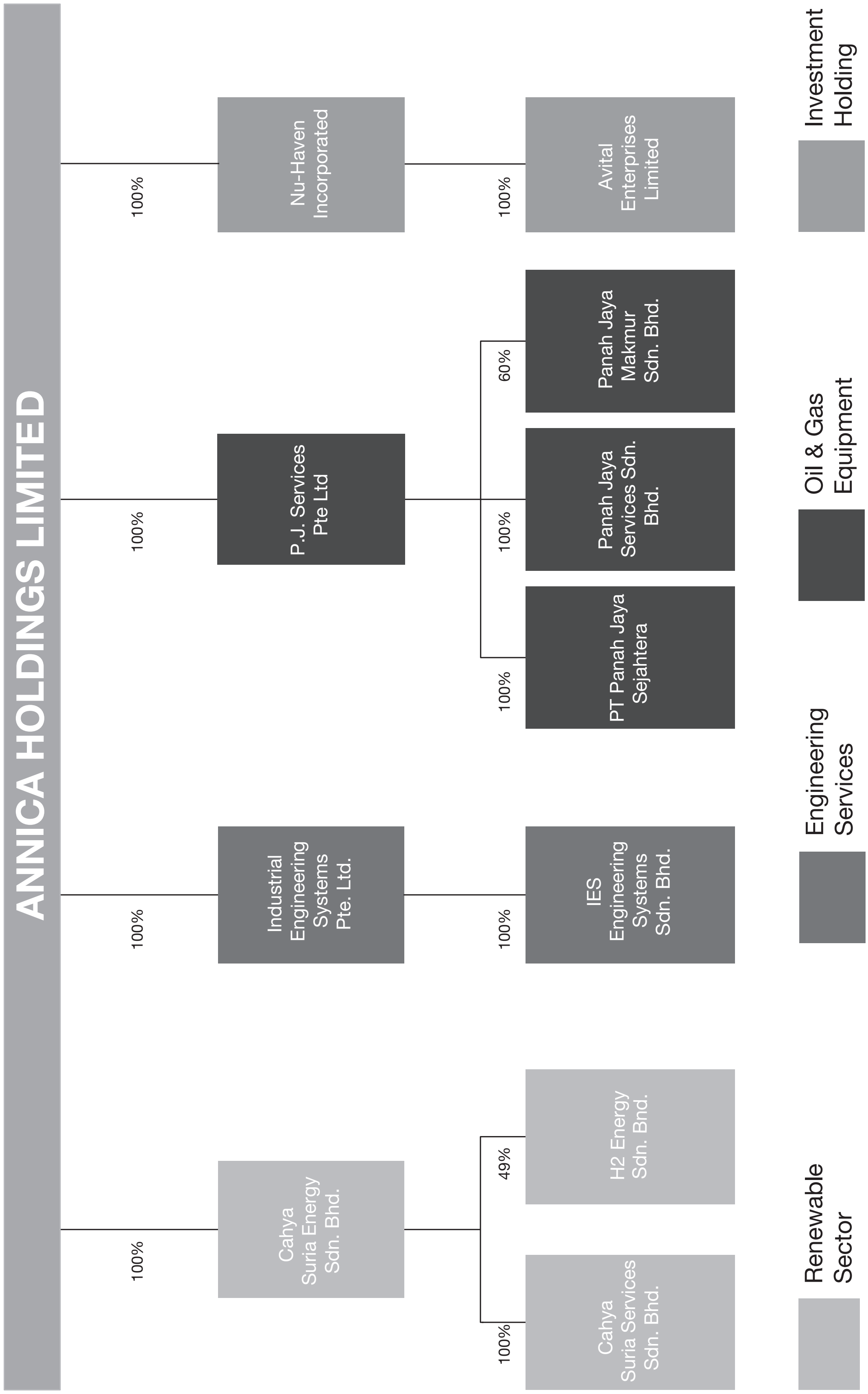
As we navigate the rough seas ahead, we must forge forward and learn to live and operate in increasingly uncertain and challenging environments in the foreseeable future. Nevertheless, we are confident that the Group will be able to face any adversity and prosper, by standing united and working together as one.

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

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

13 June 2022

CORPORATE STRUCTURE



FINANCIAL REVIEW

COMPREHENSIVE INCOME

During the financial year ended 31 December 2021 ("**FY2021**"), the Group posted total revenues of $7.7 million, a 30% decrease from the financial preceding year ended 31 December 2020 ("**FY2020**"), with our primary business segments of Oil and Gas Equipment and Engineering Services contributing 90% and 10% of the total revenue respectively. This decrease is largely attributable to our hampered marketing efforts as a result of the various COVID19 restrictions and regulations. The Group reported a gross profit margin of 33% in FY2021 which was an increase of 1% from 32% in FY2020 due to a one-off project with high revenue and low gross profit margin in FY2020.

The Group's total comprehensive loss attributable to equity holders of the Company has increased by $67,000 in FY2021 from FY2020, and this represents a marginal variance from FY2020.

FINANCIAL POSITION

The Group's FY2021 net current assets and total assets stood at $2.3 million and $9.5 million respectively. As at FY2021, the Group's net assets has decreased by $1.2 million from $3.2 million as at FY2020 to $2.0 million as at FY2021.

CASH FLOWS

The Group held cash and cash equivalents and fixed deposits of an aggregate amount of $1.4 million as at FY2021.

OTHER MATTERS

Other than as disclosed 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 full-year financial statements for FY2021, as announced on 25 February 2022 and (ii) the Company's announcement on 13 June 2022 in relation to the material variances between the unaudited and audited financial statements for FY2021, which would materially affect the Group's and the Company's operating and financial performance as of 13 June 2022, being the date of the Directors' Statement on pages 56 to 59 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)

Robin Stevens
(Independent and Non-Executive Director)
(appointed on 20 May 2022)

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)
Robin Stevens	(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

REGISTERED OFFICE
40 Ubi Crescent
#01-01
Singapore 408567

Telephone: +65 6221 1123
Facsimile: +65 6228 9487
Email: prinfo@annica.com.sg

AUDITOR
PKF CAP LLP
6 Shenton Way OUE Downtown 1,
#38- 01, Singapore 068809
Singapore 188778

Partner in-charge: Lee Eng Kian
(Appointed from the financial year ended 31 December 2021)

SHARE REGISTRAR
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

Telephone: +65 6593 4848

CONTINUING SPONSOR
Stamford Corporate Services Pte. Ltd.
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

SOLICITORS
Altum Law Corporation
160 Robinson Road
#26-06 SBF Center
Singapore 068914

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

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

SUSTAINABILITY REPORT

1. Board statement

We reaffirm our commitment to sustainability with the publication of our sustainability report ("**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.

During the period under review, we have put in place an enterprise risk management framework ("**ERM**") which serves to facilitate the sound management of the Company and the optimisation of opportunities within the risk boundaries set by the Board. A discussion of the ERM can be found in Section 7.9 of this Report.

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

A summary of our sustainability performance in FY2021 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 9001:2015 certified ▪ Appointed P.J. Services Group as the exclusive distributor and training services provider of TorsionX Pte Ltd ("**TorsionX**") in Brunei and Indonesia. ▪ H2Energy Sdn Bhd is currently undertaking its pilot project in relation to the H2Energy System at a government clinic in Long Loyang, Sarawak, Malaysia, supplying uninterrupted electricity to the clinic to provide essential healthcare services to a population of over 2,000 people in the vicinity.
Social		
2	Employee retention	▪ 65% 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 framework agreement between Majuperak Energy Resources Sdn. Bhd. and the Group, to facilitate the development of sustainable sources of energy in Perak, Malaysia has been terminated on 3 June 2021. ▪ The Group is currently carrying out a pilot project at a government clinic in Long Loyang, Sarawak, Malaysia (as elaborated in point 1 above)
4	Equality and diversity in the workplace	▪ Percentage of female to total full-time employees of 44% (FY2020: 49%) ▪ 47% of our workforce are at least 40 years old (FY2020: 49%) ▪ Percentage of employees with tertiary and non-tertiary education is 77% and 23% respectively
Environmental		
5	Energy conservation	▪ Electricity consumption rate per employee increased by 84% to 1,838.98kWh over the preceding financial year (FY2020: 997.85kWh).

S/N	Material factor	Sustainability performance
Economic		
6	Sustainable business performance	▪ The Group's FY2021 operating results were generally in line with the expectations as previously disclosed in the Company's FY2020 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 47 (FY2020: 51)

2. Reporting framework

This Report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards: Core option as well as Practice Note 7F and Rules 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 2021 ("**FY2021**" or "**reporting period**"). A sustainability report is published annually in accordance with our SR Policy and the Catalist Rules. As this is the company's fifth sustainability report, the Company is still in the early implementation stage of sustainability reporting and has relied solely on internal assurance for this current report. The Company may consider external assurance in the event that such assurances are deemed necessary and relevant in the future.

This Report covers the key operating entities within our Group which contributed approximately 100% (FY2020: 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 at 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

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

S/N	Stakeholder	Engagement channel	Frequency of engagement	Key concerns raised / Time horizon
2	Customers	Customers are encouraged to provide feedback so that we may undertake relevant follow-up actions to better serve them where necessary. 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, the Director of the IES Group and the Director of the CSE Group (collectively, "**senior management personnel**") hold regular communication sessions with employees to obtain feedback and to align business goals across all levels of the workforce. Such communication channels include emails and periodic staff evaluation sessions where employees can pose questions in person. For business continuity measures, the Group has also implemented safe and/or remote working arrangements (through digitalisation and cloud computing) to ensure a seamless transition to flexible work arrangements such as working from home, without compromising on work productivity.	Ongoing	▪ Equal employment opportunity – short term ▪ Job security – short term ▪ Remuneration – short term ▪ Safe and fair working environment – short and long term ▪ Lifelong learning – short and long term
4	Regulators	We participate in consultations and briefings organised by key regulatory bodies such as the SGX-ST and relevant government agencies / bodies so as to better understand the regulatory requirements and to furnish feedback on proposed regulatory changes that may impact our businesses.	Ongoing	▪ Corporate governance – short term
5	Shareholders	We convey timely and accurate information to shareholders through announcements on SGXNET, our corporate website (http://www.annica.com.sg), annual general meetings, annual reports and other channels such as business publications and investor relation events.	Annually / Ongoing	▪ Sustainable business performance – medium term ▪ 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 ▪ Fair and ethical procurement practices – short term

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

6. Policy, practice and performance reporting

6.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management personnel in consultation with the board of directors of the Company (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 of 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 business strategies to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance-monitoring and data collection processes.

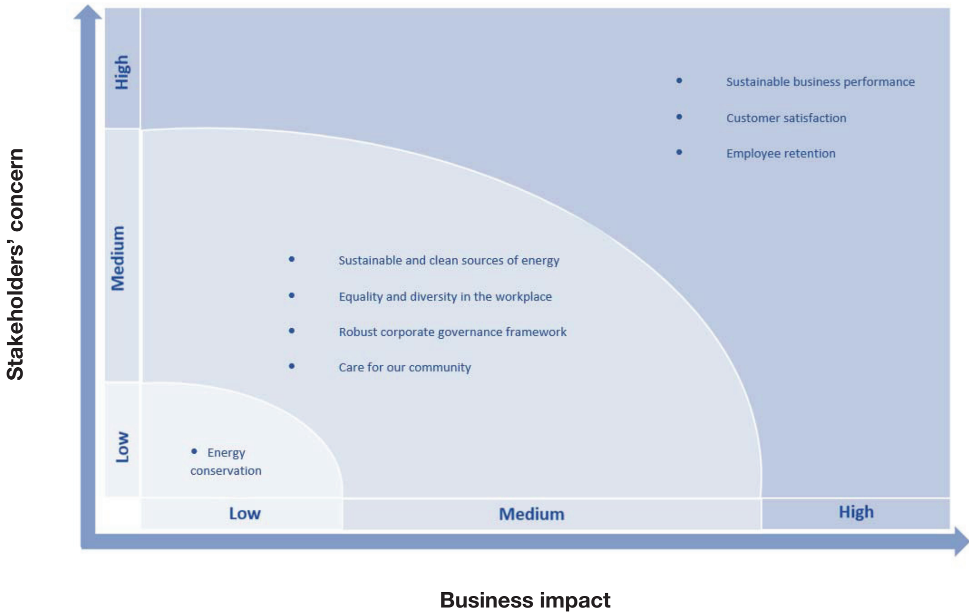
7 Material factors

Our materiality assessment performed for FY2021 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
5	Care for our Community	Communities	II
Environmental			
6	Energy conservation	■ Communities ■ Shareholders	III
Economic			
7	Sustainable business performance	Shareholders	I
8	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, which is to advise customers on developing solutions based on the 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.

We continue to maintain a core team of experienced and professional engineers to provide value-added services to our customers through the design of customised solutions and the management of fabrication and installation processes. In FY2021, the P.J. Services Group was also appointed as the exclusive distributor and training services provider of TorsionX in Brunei and Indonesia. The TorsionX appointment is complementary to our existing PLIDCO product service offerings as TorsionX bolting tools are used in the installation of PLIDCO repair fittings. Meanwhile, our facility in Jakarta, Indonesia has recently been approved in April 2022 by the Engineering Construction Industry Training Board ("**ECITB**") of the United Kingdom as an ECITB Approved Training Provider to provide Mechanical Joint Integrity ("**MJI**") / Flange management training for clients in Indonesia. These new services and products provide additional value-added services at our existing centre in Jakarta.

P.J. Services Group was also appointed by Titan Aviation S.A. as its sole authorised agent in Malaysia for its Fuel Bowser and Hydrant Dispenser. This appointment is in line with our reset and reshape strategy as we expand our product and service offerings along the value chain.

<u>Adopting international standards for services provided</u>

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 9001:2015 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.

<u>ISO 9001:2015 Certificate</u>


Lloyd's Register

Certificate of Approval

This is to certify that the Management System of:

PJ Services Pte Ltd

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

ISO 9001:2015

The scope of this approval is applicable to:

Luis Cunha

Area Operations Manager - SAMEA

Issued by: Lloyd's Register Quality Assurance Limited

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

Target for FY2021	Performance in FY2021	Target for FY2022
▪ Maintain a comprehensive range of solutions ▪ Adhere to the market standards and best practices in operations	Targets met as follows: ▪ We offer a comprehensive range of products to our customers ▪ We adhered to the market standards and best practices in operations	▪ 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 the following arrangements for employees who are able to perform their roles virtually or remotely:

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

For all other employees who are required to be physically present at work sites to perform their duties, the Group provided regular and periodic COVID-19 checks and other safety measures in accordance with the prevailing government regulations, guidelines and standard operating procedures in the jurisdictions that the Group operates in. We also implemented initiatives to look after the mental well-being of our employees who may be affected by the pandemic and the resulting preventive measures (for example long self-isolation periods). These including providing flexible work arrangements, flexible leave/time-off arrangements and other support for affected employees to seek medical treatment where necessary.

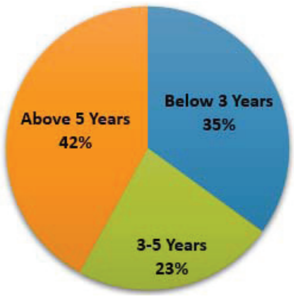
With the support of government incentives such as the Jobs Support Scheme, no employees were laid off directly as a result of the COVID-19 pandemic during the period under review.

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 skill development courses or product knowledge programs which help them to further improve their skills and knowledge.

As at 31 December 2021, our total number of employees stands at 43 (FY2020: 43)and 65% (FY2020: 63 %) of our workforce has 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 FY2021	Performance in FY2021	Target for FY2022
Maintain or improve employee retention rate	65% of our workforce served with us for more than 3 years, which is 2% higher than the previous financial year.	Maintain or improve employee retention rate

7.3 Sustainable and clean sources of energy

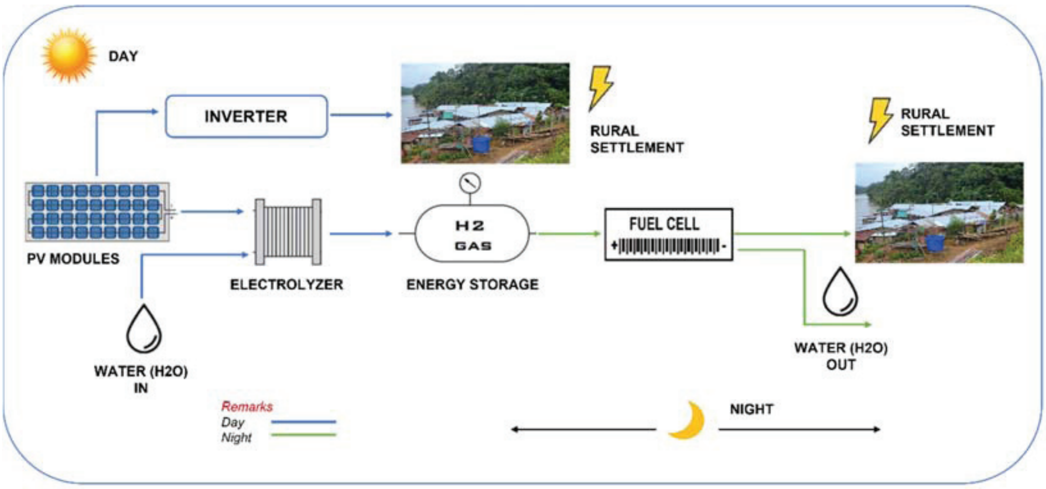
As part of our commitment to give back to the community, as well as our continued efforts to diversify into the renewable energy and green technology businesses ("**Renewable Sector**"), we have undertaken the following initiatives:

Rural Electrification Project in Sarawak, Malaysia

Through H2Energy Sdn Bhd (formerly known as HT Energy (S) Sdn. Bhd.) ("**H2E**"), 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 (the "**Pilot Project**"). The Pilot Project involves various stakeholders such as related governmental agencies in Sarawak as well as the affected communities and aims to (i) provide reliable, clean and affordable electricity access for rural communities, and (ii) create a market and opportunity for private and public stakeholders to participate in the electrification of rural communities.

Typically, rural communities utilise diesel generators for their energy needs. 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:



H2Energy System

(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 two 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 and clean water helps to improve the quality of life of the rural communities and increases 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 Sector and, therefore, a new source of revenue for the Group going forward.

Although the Company had planned to commence the Pilot Study in full scale around the second half of FY2021, the Company was cognisant that this timeline may be affected due to government measures in response to the highly fluid COVID-19 situation in Malaysia. To overcome these challenges, the Group's technical team had resolved to ship certain components back to Singapore for upgrading and modifications works to include remote control and monitoring functions. However, due to the shipment delays arising from COVID-19 and custom clearance, these components were only received sometime in September 2021 and the upgrading and modification works on these components commenced immediately thereafter. The Company had completed and shipped the upgraded components back to the pilot site around mid-December 2021 to prepare for the commencement of the Pilot Study in full scale. The Company has conducted an official user training of the pilot power module at the Pilot Project site on 12 April 2022 to each of (a) Sector Program Lestari (Sustainable Programme Sector, Ministry of Health Malaysia), (b) Bahagian Perkhidmatan Kejuruteraan (Engineering Services Division, Ministry of Health Malaysia), (c) Kementerian Kesihatan Malaysia (Ministry of Health Malaysia), and (d) Pejabat Kesihatan Bahagian Miri (Miri Divisional Health Office). The training included a presentation on the working principles of the components of the pilot power module and a live presentation of the operation of the power module which has since been rebranded as the "H2Energy System". The Company and H2E also officially launched the Pilot Project and commence the Pilot Project on 12 April 2022, which will run for a three (3) month period.

On 7 June 2022, H2Energy Sdn Bhd won first place under Category A (MBOT Professional Members) at the Malaysia Board of Technologists ("**MBOT**") Technology & Innovation Expo. The Company is honoured to win this prestigious award as it is a testament to the recognition and appreciation accorded by our peers, MBOT and the Malaysian Ministry of Science, Technology and Innovation with regard to our H2Energy System.

<u>Large Scale Solar Photovoltaic Projects ("LSS Projects") in Malaysia</u>

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.

However, as the conditions precedent set out in the Framework Agreement had not been satisfied or waived by both Parties by the agreed expiry date of 3 June 2021 (the "**Expiry Date**"), and having received MERSB's confirmation that it did not intend to extend the Expiry Date and agreed to mutually terminate the Framework Agreement with effect from the Expiry Date, the Framework Agreement has since terminated on 3 June 2021 in accordance with its terms.

In spite of this, we are continuing to negotiate with other Malaysian state governments as well as the federal government to collaborate on the development of LSS Projects in other Malaysian states. Meanwhile, the Group has also participated in the unsuccessful tender of the trial importation of energy into Singapore in 2021 and it is currently participating in the Energy Market Authority of Singapore's upcoming tender for low-carbon energy imports as part of our efforts to boost our presence in the Renewable 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.

We will make the necessary announcements as and when there are material developments on this matter.

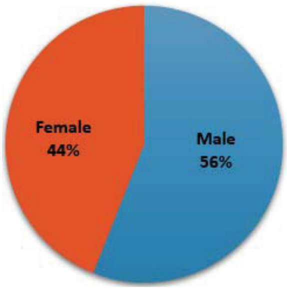
Target for FY2021	Performance in FY2021	Target for FY2022
▪ Improve the quality of life for inhabitants of rural communities ▪ Increase access to renewable energy resources for the communities	Targets were partially met as follows: ▪ Solar panels have been successfully installed and are producing energy at the clinic for day use. ▪ The H2Energy System is performing up to 100% of rated capacity.	▪ 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, equality 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.

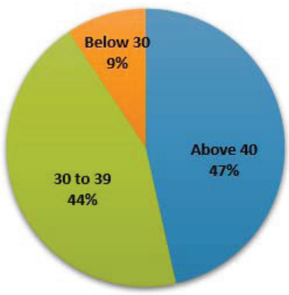
With regard to gender diversity, the percentage of female to total full-time employees is 44% (FY2020: 49%) as at 31 December 2021.

Gender diversity (all full-time employees)



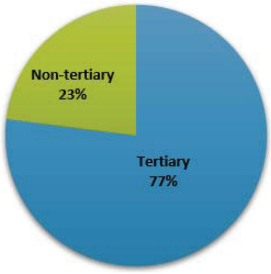
For age diversity, matured workers are valued for their experience, knowledge and skills. As at 31 December 2021, 47% (FY2020: 49%) of our workforce is at least 40 years old.

Age 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 2021, the percentage of employees with tertiary and non-tertiary education is 77% and 23% (FY2020: 77% and 23%) respectively.

Educational diversity (all full-time employees)



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 and to encourage them to take self-initiated enrichment actions to improve themselves.
- To promote equal opportunities in the workplace, we have provided opportunities for promising employees to attend employee training programs regardless of their background.

Target for FY2021	Performance in FY2021	Target for FY2022
Move towards a more balanced, or at least maintain, existing gender and age diversity ratios	The target for FY2021 was not met as follows: ▪ 47% of our workforce is at least 40 years old (FY2020: 49%) ▪ The percentage of female to total full-time employees is 44% (FY2020: 49%) Although targets were not met for gender and age diversity ratios, the decreases were marginal and insignificant.	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	
	FY2021	FY2020
Electricity consumption per employee	1,838.98	997.85

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 practices, going paperless, switching off appliances if not in use, enabling power save modes and such related practices.

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

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.

However, as our employees gradually resumed work in the office in FY2021, the electricity consumption increased as a result compared to FY2020 when our employees mostly worked from home.

Target for FY2021	Performance in FY2021	Target for FY2022
Maintain or reduce electricity consumption rate	Target was not met as the electricity consumption per employee increased to 1838.98 kWh	Maintain or reduce electricity consumption rate

7.6 Care for our Community

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

Since 2020, the world has been grappling with one of the worst pandemics that has affected the lives of many as businesses and communities struggle to get through this difficult time. Malaysia, a key market for the Group, not only had to contend with the economic fallout from COVID19 as several Malaysian states were inundated by massive floods in late December 2021 and early January 2022. The floods affected 8 states across the peninsula, and left at least 54 dead and 2 missing[4], causing RM6.1 billion in damages to property and industry[5]. Moreover, it caused the concurrent displacement of the affected population and have affected over 125,000 people[6].

To lend our support to those that have been severely affected by the floods, the Group has provided financial and emotional support such as distributing food packs to the flood victims at Kota Kemuning, Shah Alam and Port Klang.

4 Bernama, "Floods claim 54 lives so far, two still unaccounted for – Bukit Aman" (5 January 2022), accessible at: https://www.bernama.com/en/general/news_disaster.php?id=2040627

5 Channel News Asia, "Malaysia massive floods result in RM6.1 million losses, Selangor worst hit" (28 January 2022), accessible at: https://www.channelnewsasia.com/asia/malaysia-floods-2021-2022-losses-statistics-department-2465656

6 CNN, "Malaysia floods hit seven states forcing thousands to evacuate" (3 January 2022), accessible at: https://edition.cnn.com/2022/01/02/asia/malaysia-floods-evacuation-intl-hnk/index.html

The Group visited a representative at Port Klang to hand over food packs to flood victims there.

Further to our ad hoc flood relief contribution efforts, the Group intends to formulate a Group-wide CSR policy that details the process used to assess and review all proposed community involvement initiatives in the near future.

7.7 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 the Renewable Sector. This initiative primarily aims to reduce our reliance on the oil & gas equipment and engineering services business segments, provide shareholders with diversified returns and enhance shareholders' value. Examples of 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. Our efforts include the following:

- Appointed as the exclusive distributor and training services provider of TorsionX in Indonesia and Brunei.
- Our facility in Jakarta, Indonesia has been approved in April 2022 by the Engineering Construction Industry Training Board ("**ECITB**") as an ECITB Approved Training Provider to provide Mechanical Joint Integrity ("**MJI**") Flange management training for clients in Indonesia.
- P.J. Services Group was also appointed by Titan Aviation S.A. as its sole authorised agent in Malaysia for its Fuel Bowser and Hydrant Dispenser.

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

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

Target for FY2021	Performance in FY2021	Target for FY2022
▪ Maintain or improve our financial performance subject to market conditions	Targets were partially met as follows: ▪ Due to adverse operating conditions in FY2021 due to pandemic, our O&G Equipment and Equipment services recorded lower revenues in FY2021. Nevertheless, the Group has continued to reset and reshape our existing businesses this year, with the appointment of P.J. services Group as distributor and training service provider of Torsionx in Indonesia and Brunei. Meanwhile, our facility in Jakarta, Indonesia has been approved on April 2021 by the Engineering Construction Industry Training Board ("**ECITB**") as an ECITB Approved Training Provider to provide Mechanical Joint Integrity ("**MJI**") Flange management training for clients in Indonesia. P.J. Services Group was also appointed by Titan Aviation S.A. as its sole authorised agent in Malaysia for its Fuel Bowser and Hydrant Dispenser. These new additions are expected to contribute towards its targets, going forwards. ▪ Our Renewable Sector recorded its maiden contribution of $53,000 in FY2021 from the licensing of the H2Energy System pursuant to a term sheet entered with H2U Power Tech Pty Ltd ("**H2U Power**") on 8 March 2021. On 16 December 2021, H2E entered into a binding framework agreement with the sister company of H2U Power, Hydro X Gen Pty Ltd (the "**Licensee**"), to grant the Licensee a perpetual, sole exclusive license to assemble, install, distribute, market and sell the H2Energy System worldwide, save for certain excluded territories. The original term sheet with H2U Power has been terminated on 16 December 2021 and effectively replaced with the abovementioned licensing arrangement with the Licensee. ▪ The Group's FY2021 operating results were generally in line with the expectations as previously disclosed in the Company's FY2020 annual report.	Maintain or improve our financial performance subject to market conditions

7.8 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[7] (FY2020: zero incidents). In addition, our overall SGTI score as assessed by the National University of Singapore Business School for FY2021 is 47 (FY2020: 51).

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

Target for FY2021	Performance in FY2021	Target for FY2022
■ 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 47 ■ FY2021 targets were not met as our score declined 8% from 51 in FY2020. While the decline is not overly significant, the Company is reviewing the relevant areas to improve or minimally maintain the score for FY2022	■ Maintain zero incidents of serious offence ■ Maintain or improve our SGTI score

[7] 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.

7.9 Enterprise risk management

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

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

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

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

- The second level involves monitoring the main risks in order to ensure the effectiveness and efficiency of the corresponding risk management processes and monitoring the appropriateness and operation of controls implemented for the main risks. It also provides support to the first level in defining and implementing adequate systems for managing the main risks and the associated controls;

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

The structure of the first and second control levels is consistent with the size, complexity, specific risk profile and with the regulatory environment in which the Company and its subsidiaries operate.

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

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

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

8. Supporting the UN Sustainable Development Goals

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

SDG		Our effort
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable, and modern energy for all	Section 7.3 Sustainable and clean sources of energy Our continued efforts to expand into the renewable energy sector and to provide communities with clean and sustainable resources help to diversify our business and also contribute to sustainability development. Section 7.5 Energy conservation 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	Section 7.1 Customer satisfaction 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 for our shareholders. Section 7.2 Employee retention 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. Section 7.7 Sustainable business performance We contribute to economic growth through creating long-term economic value for our shareholders. Section 7.9 Enterprise risk management We take a structured and comprehensive approach to identify, prioritise and manage risks across the Group through our enterprise risk management framework (ERM). Our ERM is designed to facilitate the proper identification, measurement, management and monitoring of risks, which enables us to take calculated and measured risks in a prudent manner for justifiable commercial reasons.

SDG		Our effort
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	Section 7.4 Equality and diversity in the workplace We ensure equal opportunity for all regardless of gender, age, nationality, ethnicity, or educational background. Section 7.6 Care for our communities We are committed towards enriching the lives of the communities in which we operate through our Corporate Social Responsibility (CSR) initiatives
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective accountable and inclusive institutions at al levels	Section 7.8 Robust corporate governance framework We maintain a high standard of corporate governance to safeguard our shareholders' interests and maximise long-term shareholder value.

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 Associates	2-4 96-98 –
102-3	Location of headquarters	▪ Corporate Information ▪ Notes to the Financial Statements> General Corporate Information	7 69
102-4	Location of operations	▪ Letter to Shareholders ▪ Notes to the Financial Statements > Investments in Subsidiaries ▪ Notes to the Financial Statements > Investments in Associates	2-4 96-98 –
102-5	Ownership and legal form	▪ Corporate Structure ▪ Notes to the Financial Statements> General Corporate Information ▪ Statistics of Shareholdings	5 69 128-129
102-6	Markets served	▪ Letter to Shareholders ▪ Notes to the Financial Statements > Segment Information	2-4 112-115

General standard disclosure		Section reference	Page
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 21-22 65 66-67
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	25-26
102-13	Membership of associations	None	–
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board Statement	8-9
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	Corporate Governance Report	33-55
Governance			
102-18	Governance structure of the organization	Corporate Governance Report	33-55
Stakeholder engagement			
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

SUSTAINABILITY REPORT

General standard disclosure		Section reference	Page
Reporting practice			
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 Associates	5 96-98 –
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 23 –
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	9
102-51	Date of most recent report	FY2019 Sustainability Report	–
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	9
Reporting practice			
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	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 26-29
102-55	GRI content index	Sustainability Report > GRI Content Index	26-29
102-56	External assurance	We may seek external assurance in the future	–
Management approach			
103-1	Explanation of the material topic and its Boundary	Sustainability Report > Material Factors	12-13
103-2	The management approach and its components	Sustainability Report > Material Factors	12-13
103-3	Evaluation of management approach	Sustainability Report > Material Factors	12-13

General standard disclosure		Section reference	Page
Category: Economic			
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	21-22 65 64
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report> Material Factors > Robust Corporate Governance Framework	23
Category: Environmental			
302-3	Energy intensity	Sustainability Report> Material Factors > Energy Conservation and Waste Optimization	19-20
Category: Social			
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	18-20
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. On 21 August 2021, Berjaya Assets Berhad announced the appointment of Tan Sri as Independent and Non-Executive Deputy Chairman. 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 has recently sit on board of Perbadanan Stadium Malaysia (PSM) as Corporate Representative from 2021 to 2023. 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 Corporate Finance Director with an e-commerce company with operations in SEA. He was also formerly with a boutique professional firm that specialises mainly in insolvency and restructuring services, corporate finance, and transaction services, and was 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.

BOARD OF DIRECTORS

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.

Robin Stevens
Independent and Non-Executive Director

Mr Stevens is an Independent and Non-Executive Director and was appointed to the Board on 20 May 2022. He has held leadership positions in the UK and international professional partnerships and is a pragmatic corporate finance and capital markets professional with over 30 years of experience advising private and public company clients, ranging from small family-owned businesses to large and international companies, on matters in relation to corporate finance, private equity MBOs, capital reconstruction, pre-flotation planning and acquisitions and disposals. To-date, he has advised on over 150 IPOs and secondary offerings on the London Main Market, AIM Market and AQUIS Stock Exchange, as well as on transactions on Nasdaq First North, Hong Kong, Malaysian and Singapore Exchanges. Mr Stevens is an independent and non-executive director of Hercules Site Services Plc and Aura Renewable Acquisitions Plc, the non-executive chairman of Vector Capital Plc and is also an independent and non-executive director in several other private companies operating in the UK and overseas. He is currently the Head of Capital Markets and a Senior Adviser of MHA Macintyre Hudson, the UK member of Baker Tilly International, advising emerging UK and international clients on corporate and capital market related activities. Throughout his long and distinguished career, Mr Stevens has worked for internationally renowned firms such as Crowe UK LLP, Mazars LLP, and MRI Moores Rowland LLP. Mr Stevens is a Chartered Accountant and holds a BA Hons Business Studies from Hertfordshire University.

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 14 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. & Cahya Suria Services 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, H2 Energy Sdn. Bhd. ("**H2E**")*

Hatta is a co-founder of H2E 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.

CORPORATE GOVERNANCE REPORT

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

This Corporate Governance Report ("**CG Report**") describes the Group's corporate governance framework and practices that were in place during the financial year ended 31 December 2021 ("**FY2021**") 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 FY2021, 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, 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 a company's practices conform to the Principles.

The Provisions that underpin the Principles are designed to support compliance with the Principles. These Provisions which replaced 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 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 by directors and better engagement between investors and shareholders and the companies.

Statement of Compliance

The Board confirms that for FY2021, the Company has generally complied with the Principles and Provisions of the Code, save as otherwise explained below.

(A) BOARD MATTERS

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

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

1.1 <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 through a combination of on-site visits, updates and briefings conducted by Management and other management personnel of the relevant Group Subsidiaries, in addition to his or her specific role as executive or non-executive and/or independent director of the Company.

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 obligations to Shareholders and other stakeholders are understood and met;
- ensures that 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 other management personnel of the respective businesses within the Group;
- considers sustainability issues in the formulation of its strategies for the Group's businesses and operations;
- 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 in relation to the Group's businesses and operations. In this regard, any Director facing a conflict of interest will recuse himself or herself from discussions and decisions that the Director finds himself or herself in conflict with.

1.2 <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
Lim In Chong	Non-Independent and Non-Executive Director	6 July 2018	29 April 2021	–	–	Inchscape Sdn. Bhd.- Director and Principal

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
Su Jun Ming	Lead Independent and Non-Executive Director	20 January 2016	26 June 2020	–	–	Icart Group Pte Ltd - Corporate Finance Director
Adnan Bin Mansor	Independent and Non-Executive Director	20 January 2016	29 April 2021	–	–	– –
Robin Stevens	Independent and Non-Executive Director	20 May 2022	–	–	–	MHA MacIntyre Hudson - Senior Advisor and Head of Capital Markets Hercules Site Services Plc – Non executive Director Aura Renewable Acquisition Plc – Non executive Director Avelas HoldCo Inc – Non executive Director Avelas Biosciences Inc - Non executive Director Vector Capital Plc - Non executive Director Robin Stevens Consulting Limited - Director

1.3 **<u>Delegation of authority by the Board</u>**

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 Board Committees have been formed with clear terms of reference which are set out more fully below in this report.

The composition of the Board Committees is set out below:

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

The Board holds regular meetings to review, consider and approve strategic, operational and financial matters of the Group. 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 comprehensive (as far as practicable) and timely information to enable Directors to make informed decisions and to discharge their duties and responsibilities. As part of its on-going reporting to the Board, Management provides updates of the milestones achieved or issues encountered by 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 provide clarification where required. Where physical meetings are not possible, timely communication between the Directors and Board Committees is achieved via electronic means and the circulation of written resolutions for approval by the Directors or Board Committees members.

During FY2021, 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 policies, strategies and financial objectives of the Group;
- overseeing the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, generally;
- approving the nomination of persons to the Board and appointments of persons to positions of Management;
- approving annual budgets, major funding proposals, corporate or financial restructuring, and investments or divestment proposals;
- declaration of interim dividends and proposal of final dividends, and interested person transactions,

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

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

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

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

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

At each Board meeting, the Directors will receive updates from the chief executive officer and the relevant key management personnel on the business and strategic developments of the Group. The Directors may, at any time, visit the Group's business operations in order to gain a better understanding of its businesses. Changes to regulations and accounting standards are monitored closely by the chief executive officer and the AC in close consultation with, and guidance from, the Group's then external auditor, Baker Tilly TFW LLP. During FY2021, the Directors were briefed by Baker Tilly TFW LLP on significant developments in financial reporting standards and related changes that affect the Group, and by the Company Secretary on changes to the Catalist Rules, Code of Corporate Governance and other relevant changes to the Companies Act 1967 ("**Companies Act**").

For the year under review, the Directors have attended the following courses: (a) Front Seats: Conversations in Global Finance, (b) Front Seats: Conversations in Global Finance, (c), Market Needs in a Changing Landscape, organised by Singapore Exchange and (d) Singapore Governance and Transparency Forum 2021 (SGTI 2021), organised by the Singapore Institute of Directors.

Mr Robin Stevens attended LED 1 – Listed Entity Director Essentials organised by the Singapore Institute of Directors on 8 March 2022. Mr Stevens will complete the remaining training modules on the roles and responsibility of a director of a listed issuer as prescribed by the SGX-ST in due course and in any event within one year from his date of appointment to the Board.

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 <u>Attendance of Directors at meetings</u>

The attendance of the Directors at Board and Board Committee meetings held during FY2021 is set out below:

		Board Committees		
	Board	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Number of meetings held:	4	4	2	2
Name of Director	**Number of meetings attended**			
Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin	4	4	2	2
Sandra Liz Hon Ai Ling	4	4*	2*	2*
Shamsol Jeffri Bin Zainal Abidin	4	4*	2*	2*
Lim In Chong	4	4*	2*	2*
Su Jun Ming	4	4	2	2
Adnan Bin Mansor	4	4	2	2
Robin Stevens**	–	–	–	–

* Attendance by invitation of the respective Board Committees.

** Robin Stevens was formally appointed on 20 May 2022 as Independent Director.

2. BOARD COMPOSITION AND GUIDANCE

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

2.1 Independence

The Board is made up of four (4) Independent and Non-Executive Directors ("**Independent Directors**" and each an "**Independent Director**"), one (1) Executive Director, and two (2) Non-Independent and Non-Executive Directors.

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

The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines set out in the Code. For the period under review, the Independent Directors have provided written confirmations of their independence, and the Board has determined, taking into account the views of the NC, that all Independent Directors have satisfied the criteria of independence. In respect of Mr Robin Stevens, his independence has been assessed by the NC and the Board prior to his appointment, and the NC and the Board are satisfied that Mr Stevens is independent as contemplated by the Code and the Catalist Rules.

An Independent Director who has served on a board for more than nine (9) years from the date of his appointment will have his continued appointment as Independent Director and re-election as Director be subject to a two-tier vote by (a) all shareholders, and (b) shareholders excluding Directors and the CEO and associates of the Directors and CEO in separate resolutions tabled at the Company's annual general meeting.

Currently, no Independent Director has been a director of the Company for more than 9 years (whether before or after listing) (the "**Maximum Period**"). In future, if any Independent Director has been an independent director for more than the Maximum Period, his or her continued appointment as an independent director must, in addition to rigorous review by the NC in relation to his or her independence, be subject to the two-tier vote as described above.

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 legal, accounting, finance, business, management and specific technical areas. The diversity of experience, competencies and knowledge provide 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. At the current time, the Board, as a whole, possesses 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 Company practises a diversity policy that emphasises not only gender diversity, but places importance on skills, age and ethnicity (including cultural and personal backgrounds) when making appointments or re-appointments of Directors.

The Board currently comprises six male Directors and one female Director. The Board members comprise individuals of a range of ages (i.e., from early 40s to late 60s), ethnicities (from ethnic Malaysians and Malaysian Chinese to Caucasians), cultural backgrounds and professional skill-sets.

Notwithstanding the diverse ethnicity, age and skill-sets of its current Board members, the Company is striving for a more equal representation of females on its Board. In this connection, the Company will prioritise the appointment of female Directors should a vacancy arise, provided always that the potential candidate possesses the correct skill-sets and fit with the Board and Company. The Company targets to have among its Board members and/or key management personnel additional female members by 2025 when some of its current Directors have served on the Board for more than 9 years since their initial appointments.

The Directors consider the Board's (and each Board Committee's) size and composition as at the end of FY2021 to be largely appropriate, taking into account the nature and scope of the Group's operations as well as the skills and knowledge of the Directors. All major decisions relating to the operations and management of the Group are jointly and collectively made by the Board after taking into account the opinion of all the Directors. As such, there is a balance of power and authority and no single individual controls or dominates the decision-making process of the Group.

2.3 <u>Role of Independent Directors</u>

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

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 <u>Chairman</u>

Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin, an Independent Director, is the Chairman of the Board, while Ms Sandra Hon is an Executive Director and Chief Executive Officer ("**CEO**"). In compliance with Provision 3.1 of the Code, the roles of the chairman and chief executive officer 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 <u>Role of Chairman, Chief Executive Officer and Lead Independent Director</u>

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

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

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

The Board is of the view that the Board's current composition is effective in preventing a concentration of power and authority on any single individual.

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 all Independent Directors. They are Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin, Mr Su Jun Ming (Lead Independent Director) and Mr Adnan Bin Mansor. Mr. Adnan Bin Mansor is Chairman of the NC.

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;

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

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

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

The NC is also responsible for:

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

For the period under review, the NC assessed that a Director with experience in renewable energy and overseas capital market contacts and experience would benefit the Group in furthering its businesses and exposure. To this end, Mr Robin Stevens, who was a professional acquaintance of the CEO, was identified as a potential candidate for appointment as Independent Director. In deliberating on the appointment of Mr Robin Stevens, the NC also invited members of the Board to identify potential candidates with similar skillsets for the role. Mr Robin Stevens was eventually selected as the other potential candidates did not possess the right combination of skillsets and experience and did not have experience as director of a listed company.

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 Directors have multiple board representations and/or principal commitments. When a Director has multiple board representations and/or principal commitments, the NC will consider whether that Director is able to carry out and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and/or principal commitments.

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

Insofar as Mr Robin Stevens is concerned, while the NC noted that he is a Non-executive director of 6 other companies apart from his principal commitment at MHA MacIntyre Hudson, the NC is satisfied that Mr Stevens is able to commit sufficient time to the Group as Independent Director as he has given his assurance to the NC and the Board that the dictates of his time are generally flexible and he is able to make sufficient time for the Group.

4.2 Board Independence

The independence of each Director is reviewed by the NC with reference to the guidelines set out in the Code. The NC assesses the independence of the Directors annually and as and when circumstances require, taking into consideration any other relevant factors. Accordingly, the NC considers Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and the other three (3) Independent Directors to be independent in accordance with the criteria set out under Provision 2.1 of the Code, and the NC is satisfied that during FY2021, no Independent Director is deemed to be or can be said to be not independent as a result. No Independent Director has any relationship with the Company, its related corporations, its substantial shareholders or its officers which may affect his independence.

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

For FY2021, the NC determined that at the AGM,

(a) Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin, who was last re-elected on 26 June 2020, shall retire by rotation pursuant to Regulation 95 of the Constitution; and

(b) Mr Su Jun-Ming, who was last re-elected on 26 June 2020, shall retire by rotation pursuant to Regulation 95 of the Constitution.

Both Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Mr Su Jun-Ming having been determined by the NC to be eligible for re-appointment, have offered themselves for re-election at the AGM.

Upon re-election, Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin will continue to be an Independent Director and Chairman of the Board, a member of the AC and the NC, and chairman of the RC. Mr Su Jun-Ming will upon re-election continue to be an Independent Director, member of the NC and the RC, and chairman of the AC.

As Mr Robin Stevens was appointed on 20 May 2022 to fill a vacancy, he will retire pursuant to Regulation 94 of the Constitution and having been determined to be eligible by the NC for re-appointment, has offered himself for re-election at the AGM. Upon re-election, he will continue to be an Independent Director and member of the AC.

5. BOARD PERFORMANCE

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

5.1 Evaluation of Board Performance

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

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

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

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

The criteria for assessing the Board and each Board Committee's 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 an individual Director's contributions include, *inter alia*, the level of contribution to Board meetings, commitment of time, and overall effectiveness. As part of the evaluation process, the NC completes an appraisal form for each Director which are then compiled by the Company Secretary who then submits a summary report to the NC chairman. The summary report is then discussed during the NC meeting held at the end of the financial year where recommendations for re-election and training are then made to the Board.

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

(B) REMUNERATION MATTERS

6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

6.1 <u>The RC</u>

The RC makes recommendations on the remuneration of Directors and executive officers of the Company, and key management personnel of the Group. The RC comprises three (3) Board members who are all Independent 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 to make deliberations on the remuneration packages of each Director as well as each member of Management. In reviewing the remuneration packages, the RC takes into consideration industry practices, the terms of any service contract, individual performance and the financial results of the Company and the Group as a whole in recommending a framework for remuneration. 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 FY2021, no remuneration consultant was engaged. No Director is involved in deciding his or her own remuneration.

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

The remuneration package of the Executive Director is based on a service contract. Each Non-Executive Director and Independent Director receives a Director's fee annually, the amount of which is recommended by the Board, reviewed by the NC, 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 individual performance which serves to attract, retain and motivate the Directors to provide good stewardship of the Company, and for Management to successfully manage the Company for the long term benefit of Shareholders.

The Group's remuneration policy 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, which is aligned with the interests of Shareholders and other stakeholders, and promotes the long-term success of the Group.

For FY2021, the RC is of the view that the performance of the Executive Director and Management has been satisfactory. Save for the CEO and Pek Seck Wei (executive director of Industrial Engineering Systems Pte. Ltd, a Group Subsidiary) who were awarded an annual wage supplement equivalent to one month's salary each and Musa Bin Mohamad Sahir (executive director of P.J. Services Pte. Ltd, a Group Subsidiary) who was awarded a performance bonus as well as an annual wage supplement equivalent to one month's salary, 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 also review and approve any bonuses, pay increases and/or promotion for Management.

All Non-Executive Directors receive a Director's fees recommended by the Board based on his respective 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 (save for certain allowances in the performance of their duties) from the Company aside from directors' fees approved by Shareholders at the AGM.

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

At an extraordinary general meeting of the Company held on 2 September 2016, Shareholders approved the adoption of the Annica Performance Share Plan and the Annica Employee Share Option Scheme (collectively, the "**Schemes**") for the granting of non-transferrable Share Awards (as defined below) and ESOS Options (as defined below) to full-time employees as well as Executive Directors, Non-Executive Directors and key management personnel of the Company and Group Subsidiaries ("**Participants**"). The Schemes are intended to provide long-term incentives to Participants to encourage greater dedication and loyalty by enabling the Company to recognize 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 CEO, and the RC. Further details on the Schemes are also set out in the Company's circular dated 18 August 2016.

As at 31 December 2021, the following share awards ("**Share Awards**") under the Annica Performance Share Plan ("**Share Plan**") have been awarded 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 2021, 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(1)
Muhammad Hatta Bin Sukarni	0	12,500,000	0	12,500,000

Notes: (1) As Looi Kok Soon resigned on 24 May 2021 and did not exercise any of the ESOS Options granted to him prior to his resignation, all such ESOS Options became null and void after 24 May 2021, and are not capable of exercise any more.

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 CEO, 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 their respective commencement.

All 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 FY2021 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, H2 Energy Sdn. Bhd.* *Director, IES Engineering Systems Sdn. Bhd.*	77	7	–	16	100
Lim In Chong *Director, P.J. Services Pte Ltd* *Director, Industrial Engineering Systems Pte. Ltd.*	–	–	95	5	100
Shamsol Jeffri Bin Zainal Abidin *Director, Industrial Engineering Systems Pte. Ltd.* *Director, IES Engineering Systems Sdn. Bhd.* *Director, Cahya Suria Energy Sdn. Bhd* *Director, Cahya Suria Services Sdn. Bhd*	–	–	95	5	100
Su Jun Ming	–	–	97	3	100
Adnan Bin Mansor *Director, Panah Jaya Services Sdn. Bhd.* *Director, Cahya Suria Services Sdn. Bhd.* *Director, H2 Energy Sdn. Bhd.*	–	–	95	5	100
Robin Stevens[(1)]	–	–	–	–	–

Notes: (1) Robin Stevens was appointed on 20 May 2022 and any Director fee payable to him will be tabled at the AGM for FY2022.

8.2 Key Management Remuneration

The Group has three (3) key management personnel (who are not executive officers) forming part of the Management, and their level and mix of remuneration for FY2021 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, Cahya Suria Services Sdn. Bhd.*	92	–	8	100
Musa Bin Mohamad Sahir *Managing Director, P.J. Services Pte Ltd* *Director, Panah Jaya Services Sdn. Bhd.* *Director, Panah Jaya Makmur Sdn. Bhd.*	71	7	22	100
Muhammad Hatta Bin Sukarni *Director, H2 Energy Sdn. Bhd.*	88	–	12	100

In aggregate, the total remuneration paid to Management during FY2021 was $569,702.

The RC has recommended that the [Independent] Directors and Non-Executive Directors be paid an aggregate sum of $242,000 for the financial year ending 31 December 2022, payable quarterly in arrears as Directors' fees, which will be tabled at the forthcoming AGM for approval by the Shareholders. The Directors' fees recommended include directors' fees payable to an Independent Director who is also appointed a director of a Group Subsidiary.

If approved, payments would be made after the AGM. The sum was arrived at after taking into consideration the contributions, responsibilities and efforts of the current Independent Directors and Non-Executive Directors. As at the end of FY2021, the total outstanding Directors' fees owing to the Directors amounted to $507,413.

The aggregate remuneration and 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, the Board is of the opinion that it is not in the best interests of the Company to disclose the exact remuneration of each Director and key management personnel.

There is no employee in the Group who is an immediate family member of a Director, the CEO or a substantial shareholder of the Company and whose remuneration exceeded $100,000 during FY2021.

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 FY2021 or if not subsisting, entered into since the end of the previous financial year.

(C) ACCOUNTABILITY AND AUDIT

9. RISK MANAGEMENT AND INTERNAL CONTROLS

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

9.1 Risk Management

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

Taking into consideration the Group's businesses and locations where it has operations and the system of internal controls in place, the Board has determined that moderate risks in accordance with each Group Subsidiary's business operations are appropriate in achieving its strategic objectives and value creation. The Board has instructed Management on such risks level and acceptability.

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 address all errors and irregularities and it 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, fraud or other irregularities. A system of internal controls is designed to manage rather than eliminate risks of any such failure.

The Board has not established a separate risk management committee but has in FY2021 outsourced its internal audit function to an independent assurance service provider, 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 15 years of relevant experience.

For FY2021, an internal audit was carried out on Industrial Engineering Systems 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 accordingly, satisfied as to its adequacy and effectiveness as at the end of FY2021.

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 CEO 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 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 2021 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 auditor and the external auditor, (ii) the system of internal controls implemented by Management, (iii) assurance and confirmation from the Executive Director and CEO, 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 2021, and the AC is also satisfied that the internal audit function is independent, effective and has been adequately resourced.

Pursuant to the letter received from the Singapore Exchange Regulation ("**SGX RegCo**") dated 6 February 2020 (and in view of Rule 705(2) of the Catalist Rules), the Company has commenced quarterly financial reporting for its 3rd quarter financial period from July 2021 to September 2021. For better governance and disclosure, the Company has also provided (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 in the quarterly unaudited financial statements released.

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 FY2021.

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, Mr Adnan Bin Mansor and Mr Robin Stevens.

The AC performs its functions in accordance with Section 201B(5) of the Companies Act and the requirements of the Catalist Rules. The AC is made up of four (4) Board members who are all Independent Directors and who, together, constitute more than half of the members of the Board. The Chairman of the AC and Mr Stevens have 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 in maintaining a high standard of corporate governance, particularly, in providing an independent review of the effectiveness of its financial reporting and management of financial and operational risks, and in monitoring the internal control systems. The AC meets at least twice a year. In FY2021, 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 auditor; and (ii) the remuneration and terms of engagement of the external auditor;

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

(f) reviewing the policy and arrangements 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 authorize 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 reasonable resources to enable it to discharge its functions properly.

For FY2021, the AC met up with the external auditor 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 FY2021, the AC also reviewed with the external auditor 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 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 auditor. The AC has also undertaken a review of all non-audit services rendered by the external auditor 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 paid and/or payable to Baker Tilly TFW LLP, the Group's then external auditor for FY2021, amounted to $15,000.

On 29 March 2022, the Company changed its external auditor from Baker Tilly TFW LLP to PKF-CAP LLP, as Mr Robin Stevens works for MHA MacIntyre Hudson, which is an independent member firm of Baker Tilly International. This would have created an issue of independence for Baker Tilly TFW LLP had it continued to be the Group's external auditor. Accordingly, pursuant to shareholders' approval obtained at the extraordinary general meeting held on 29 March 2022, PKF-CAP LLP was appointed as external auditor in place of Baker Tilly TFW LLP. For more information on the change of external auditor, please refer to the circular published by the Company on 14 March 2022. The aggregate amount of audit fees and non-audit fees paid and/or payable to the external auditor, PKF-CAP LLP, for FY2021 amounted to $180,000 and $15,000, respectively.

Please refer to the Independent Auditor's Report on pages 60 to 63 for the Key Audit Matters.

The AC recommends to the Board the re-appointment of PKF-CAP LLP as the external auditor at the forthcoming AGM.

The Company has complied with Rules 712, 715 and 716 of the Catalist Rules in relation to the appointment of external auditor 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 Group Subsidiaries would not compromise the standard and effectiveness of the audit of the Group. Please refer to Note 14 of the Audited Financial Statements on 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 FY2021, an internal audit was performed at the subsidiary level and the AC has met with the internal auditors twice with the presence of the CEO, but without the presence of the relevant key management personnel of the subject subsidiaries.

During FY2021, the AC reviewed the report on internal audit findings by the internal auditor and recommended to the Board to direct Management to adopt all recommendations proposed by the internal auditors.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

11. Shareholder Rights and Conduct of General Meetings

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

11.1 Shareholders' Rights

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

Through its public announcements made on the SGXNet and its website, the Company communicates with Shareholders regularly 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 and the Company's website. Shareholders are encouraged to attend and participate at general meetings. Resolutions are passed by way of voting on a poll, i.e., one share entitles its holder to one vote.

11.2 Conduct of general meetings

The rules 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 auditor 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 all the 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 FY2021, the Company published the minutes of its last annual general meeting held on 28 May 2021 on its corporate website and on SGXNET.

In view of the ongoing COVID-19 situation, the forthcoming AGM in respect of FY2021 will be 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.

Alternative arrangements relating to attendance at the AGM via the live audio-visual webcast or live audio-only stream of the AGM proceedings, submission of questions live and online by text messages as well as voting live and online will be arranged by the Company.

Shareholders may also appoint the Chairman of the AGM as their proxy for the purpose of voting and also submit questions which are relevant and substantial to the resolutions sought to be approved in advance of the AGM. Shareholders should refer to the notice of AGM for further details.

11.3 Dividend Policy

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

For FY2021, 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.

Information on the Company and its businesses are also made available on the Company's website at https://annica.com.sg/. Shareholders and the public can access the website for the latest financial results, media releases, annual report and other corporate information on the Company. Investors can also submit feedback and queries to the Company through the contact provided in the Company's website.

The Company usually makes a presentation of its financial and operational position at the start of each annual general meeting. The Company will make such a presentation at the AGM which will provide Shareholders with an update of the key and significant projects of the Group. Annual general meetings have been the forum for direct dialogue with shareholders, investors and analysts. They have the opportunity to raise questions to the Board and senior management, and clarify any issues they may have. All Directors attend our annual general meetings and the external auditors are also engaged to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Such meetings allow the Company to gather views or inputs, and address shareholders' concerns. However, in light of the COVID-19 pandemic, alternative arrangements have been adopted by the Company instead. For the upcoming AGM which will be held electronically, shareholders will be able to submit questions relating to the resolutions set out in the Notice of AGM live and online by text messages. Shareholders will also be able to submit such questions in advance of the AGM. Please refer to section 11.2 above and the Notice of AGM for further details.

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. In FY2021, as mentioned above in section 9, the Company commenced quarterly financial reporting and released on the SGXNet and on its corporate website its first quarterly reporting in November 2021.

The Company did not conduct any analysts' briefings, investors' briefings, or shareholder or investor relation events for FY2021, 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 <u>Engagement with Stakeholders</u>

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. Since the Company commenced quarterly reporting, the prohibition from dealing in the shares of the Company is also 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 FY2021.

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 FY2021 is found in pages 8 to 29 of this Annual Report.

18. MATERIAL CONRACTS

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 FY2021 or if not then subsisting, entered into since the end of the financial year ended 31 December 2020, 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 FY2021 for sponsor services amounted to $143,872. No non-sponsor fees were paid to the Sponsor during FY2021.

20. USE OF PROCEEDS

There were no other outstanding proceeds raised from IPO or any offerings pursuant to Chapter 8 of the Catalist Rules at the end of FY2021 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 2021.

Opinion of the directors

In the opinion of the Directors:

(a) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 64 to 127 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 2021 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 1967 (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
Robin Stevens (Appointed on 20 May 2022)	- 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, convertible securities 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 1.1.2021**	**At 31.12.2021**	**At 21.1.2022**
Sandra Liz Hon Ai Ling (first appointed on 6 January 2016)	1,092,619,845	1,092,619,845	1,092,619,845
Lim In Chong (first appointed on 6 July 2018)	1,807,378,770	1,807,378,770	1,807,378,770
Shamsol Jeffri Bin Zainal Abidin (first appointed on 27 September 2019)	1,670,000,000	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 was deemed to have an interest in shares, share options, warrants, debentures or convertible securities of the Company or related corporations held by another person or entity, either at the beginning or at the end of the financial year.

The Directors' interests in shares, share options, warrants, debentures or convertible securities of the Company or related corporations at 21 January 2022 were the same as at 31 December 2021.

Directors' contractual benefits

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

Annica Performance Share Plan

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

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

Name	Date of Award	Number of Shares awarded	Vesting Date
Sandra Liz Hon Ai Ling	27 December 2018	1,092,619,845	27 December 2018
Su Jun Ming	27 December 2018	54,630,992	27 December 2018
Adnan Bin Mansor	27 December 2018	54,630,992	27 December 2018
Pek Seck Wei(1)	27 December 2018	54,630,992	27 December 2018
Musa Bin Mohamad Sahir(2)	27 December 2018	54,630,992	27 December 2018
Former Directors and Key Management Personnel	27 December 2018	218,523,968	27 December 2018

(1) Mr Pek Seck Wei is the director of Industrial Engineering Systems Pte. Ltd. and its subsidiaries, Cahya Suria Energy Sdn. Bhd. and Cahya Suria Services Sdn. Bhd.

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

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 Share Awards have vested as of the date of their issue on 27 December 2018. The Share Awards granted under the Share Plan entitled the recipients set out above to new ordinary shares issued by the Company.

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

Annica Employee Share Option Scheme

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

(a)	Date of grant of ESOS Options	27 December 2018
(b)	Exercise Price of ESOS Options granted	$0.001 per Share
(c)	Number of Shares comprised in the ESOS Options granted	42,500,000
(d)	Number of Shares comprised in the ESOS Options lapsed, null and void	12,500,000
(e)	Remaining number of Shares comprised in the ESOS Options	30,000,000
(f)	Number of Shares comprised in the ESOS Options granted to each Director and controlling shareholders (and each of their associates)	None
(g)	Market Price of the Shares on the Date of Grant	$0.001
(h)	Validity period of the ESOS Options	28 December 2019 - 27 December 2028 (both dates inclusive) 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 Director of the Company who held office at the end of the financial year was granted any ESOS Options.

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

No director, key management personnel or employee of the Company and/or its subsidiaries (as defined in the Catalist Rules) has received any Share Awards or ESOS Options during the financial year.

No option has been granted at a discount during the financial year.

During the financial year, no share of the Company or any subsidiary has been allotted and issued by virtue of the vesting of Share Awards or exercise of ESOS Options granted.

Remaining number of shares comprised in the ESOS Options as at 31 December 2021

Name	**Number of ESOS Options Granted**
ESOS Options granted on 27 December 2018	42,500,000
ESOS Options lapsed	12,500,000
Total outstanding as at 31 December 2021	**30,000,000**

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

Audit Committee

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

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

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. Their functions are detailed in the Corporate Governance Report section of the 2021 Annual Report.

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

The Audit Committee also reviewed the following:

- assistance provided by the Company's management to the independent internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; 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 PKF-CAP LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, PKF-CAP 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

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

For the financial year ended 31 December 2021

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 64 to 127, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "**Act**") and 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 2021, 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 16) - Group and Company

   As at 31 December 2021, consideration due from the disposal of GPE Power Systems (M) Sdn. Bhd. ("**GPE**") amounted to $156,000 (2020: $140,000) after deducting allowance for impairment loss of $933,000 (2020: $933,000).

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

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

   Our audit opinion on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021 was qualified as we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves that no allowance for impairment loss is required with respect to the remaining consideration due from disposal of GPE as at 31 December 2021.

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

   As at 31 December 2021, loan to a former subsidiary (GPE) and amount due from a former subsidiary (GPE) amounted to $2,847,000 (2020: $2,692,000) and $300,000 (2020: $300,000) respectively. During the financial year, no repayment has been made to the Group and Company.

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

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

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

Basis for Qualified Opinion (cont'd)

We conducted our audit in accordance with 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 2021, the Group reported a net loss of $1,130,000 (2020: $1,199,000). As at 31 December 2021, the Company's current liabilities exceeded its current assets by $1,053,000 (2020: $152,000).

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2021 Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

Key Audit Matters

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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.

Other Matter

The financial statements for the financial year ended 31 December 2020 were audited by another auditor whose report dated 14 April 2021 expressed a qualified opinion on those financial statements on a similar basis as stated under the Basis of Qualified Opinion.

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 Lee Eng Kian.

PKF-CAP LLP
Public Accountants and
Chartered Accountants

Singapore

13 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Revenue	4	**7,655**	10,906
Cost of sales		**(5,147)**	(7,408)
Gross profit		**2,508**	3,498
Other income	5	**436**	436
Interest income	5	**225**	225
Selling and distribution expenses		**(109)**	(121)
Administrative and general expenses		**(3,933)**	(4,056)
Other expenses	6	**(97)**	(82)
Impairment losses on trade and other receivables		**(21)**	(933)
Finance costs	7	**(49)**	(53)
Loss before tax	8	**(1,040)**	(1,086)
Tax expense	9	**(90)**	(113)
Loss for the financial year		**(1,130)**	(1,199)
Other comprehensive (loss)/income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(74)**	34
Other comprehensive (loss)/income for the financial year, net of tax		**(74)**	34
Total comprehensive loss for the financial year		**(1,204)**	(1,165)
Loss attributable to:			
Equity holders of the Company		**(1,095)**	(1,136)
Non-controlling interests		**(35)**	(63)
Loss for the financial year		**(1,130)**	(1,199)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(1,169)**	(1,102)
Non-controlling interests		**(35)**	(63)
Total comprehensive loss for the financial year		**(1,204)**	(1,165)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted	10	**(0.0066)**	(0.0068)

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

STATEMENTS OF FINANCIAL POSITION

At 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**415**	593	**86**	135
Right-of-use assets	12	**459**	736	**116**	209
Intangible assets	13	**36**	36	**–**	–
Investments in subsidiaries	14	**–**	–	**1,892**	2,151
Financial assets at fair value through profit or loss	15	**3**	3	**–**	–
Trade and other receivables	16	**–**	33	**223**	330
		913	1,401	**2,317**	2,825
Current assets					
Cash and cash equivalents	18	**736**	1,393	**65**	110
Fixed deposits	19	**654**	552	**–**	–
Trade and other receivables	16	**6,685**	6,458	**3,592**	3,421
Inventories	20	**549**	536	**–**	–
Financial assets at fair value through profit or loss	15	**–***	5	**96**	101
		8,624	8,944	**3,753**	3,632
Total assets		**9,537**	10,345	**6,070**	6,457
LIABILITIES					
Non-current liabilities					
Borrowings	22	**1,036**	1,545	**96**	283
Provision for employee benefits	23	**94**	94	**–**	–
Deferred tax liabilities	17	**22**	42	**–**	–
		1,152	1,681	**96**	283
Current liabilities					
Trade and other payables	21	**4,679**	4,222	**4,620**	3,590
Contract liabilities	24	**985**	749	**–**	–
Borrowings	22	**704**	474	**186**	194
Tax payable		**3**	1	**–**	–
		6,371	5,446	**4,806**	3,784
Total liabilities		**7,523**	7,127	**4,902**	4,067
Net assets		**2,014**	3,218	**1,168**	2,390
EQUITY					
Share capital	25	**67,801**	67,801	**67,801**	67,801
Other reserves	26	**(1,823)**	(1,746)	**89**	89
Accumulated losses		**(63,929)**	(62,834)	**(66,722)**	(65,500)
Equity attributable to equity holders of the Company		**2,049**	3,221	**1,168**	2,390
Non-controlling interests		**(35)**	(3)	**–**	–
Total equity		**2,014**	3,218	**1,168**	2,390

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	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 2020	67,801	(61,698)	(1,780)	4,323	60	4,383
Loss for the financial year	–	(1,136)	–	(1,136)	(63)	(1,199)
Other comprehensive income						
- Currency translation differences arising from consolidation	–	–	34	34	–	34
Total comprehensive (loss)/income for the financial year	–	(1,136)	34	(1,102)	(63)	(1,165)
Balance at 31 December 2020	67,801	(62,834)	(1,746)	3,221	(3)	3,218
Acquisition of non-controlling interest	–	–	(3)	(3)	3	–
Loss for the financial year	–	(1,095)	–	(1,095)	(35)	(1,130)
Other comprehensive loss						
- Currency translation differences arising from consolidation	–	–	(74)	(74)	–	(74)
Total comprehensive loss for the financial year	–	(1,095)	(74)	(1,169)	(35)	(1,204)
Balance at 31 December 2021	**67,801**	**(63,929)**	**(1,823)**	**2,049**	**(35)**	**2,014**

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Share capital $'000	Capital reserve $'000	Accumulated losses $'000	Total equity $'000
Company				
Balance at 1 January 2020	67,801	89	(63,755)	4,135
Loss and total comprehensive loss for the financial year	–	–	(1,745)	(1,745)
Balance at 31 December 2020	67,801	89	(65,500)	2,390
Loss and total comprehensive loss for the financial year	–	–	(1,222)	(1,222)
Balance at 31 December 2021	**67,801**	**89**	**(66,722)**	**1,168**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	**2021** **$'000**	2020 $'000
Cash flows from operating activities			
Loss before tax		**(1,040)**	(1,086)
Adjustments for:			
Depreciation of property, plant and equipment	11	**194**	98
Depreciation of right-of-use assets	12	**234**	194
Fair value gain on redeemable convertible bonds	22	**–**	(44)
Fair value loss on financial assets at fair value through profit or loss	15	**5**	1
Loss on disposal of property, plant and equipment		**5**	4
Impairment losses on trade and other receivables		**21**	933
Impairment losses on property, plant and equipment and right-of-use assets		**65**	–
Bad debts written off		**–**	24
Bad debts recovered		**(30)**	–
Reversal of inventories previously written down		**–**	(21)
Inventory written off		**6**	–
Interest expenses		**49**	53
Interest income		**(225)**	(225)
Loss on lease modification		**–***	10
Operating cash flow before working capital changes		**(716)**	(59)
Changes in working capital:			
Inventories		**(19)**	(240)
Payables and contract liabilities		**700**	800
Receivables		**57**	(208)
Currency translation adjustments		**(77)**	4
Cash (used in)/generated from operations		**(55)**	297
Income tax paid		**(139)**	(138)
Net cash (used in)/generated from operating activities		**(194)**	159
Cash flows from investing activities			
Interest received		**11**	8
Purchase of property, plant and equipment		**(52)**	(503)
Proceeds from disposals of property, plant and equipment		**–**	31
Net cash used in investing activities		**(41)**	(464)
Cash flows from financing activities			
Interest paid for bank loans		**(35)**	(15)
Interest paid for lease liabilities		**(8)**	(8)
Interest paid for third party loan		**(12)**	–
Loan from a third party		**–**	138
Placement of fixed deposit pledged		**(13)**	(228)
Proceeds from borrowings		**188**	1,300
Repayment of principal portion of borrowings		**(247)**	(554)
Repayment of principal portion of lease liabilities		**(203)**	(218)
Net cash (used in)/generated from financing activities		**(330)**	415
Net (decrease)/increase in cash and cash equivalents		**(565)**	110
Cash and cash equivalents at beginning of the financial year		**1,301**	1,206
Effects of foreign currency translation on cash and cash equivalents		**–***	(15)
Cash and cash equivalents at end of the financial year (Note 18)		**736**	1,301

*Amount less than S$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 disclosed in Notes 14 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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.

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

2.1 Basis of preparation (cont'd)

New and revised standards not yet effective

At the date of 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

Annual Improvements to SFRS(I)s 2018 - 2020

Amendments to SFRS(I) 17

Amendments to SFRS(I) 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

Amendments to SFRS(I) 1-8: Denition of Accounting Estimates

Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.

2.2 Revenue recognition

Sales of goods

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

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

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

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

2.2 Revenue recognition (cont'd)

Rendering of services

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

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

Interest income

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

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.

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

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

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

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

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

2.3 Basis of consolidation (cont'd)

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

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

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

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

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

2.4 Subsidiaries

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

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 Government grants

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

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

2.6 Employee compensation

Defined contribution plans

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

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

2.6 Employee compensation (cont'd)

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.

2.7 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.

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

2.7 Income taxes (cont'd)

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.

2.8 Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

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

Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing rates at the date of the 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.

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

2.8 Foreign currencies (cont'd)

Translation of Group entities' financial statements (cont'd)

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.

2.9 Property, plant and equipment

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

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

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

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

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

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

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

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

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

2.10 Leases

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

When the Group is the lessee

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

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

2.10 Leases (cont'd)

When the Group is the lessee (cont'd)

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.

Right-of-use assets

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

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

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

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

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

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

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

2.10 Leases (cont'd)

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.

2.11 Goodwill

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

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

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

On disposal of subsidiaries, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.12 Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs 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.

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

2.12 Impairment of non-financial assets (cont'd)

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.

2.13 Financial assets

Recognition and derecognition

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

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

Classification and measurement

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

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

The classification is based on the 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.

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

2.13 Financial assets (cont'd)

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.

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.

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

2.13 Financial assets (cont'd)

Offset

Financial assets and liabilities are offset and the net amount presented on the statements 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.

2.14 Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash and bank balances which are subject to insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents exclude restricted bank balances held in cash margin account.

2.15 Inventories

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

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

2.16 Financial liabilities

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

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

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

2.17 Borrowings

Loans

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

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

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

2.17 Borrowings (cont'd)

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.

2.18 Provisions for liabilities

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

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.

2.19 Borrowing costs

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

2.20 Share capital

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

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

2.21 Dividends

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

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

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

2.22 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 and the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.23 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.24 Related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The transactions are entered on terms agreed by the parties concerned.

2.25 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

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 2021, the Group reported net loss of $1,130,000 (2020: $1,199,000). As at 31 December 2021, the Company's current liabilities exceeded its current assets by $1,053,000 (2020: $152,000). 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.

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 2021 showed that the Group and the Company have adequate resources and will be able to generate sufficient cash flows in the next 12 months to meet their financial obligations as and when they fall due taking into consideration:

(a) Group activities is expected to generate positive cash flows for the Group and the Company in the next 12 months despite the slowdown in the operating environment;

(b) The Group's business segment in the renewable energy and green technology segment is expected to contribute further to the Group during the next 12 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 2021, 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 12 months from the financial year ended 31 December 2021 and that the going concern basis of preparation of these financial statements remains appropriate.

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and current liabilities.

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

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

Determination of functional currency

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

3.2 Key sources of estimation uncertainty

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

Estimating the incremental borrowing rate for leases

The Group uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate by using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates, such as the entity's stand-alone credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use asset at the commencement date of new leasing transactions. The carrying amount of right-of-use assets and lease liabilities are disclosed in Notes 12 and 22 respectively.

Impairment of non-financial assets

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

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

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions 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.

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

3.2 Key sources of estimation uncertainty (cont'd)

Calculation of loss allowance

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying value of trade receivables at reporting date are disclosed in Notes 16 and 31(b) respectively.

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 2021 was $3,000 (2020: $1,000) and $22,000 (2020: $42,000) 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 17 respectively.

4. Revenue

	Group	
	2021	2020
	$'000	$'000
Sales of goods	**7,421**	7,139
Services rendered	**234**	3,767
	7,655	10,906

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**
2021			
Primary geographical markets			
Malaysia	678	3,870	4,548
Indonesia	–	1,164	1,164
Singapore	28	648	676
Brunei & Myanmar	–	713	713
Thailand	–	402	402
Vietnam	53	33	86
Others	–	66	66
	759	**6,896**	**7,655**

4. Revenue (cont'd)

	Engineering services $'000	Oil and gas equipment $'000	Total $'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
2021			
Timing of revenue recognition			
At a point in time	759	5,607	6,366
Overtime	–	1,289	1,289
	759	**6,896**	**7,655**
2020			
Timing of revenue recognition			
At a point in time	732	10,174	10,906

Revenue recognised during the financial year from:

	Group	
	2021	2020
	$'000	$'000
Amount included in contract liabilities at beginning of the financial year	**749**	868

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	
	2021	2020
	$'000	$'000
Other income		
Commission income	**–**	3
Extension fees on amount due from Ms Chong Shin Mun (Note 16)	**60**	55
Government grant income	**159**	224
Fair value gain on redeemable convertible bonds	**–**	44
Insurance claims	**–**	35
Rent concession	**8**	13
Subcontractor income	**–**	22
Bad debt recovered	**31**	–
Foreign currency exchange gain, net	**87**	–
Miscellaneous	**91**	40
	436	436
Interest income		
- bank and fixed deposits	**11**	8
- third parties	**211**	213
- a director of a subsidiary	**3**	4
	225	225

Government grant income of $143,000 (2020: $224,000) 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	
	2021	2020
	$'000	$'000
Bad debts written off	**–**	24
Loss on lease modifications	**–**	10
Loss on disposal of property, plant and equipment	**5**	4
Fair value loss on financial assets at fair value through profit or loss	**5**	–
Impairment loss on property, plant and equipment and right-of-use assets	**65**	–
Inventory written off	**6**	–
Foreign currency exchange losses, net	**–**	36
Miscellaneous	**16**	8
	97	82

7. Finance costs

	Group	
	2021	2020
	$'000	$'000
Amortisation of interest expenses on redeemable convertible bonds (Note 22)	**–**	3
Interest expenses:		
- lease liabilities [Note 27(a)]	**8**	8
- bank loans (Note 22)	**35**	15
- third party loan (Note 22)	**–**	12
Provision for employee benefits (Note 23)	**6**	9
Others	**–**	6
	49	53

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	
	2021	2020
	$'000	$'000
Depreciation expense on property, plant and equipment	**194**	98
Depreciation expense on right-of-use assets	**234**	194
Bad debts written off	**–**	24
Bad debt recovered	**(31)**	–
Loss on lease modifications (Note 6)	**–**	10
Reversal of inventories previously written down	**–**	(21)
Inventory written off	**6**	–
Fair value loss on financial assets at fair value through profit or loss (Note 15)	**5**	1
Directors' fees		
- company	**179**	179
- subsidiary	**11**	–
Audit fees paid/payable to:		
- auditor of the Company	**183**	168
- other auditors	**15**	19
Fees on non-audit services paid/payable to:		
- auditor of the Company	**12**	11
- other auditors	**5**	2
Short term lease expense [Note 27(a)]	**97**	115
Staff costs (Note A)	**2,139**	2,140

8. Loss before tax (cont'd)

Note A - Staff costs

	Group	
	2021	2020
	$'000	$'000
Key management personnel:*		
Wages, salaries and other related costs excluding directors' fees	**672**	662
Employer's contribution to defined contribution plans including Central Provident Fund	**38**	36
	710	698
Other staff:		
Wages, salaries and other related costs	**1,283**	1,320
Employer's contribution to defined contribution plans including Central Provident Fund	**146**	122
	2,139	2,140
* Comprise amounts paid/payable to:		
Directors of the Company	**190**	157
Other key management personnel	**520**	541
	710	698

9. Tax expense

	Group	
	2021	2020
	$'000	$'000
Tax expense for the financial year consist of:		
Current income tax	**111**	102
Deferred tax (Note 17)	**(21)**	11
	90	113

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	
	2021	2020
	$'000	$'000
Loss before tax	**(1,040)**	(1,086)
Tax calculated at a tax rate of 17% (2020: 17%)	**(177)**	(185)
Effect of different tax rates in other countries	**49**	60
Expenses not deductible for tax purposes(1)	**96**	184
Income not subject to tax(2)	**(29)**	(69)
Income exemption and tax incentive	**(61)**	(14)
Utilisation of deferred tax assets previously not recognised	**(1)**	(3)
Deferred tax assets not recognised	**216**	256
Effect of income subject to final income tax on revenue on sales of oilfield equipment	**–**	(95)
Over provision of income tax in prior years	**(18)**	–
Others	**15**	(21)
	90	113

(1) Included in expenses not deductible for tax purposes mainly comprises of the allowance for impairment loss of $933,000 for the consideration due from Ms Chong Shin Mun (Note 16) during the financial year ended 2020.

(2) Included in income not subject to tax mainly comprise of JSS grant income of $143,000 (2020: $224,000) and extension fees of $60,000 (2020: $55,000) under Notes 5.

As at 31 December 2021, the Group has deferred tax assets in respect of unutilised tax losses of $22,136,000 (2020: $20,820,000) and, unabsorbed capital allowance of $129,000 (2020: $80,000) 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 (2020: $Nil) that can only be carried forward up to 10 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% (2020: 17%) and 18.5% to 24% (2020: 18.5% to 24%) respectively for the year of assessment 2022.

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	
	2021	2020
Loss for the year attributable to equity holders of the Company ($'000)	**(1,095)**	(1,136)
Weighted average number of ordinary shares outstanding for basic losses per share ('000)	**16,674,767**	16,674,767
Basic and diluted loss per share (cents)	**(0.0066)**	(0.0068)

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 2021 and 31 December 2020.

11. Property, plant and equipment

	Fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group				
2021				
Cost				
At 1 January 2021	636	473	1	1,110
Additions	7	45	–	52
Write off	(77)	(97)	–	(174)
Disposals	–	(7)	–	(7)
Translation differences	(6)	(5)	–	(11)
At 31 December 2021	**560**	**409**	**1**	**970**
Accumulated depreciation and impairment loss:				
At 1 January 2021	221	296	–*	517
Charge for the financial year	147	47	–*	194
Write off	(77)	(96)	–	(173)
Disposals	–	(2)	–	(2)
Impairment loss	19	3	–	22
Translation differences	(1)	(2)	–	(3)
At 31 December 2021	**309**	**246**	**–***	**555**
Net carrying value				
At 31 December 2021	**251**	**163**	**1**	**415**

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

	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

* Amount less than $1,000.

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

	Fixtures and fittings $'000	Plant and equipment $'000	Total $'000
Company			
2021			
Cost			
At 1 January 2021	192	43	235
Additions	–	5	5
At 31 December 2021	**192**	**48**	**240**
Accumulated depreciation			
At 1 January 2021	75	25	100
Charge for the financial year	45	9	54
At 31 December 2021	**120**	**34**	**154**
Net carrying value			
At 31 December 2021	**72**	**14**	**86**
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

12. Right-of-use assets

	Leasehold properties $'000	Warehouse and office $'000	Corporate apartment $'000	Motor vehicles $'000	Office equipment $'000	Total $'000
Group						
2021						
Cost						
At 1 January 2021	253	547	66	–	32	898
Additions	–	–	–	–	9	9
Disposals	–	–	–	–	(10)	(10)
Translation differences	(4)	(3)	–	–	–	(7)
At 31 December 2021	**249**	**544**	**66**	**–**	**31**	**890**
Accumulated depreciation and impairment loss						
At 1 January 2021	41	96	11	–	14	162
Charge for the financial year	5	189	33	–	7	234
Disposals	–	–	–	–	(6)	(6)
Impairment loss	–	43	–	–	–	43
Translation differences	(1)	(1)	–	–	–	(2)
At 31 December 2021	**45**	**327**	**44**	**–**	**15**	**431**
Net carrying value						
At 31 December 2021	**204**	**217**	**22**	**–**	**16**	**459**
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

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

	Warehouse and office $'000	Corporate apartment $'000	Office equipment $'000	Total $'000
Company				
2021				
Cost				
At 1 January 2021 and 31 December 2021	**175**	**66**	**7**	**248**
Accumulated depreciation				
At 1 January 2021	24	11	4	39
Charge for the financial year	58	33	2	93
At 31 December 2021	**82**	**44**	**6**	**132**
Net carrying value				
At 31 December 2021	**93**	**22**	**1**	**116**
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

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

As at 31 December 2021, leasehold properties of the Group with carrying amounts of $204,000 (2020: $212,000) are provided as security for the Group's borrowings (Note 22).

13. Intangible asset

	Group	
	2021 $'000	2020 $'000
Goodwill arising on consolidation		
At 1 January and 31 December	**36**	36

13. Intangible asset (cont'd)

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	
	2021	2020
	$'000	$'000
Investments		
Cahya Suria Energy Sdn. Bhd. and its subsidiaries	**36**	36

14. Investments in subsidiaries

	Company	
	2021	2020
	$'000	$'000
Unquoted equity shares, at cost		
At 1 January	**11,697**	11,697
Less: Allowance for impairment	**(9,805)**	(9,546)
At 31 December	**1,892**	2,151
Impairment allowance:		
As at 1 January	**9,546**	9,546
Addition	**836**	–
Reversal	**(577)**	–
At 31 December	**9,805**	9,546

(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 2021 %	Effective equity interest held by Group 2020 %
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.("**CSE**")(3)	Investment holding	Malaysia	**100**	100
Held by Nu-Haven Incorporated:				
Avital Enterprises Limited (2)	Investment holding	British Virgin Islands	**100**	100

14. Investments in subsidiaries (cont'd)

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

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by Group 2021 %	2020 %
Held by P.J. Services Pte Ltd:				
Panah Jaya Services Sdn. Bhd.(3)(7)	Trading in oilfield parts and equipment	Malaysia	**100**	100
PT Panah Jaya Sejahtera (4)(7)	Trading in oilfield equipment and related products	Indonesia	**100**	100
Panah Jaya Makmur Sdn. Bhd. (5)	Trading in oilfield equipment and related products	Brunei	**60**	60
Held by Cahya Suria Energy Sdn. Bhd.:				
Cahya Suria Services Sdn. Bhd. (formerly known as Renosun International Sdn. Bhd.) ("**CSS**")(3)	Provision of designing, engineering, procurement, construction and commissioning of solar photovoltaic system and related products	Malaysia	**100**	51
H2 Energy Sdn. Bhd. (formerly known as HT Energy (S) Sdn. Bhd.) ("**H2E**") (6)(8)	Manufacturing of electricity distribution and control apparatus, operation of generation facilities that produce electric energy and wholesale of industrial machinery, equipment and supplies.	Malaysia	**49**	49
Held by Industrial Engineering Systems Pte. Ltd.:				
IES Engineering Systems Sdn. Bhd. (6)	Designing of industrial plant engineering services systems and general wholesaler and trader	Malaysia	**100**	100

(1) Audited by PKF-CAP LLP, Singapore
(2) Not required to be audited in the country of incorporation
(3) Audited by Khoo Teng Keat & Co., Malaysia
(4) Audited by Herman Doby Tanumihardja & Rekan, Indonesia
(5) Audited by BDO Chartered Accountants, Brunei
(6) Audited by TNT Chartered Accountants, Malaysia
(7) To facilitate the operation of this business unit, the Group, through P.J. Services Pte Ltd, holds the shareholdings interests in the subsidiary through nominees, thus, maintaining its beneficial interests and therefore has absolute and de facto control over the subsidiary.
(8) Considered a subsidiary as the Group has majority of board representation that enables the control over the financial and operation policies of the entity.

(b) There are no non-controlling interests that are considered by management to be material to the Group as at 31 December 2021 and 31 December 2020.

(c) Acquisition of CSS

On 24 May 2021, CSE had increased its shareholding interest in CSS from 51% to 100% by way of an acquisition by CSE of 4,900 ordinary shares ("**Sale Shares**") representing 49% shareholding in CSS from Renosun (KL) Sdn. Bhd., for a cash consideration of RM4,900.

14. Investments in subsidiaries (cont'd)

(c) Acquisition of CSS (cont'd)

CSS is expected to be the primary vehicle for the Group's renewable energy-related projects, in anticipation of securing potential renewable energy projects currently in the pipeline.

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

	Group
	2021
	$'000
Cash and cash equivalent	**2**
Inventories	**11**
Payables	**(16)**
Net identifiable liabilities acquired	**(3)**

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

During the financial year, management performed an impairment test for the investment in P.J. Services Pte Ltd as this subsidiary had been persistently making gain. A reversal on impairment loss of $577,000 was recognised for the year ended 31 December 2021. The recoverable amount of the investment in P.J Services Pte Ltd has been determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. These forecasts have been updated to reflect the most recent developments as at the reporting date. The discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five year period are 18.4% (2020:18.1%) and 2.0% (2020: 2.0%) respectively.

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. An impairment loss of $836,000 was recognised for the year ended 31 December 2021. The recoverable amount of the investment in Industrial Engineering Systems Pte. Ltd. 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 15.9% (2020:13.0%) and 2.0% (2020: 2.0%) respectively.

15. Financial assets at fair value through profit or loss

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Quoted equity investments on the SGX-ST	**–**	5	**–**	5
Unquoted securities	**–***	–	**96**	96
	–*	5	**96**	101
Non-current				
Quoted equity investments on the SGX-ST	**3**	3	**–**	–
	3	8	**96**	101

* Amount less than $1,000

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

During the financial year, the Group has recognised a fair value loss on the quoted equity securities of $5,000 (2020: $988) against the last traded prices as at 31 December 2021 (2020: 31 December 2020);

The Company subscribed for 290,000 Redeemable Convertible Non-Cumulative Preference Shares ("**RCNCPS**") amounting to $96,000 (RM290,000) in a subsidiary, H2E. On maturity date on 30 December 2022, 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.

16. Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables - third parties	**2,098**	2,430	**–**	–
Less: Allowance for impairment [Note 31(b)]	**(21)**	(41)	**–**	–
	2,077	2,389	**–**	–
Other receivables:				
- A director of the subsidiary	**7**	4	**7**	4
- A former subsidiary (GPE)	**300**	300	**300**	300
	307	304	**307**	304
Loans to:				
- A former subsidiary (GPE)	**2,847**	2,692	**2,847**	2,692
- A former corporate shareholder of a subsidiary	**24**	24	**–**	–
	2,871	2,716	**2,847**	2,692
Advances to:				
- Subsidiaries	**–**	–	**143**	142
Less: Allowance for impairment [Note 31(b)]	**–**	–	**(11)**	(7)
	–	–	**132**	135
Consideration due from disposal of a subsidiary (GPE) from Ms Chong Shin Mun	**1,089**	1,073	**1,089**	1,073
Less: Allowance for impairment [Note 31(b)]	**(933)**	(933)	**(933)**	(933)
	156	140	**156**	140
Other recoverable	**150**	150	**150**	150
Less: Allowance for impairment [Note 31(b)]	**(150)**	(150)	**(150)**	(150)
	–	–	**–**	–
Lease receivables [Note 27(b)]	**–**	–	**104**	102
Security deposits	**200**	91	**23**	22
GST receivables	**13**	15	**9**	10
Tax recoverables	**36**	8	**–**	–
Advance billings from suppliers	**941**	773	**–**	–
Prepayments	**84**	22	**14**	16
	1,274	909	**150**	150
	6,685	6,458	**3,592**	3,421
Non-current				
Lease receivables [Note 27(b)]	**–**	–	**61**	165
Loan to a subsidiary	**–**	–	**162**	165
Prepayments	**–**	33	**–**	–
	–	33	**223**	330

16. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables due from a director of the subsidiary

Other receivables due from from a director of the subsidiary are non-trade in nature, unsecured, interest-free and repayable on demand.

Other receivables due from a former subsidiary (GPE)

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

Loan to a former subsidiary (GPE)

The current amount of $2,847,000 (2020: $2,692,000) being loan to a former subsidiary, is unsecured and bears an interest rate of 8% (2020: 8%) per annum.

As at the date of this report, the amount due from GPE and loan to GPE amounted to $300,000 and $2,847,000 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.

*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 2021, the gross receivables of $1,089,000 from Ms Chong comprised the extension fees and Fourth Tranche amounting to $115,000 and $850,000 respectively with accrued interest of $124,000 (31 December 2020: $1,073,000 which comprised the extension fees and Fourth Tranche amounting to $55,000 and $950,000 respectively with accrued interest of $68,000).

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.

16. Trade and other receivables (cont'd)

In 2020,

- The Group received 50,000,000 further controlled shares ("**Further Controlled Shares**") from the Purchaser to satisfy the outstanding amount under the Third Tranche consideration as at 31 December 2019;

- The Group received approximately $250,000 from the sale of 250,000,000 Controlled and Further Controlled Shares;

- On 2 March 2020, a Third Supplemental Letter agreement was entered between the Company and the Purchaser where the Purchaser shall:

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

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

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

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

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

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

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

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

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

- $933,000 of allowance of impairment loss was recognised in the Group's and the Company's profit or loss for the estimated amount with uncertainty over its recoverability, after considering the cash flows that are expected to be recovered through the potential sale of the remaining Controlled Shares and Further Controlled Shares of 140,000,000 shares valued at $140,000.

In 2021,

- On 20 October 2021, The Purchaser had completed the transfer of 37,330,000 Controlled Shares under the 27 June 2019 Share Charge, 50,000,000 Further Controlled Shares under the 12 December 2019 Share Charge, and 12,670,000 Further Controlled Shares under the 9 March 2020 Share Charge to an independent third-party investor;

- The Group had received a total of $100,000 from the said sale of Controlled Shares and Further Controlled Shares, and the same has been applied towards part payment of the outstanding Fourth Tranche Consideration owed by the Purchaser.

16. Trade and other receivables (cont'd)

Loan to a subsidiary

Loan to a subsidiary is unsecured, interest-free and repayable on 7 January 2023.

17. Deferred tax liabilities

	Group	
	2021	2020
	$'000	$'000
At beginning of the financial year	**42**	31
Transfer to profit or loss (Note 9)	**(21)**	11
Translation difference	**1**	–*
At end of the financial year	**22**	42
Representing:		
Deferred tax liabilities (Non-current)	**22**	42

* Amount less than $1,000

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

	Group	
	2021	2020
	$'000	$'000
Accelerated tax depreciation	**(10)**	9
Other temporary differences	**32**	33
	22	42

Deferred tax liabilities of $39,000 (2020: $40,000) 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 $393,000 (2020: $404,000) at the end of the financial year.

18. Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**736**	1,301	**65**	110
Deposit placed in cash margin account	**–**	92	**–**	–
	736	1,393	**65**	110

18. Cash and cash equivalents (cont'd)

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

	Group	
	2021	2020
	$'000	$'000
Cash and bank balances (as above)	**736**	1,393
Less: Deposit placed in cash margin account	**–**	(92)
Cash and cash equivalents in consolidated statement of cash flows	**736**	1,301

19. Fixed deposits

The fixed deposits are pledged to banks as securities for banking facilities such as importing line comprising letter of credit, trust receipts and banker's guarantee.

The fixed deposits have maturity periods ranging from 1 to 46 months (2020: 1 to 27 months) from the end of the financial year with interest rates ranging from 0.2% to 5.0% (2020: 0.33% to 3.20%) per annum.

20. Inventories

	Group	
	2021	2020
	$'000	$'000
Trading goods	**422**	391
Goods in transit	**127**	145
	549	536

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $4,599,000 (2020: $3,423,000). During the financial year ended 31 December 2020, the Group recognised a reversal of $21,000 being part of an inventory written down made on or before 2017 as the inventories were sold above the carrying amounts in 2020. The reversal was included in costs of sales.

21. Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Trade payables	**1,667**	1,280	**–**	–
Amounts due to subsidiaries	**–**	–	**2,298**	1,469
Amounts due to directors of the Company	**1,094**	878	**1,094**	878
Amounts due to directors of subsidiaries	**334**	264	**–**	–
Amount due to former corporate shareholder of a subsidiary	**20**	20	**–**	–
Other payables	**1,017**	1,021	**947**	962
Deferred government grants	**–**	39	**–**	–
Accrued purchases	**19**	51	**–**	–
Accrued operating expenses	**291**	429	**152**	190
Provision for unutilised leave	**49**	64	**16**	16
GST payables	**74**	65	**–**	–
Withholding tax payables	**114**	111	**113**	75
Total	**4,679**	4,222	**4,620**	3,590

Amounts due to subsidiaries are non-trade in nature, unsecured, repayable on demand and interest-free.

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

During the financial year 31 December 2020, the Company entered into a settlement agreement with the former employee to settle the amount of $300,000, in twenty-one equal monthly instalments started from 1 April 2020. As at 31 December 2021, the amount payable to the former employee amounted to $14,000.

Included in amount due to directors of the Company is an amount of $508,000 (2020: $377,000) being outstanding directors' fees for the financial years ended 31 December 2018, 2019, 2020 and 2021 (2020: 31 December 2018, 2019 and 2020).

Included in other payables is an amount of $123,000 (2020: $123,000) due to a law firm where one of the former director is an equity partner.

22. Borrowings

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Current				
Bank loans				
- Term Loan - 5.1% above bank base lending rate (2020: 5.1% above bank base lending rate) per annum ("**p.a**")	**8**	8	**–**	–
- Temporary bridging loan - 2.5% p.a	**315**	105	**–**	–
	323	113	**–**	–
Loan from a third party	**188**	150	**–**	–
Lease liabilities	**193**	211	**186**	194
	704	474	**186**	194
Non-current				
Bank loans				
- Term Loan - 5.1% above bank base lending rate (2020: 5.1% above bank base lending rate) p.a	**48**	57	**–**	–
- Temporary bridging loan - 2.5% p.a	**881**	1,195	**–**	–
	929	1,252	**–**	–
Lease liabilities	**107**	293	**96**	283
	1,036	1,545	**96**	283
Total borrowings	**1,740**	2,019	**282**	477

Bank loans

The bank loans of the Group are secured by:

(i) legal mortgage over the Group's fixed deposits (Note 19);

(ii) legal mortgage over the Group's leasehold properties under the right-of-use assets (Note 12);

(iii) corporate guarantee by the Company; and

(iv) personal guarantee from the directors of the subsidiaries.

Loan from a third party

Loan from a third party is unsecured, interest-free and repayable in 6 months effective from 23 December 2021.

Determination of fair value of borrowings

The carrying amount of borrowings approximated its fair value at the end of the respective financial year.

Based on discounted cash flows using market lending rate for similar borrowings which the management expected would be available to the Group at the end of the respective financial year, the fair value of the non-current borrowings (excluding lease liabilities) at the end of the respective financial year approximated its carrying value as there were no significant changes in the interest rate available to the Group at the end of the respective financial year. This fair value measurement was categorised within Level 3 of the fair value hierarchy.

22. Borrowings (cont'd)

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

	Bank loans $'000	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 2021	1,365	–	–	150	504	2,019
Additions	–	–	–	–	12	12
Changes from financing cash flows:						
- Proceeds	–	–	–	188	–	188
- Repayments	(111)	–	–	(136)	(203)	(450)
- Interest paid	(35)	–	–	(12)	(8)	(55)
- Write off	–	–	–	–	(4)	(4)
Non-cash changes:						
- Interest expense	35	–	–	–	8	43
- Rent concession	–	–	–	–	(8)	(8)
- Effect of changes in foreign exchange rates	(2)	–	–	(2)	(1)	(5)
At 31 December 2021	**1,252**	**–**	**–**	**188**	**300**	**1,740**
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

23. Provision for employee benefits

	Group	
	2021	2020
	$'000	$'000
Provision for employee benefits	**94**	94

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

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

	Group	
	2021	2020
	$'000	$'000
At 1 January	**94**	105
Current service costs	**6**	7
Past service – vested	**(22)**	–
Interest expense (Note 7)	**6**	9
Actuarial loss	**14**	8
Utilisation	**–**	(38)
Translation differences	**(4)**	3
At 31 December	**94**	94

24. Contract liabilities

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

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

		Group	
	2021	2020	1.1.2020
	$'000	$'000	$'000
Trade receivables from contracts with customers	**2,077**	2,389	2,105
Contract liabilities	**985**	749	868

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

	Group	
	2021	2020
	$'000	$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**749**	868
Revenue recognised during the financial year	**(749)**	(868)
Increases due to advances received and deferred income, excluding amounts recognised as revenue during the financial year	**985**	749
	985	749

25. Share capital

	Group and Company			
	2021		2020	
	Number of shares	**Issued share capital**	Number of shares	Issued share capital
	'000	**$'000**	'000	$'000
Issued and fully paid				
At beginning and 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.

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

*Annica Performance Share Plan and the Annica Employee Share Option Scheme (collectively, the "**Schemes**")*

The aggregate number of ordinary shares of the Company that may be issued under the Schemes or any other share option or share scheme of the Company then in force shall not exceed 15% of the total number of issued ordinary shares of the Company from time to time. On 27 December 2018, the Company granted 42,500,000 ESOS Option under Annica Employee Share Option Scheme. The ESOS Option granted has a life span of ten years (28 December 2019 to 27 December 2028).

Other than the lapsed of 12,500,000 ESOS Options during the financial year, none of the ESOS Option was exercised as at the end of the financial year.

The fair value of the Company's ESOS Options as at the date of grant is computed using the Black-Scholes model, taking into account the terms and conditions upon which the ESOS Options were granted.

The Annica Performance Share Plan had fully vested as of the date of their issue on 27 December 2018 whereas the ESOS Option had fully vested on 28 December 2019.

Movement during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year (excluding Annica Performance Share Plan):

	2021	**2021**	2020	2020
	Number	**WAEP**	Number	WAEP
Outstanding at 1 January	**42,500,000**	**$0.001**	42,500,000	$0.001
Forfeited during the year	**(12,500,000)**	**$0.001**	–	–
Outstanding at 31 December	**30,000,000**	**$0.001**	42,500,000	$0.001
Exercisable at 31 December	**30,000,000**	**$0.001**	42,500,000	$0.001

25. Share capital (cont'd)

Movement during the year (cont'd)

The inputs to the model used are shown below:

Date of grant	**27 December 2018**
Share price	$0.001
Exercise price	$0.001
Expected volatility	156.12%
Expected option life	5
Risk-free interest rate	2.04%

The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The expected ESOS Option life used is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. No other features of the option were incorporated into the measurement of fair value.

26. Other reserves

	Group		**Company**	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Composition				
Capital reserve	**(1,337)**	(1,334)	**89**	89
Foreign currency translation reserve	**(486)**	(412)	**–**	–
	(1,823)	(1,746)	**89**	89
Movements				
Capital reserve				
At beginning of the financial year	**(1,334)**	(1,334)	**89**	89
Acquisition of non-controlling interest	**(3)**	–	**–**	–
At end of the financial year	**(1,337)**	(1,334)	**89**	89
Foreign currency translation reserve				
At beginning of the financial year	**(412)**	(446)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**(74)**	34	**–**	–
At end of the financial year	**(486)**	(412)	**–**	–

Capital reserve comprises an excess of the cost of the acquisition over the proportionate amount of the carrying amount of (i) the net assets of the acquired non-controlling 22% interest in IES amounted to $117,000 during the financial year ended 31 December 2016; (ii) the net assets of the acquired non-controlling 40% interest in P.J. Services Pte Ltd amounted to $1,389,000 during the financial year ended 31 December 2011; and (iii) the net liabilities of the acquired non-controlling 49% interest in CSS amounted to $3,000 during the financial year ended 31 December 2021.

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

26. Other reserves (cont'd)

Exchange differences relating to the translation of the financial statements of foreign subsidiaries from functional currencies into Singapore dollar are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserve.

Other reserves are non-distributable.

27. Leases

a) The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

(i) The Group leases warehouse and offices, corporate apartment, 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.

The maturity analysis of the lease liabilities is disclosed in Note 31(c).

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

Amounts recognised in profit or loss

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Depreciation charge for the financial year				
Leasehold properties	**5**	5	**–**	–
Warehouse and office	**189**	141	**58**	50
Corporate apartment	**33**	36	**33**	36
Motor vehicle	**–**	5	**–**	–
Office equipment	**7**	7	**2**	2
	234	194	**93**	88
Lease expense not included in the measurement of lease liabilities				
Lease expense - short-term leases (Note 8)	**97**	115	**–**	8
Interest expense on lease liabilities (Note 7)	**8**	8	**3**	4

Total cash flows for the Group's and the Company's leases amounted to $204,000 (2020: $341,000) and $195,000 (2020: $142,000).

27. Leases (cont'd)

b) The Company as a lessor

Nature of the Company's leasing activities - Company as a lessor

The Company leases warehouse and office space from a non-related party and sub-leases the warehouse and office space to its subsidiaries. The leases have a tenure of 3 years and there are no extension or escalation clauses in the lease agreement. The Company's sub-leases of warehouse and office space are classified as finance leases as the terms of the sub-leases transfer substantially all the risks and rewards of ownership to the subsidiaries.

Right-of-use asset relating to the head lease with sub-leases classified as finance lease is derecognised. The net receivables relating to sub-leases are recognised under "Lease receivables" and is presented within "Trade and other receivables" (Note 16) in the statements of financial position. Finance income on lease receivables during the financial year is $4,000 (2020: $2,000).

Information about the lease receivables is presented below:

	Company	
	2021	2020
	$'000	$'000
Within one year	**106**	106
After one year but not more than 5 years	**61**	167
Total undiscounted lease receivables	**167**	273
Less: unearned finance income	**(2)**	(6)
Net lease receivables	**165**	267
Non-current	**61**	165
Current	**104**	102
Total lease receivables included in trade and other receivables (Note 16)	**165**	267

28. Contingent liabilities

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

Guarantees

The Company has provided corporate guarantees of $1,196,000 (2020: $1,300,000) to a bank for bank loans of $1,196,000 (2020: $1,300,000) drawndown by its subsidiaries as at 31 December 2021.

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

29. Significant related party transactions

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

29. Significant related party transactions (cont'd)

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

	Group	
	2021	2020
	$'000	$'000
With a director of the Company		
Advances from	**–***	119
With a director of the subsidiary		
Interest income	**3**	4

* Amount less than $1,000

30. 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	Oil and gas equipment	Investments and others	Elimination	Total
	$'000	$'000	$'000	$'000	$'000
For the financial year ended 31 December 2021					
Revenue					
External sales	759	6,896	–	–	7,655
Results					
Segment results	(308)	245	(1,450)	297	(1,216)
Interest income	–	11	218	(4)	225
Interest expense	(9)	(37)	(7)	4	(49)
Profit/(loss) before income tax	(317)	219	(1,239)	297	(1,040)
Income tax	(6)	(84)	–	–	(90)
Profit/(loss) for the financial year	(323)	135	(1,239)	297	(1,130)

30. Segment information (cont'd)

Business Segments (cont'd)

	Engineering services $'000	Oil and gas equipment $'000	Investments and others $'000	Elimination $'000	Total $'000
Other information					
Capital expenditure	4	53	4	–	61
Depreciation of property, plant and equipment	13	127	54	–	194
Depreciation of right of use asset	27	114	93	–	234
Fair value loss on financial assets at fair value through profit or loss	–	–	5	–	5
Impairment loss on property, plant and equipment and right-of-use assets	65	–	–	–	65
Impairment loss on trade and other receivables	21	31	–	(31)	21
Bad debt recovered	–	30	–	–	30
Job Support Scheme grant income	6	126	11	–	143
Assets					
Non-current assets	–	672	238	–	910
Other segment assets	605	6,811	6,358	(5,147)	8,627
Consolidated total assets	605	7,483	6,596	(5,147)	9,537
Liabilities					
Segment liabilities	547	3,007	5,081	(2,877)	5,758
Borrowings	320	1,303	444	(327)	1,740
Tax payable	2	1	–	–	3
Deferred tax liabilities	–	22	–	–	22
Consolidated total liabilities	869	4,333	5,525	(3,204)	7,523

30. 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 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

30. 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	
	2021	2020	**2021**	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Singapore	**1,406**	2,131	**4,710**	5,868	**446**	827
Malaysia	**4,530**	5,770	**3,367**	2,852	**269**	319
Indonesia	**1,028**	2,339	**1,072**	1,024	**131**	175
Brunei	**691**	666	**388**	601	**67**	80
	7,655	10,906	**9,537**	10,345	**913**	1,401

Information about major customer

Revenue of approximately $1,107,000 (2020: $5,591,000) are derived from 2 (2020: 2) external customers who individually contributed 10% or more of the Group's revenue reported under continuing operations. The details are as follows:

	Attributable segments	**2021** **$'000**	2020 $'000
Customer 1	Oil and gas equipment	**288**	4,145
Customer 2	Oil and gas equipment	**–**	1,446
Customer 3	Oil and gas equipment	**819**	–
		1,107	5,591

31. Financial instruments

Categories of financial instruments

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

	Group		Company	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Financial assets at fair value through profit or loss	**3**	8	**96**	101
Financial assets at amortised costs	**7,001**	7,618	**3,858**	3,835
	7,004	7,626	**3,954**	3,936
Financial liabilities, at amortised cost				
- Trade and other payables	**4,536**	6,056	**4,491**	3,976
- Borrowings	**1,740**	–	**282**	–
	6,276	6,056	**4,773**	3,976

31. 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 (2020: Singapore, Malaysia and Indonesia). Entities in the Group regularly transact in currencies other than their respective functional currencies ("**foreign currencies**") such as the United States dollar ("**USD**"), European dollar ("**EURO**"), British pound sterling ("**GBP**") and Singapore dollar ("**SGD**").

Currency risk arises when transactions are denominated in foreign currencies. To manage the currency risk, individual Group entities manage as far as possible by natural hedges of matching assets and liabilities.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. The Group's currency exposure based on the information provided to key management is as follows:

	USD **$'000**	**EURO** **$'000**	**GBP** **$'000**	**SGD** **$'000**
Group				
2021				
Financial assets				
Cash and cash equivalents and fixed deposits	274	47	51	9
Trade and other receivables	658	23	163	–
Intragroup receivables	630	–	10	1,672
	1,562	70	224	1,681
Financial liabilities				
Trade and other payables	(979)	–	(127)	(1)
Intragroup payable	(398)	–	–	(210)
Net financial assets and net currency exposure	**185**	**70**	**97**	**1,470**

31. Financial instruments (cont'd)

Financial risk management (cont'd)

(a) Market risk (cont'd)

Foreign exchange risk (cont'd)

	USD $'000	EURO $'000	GBP $'000	SGD $'000
Group				
2020				
Financial assets				
Cash and cash equivalents and fixed deposits	559	49	26	15
Trade and other receivables	754	685	3	–
Intragroup receivables	493	267	–	1,002
	1,806	1,001	29	1,017
Financial liabilities				
Trade and other payables	(785)	(427)	(1)	(9)
Intragroup payable	(494)	(267)	–	(212)
Intragroup borrowings	(57)	–	–	(165)
Net financial assets and net currency exposure	470	307	28	631

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 2021 and 31 December 2020. 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% (2020: 10%) with all other variables including tax being held constant, as the effect on profit or loss is considered not significant.

31. Financial instruments (cont'd)

Financial risk management (cont'd)

(a) Market risk (cont'd)

Interest rate risk

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

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

Sensitivity analysis of the Group's and Company's interest rate risk exposures are not presented as the impact of an increase/decrease of 50 (2020: 50) basis points in interest rates are not expected to be significant.

(b) Credit risk

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

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

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

31. Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the 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.

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.

31. Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk (cont'd)

Credit-impaired financial assets

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

Estimation techniques and significant assumptions

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

Maximum exposure and concentration of credit risk

The Group's trade receivables comprise 2 debtors (2020: 2 debtors) that represented approximately 63% (2020: 27%) 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 16.

The credit risk on cash and cash equivalents is limited because the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies.

The Group and Company hold collateral on the outstanding receivable for the consideration due from the disposal of a subsidiary (GPE) from Ms Chong Shin Mun as disclosed in Note 16. Except for this collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the Group's and Company's statement of financial position, and the amount of $1,196,000 (2020: $1,300,000) relating to corporate guarantees given by the Company to banks for the subsidiaries' bank borrowing (Note 28).

Trade receivables

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables. The Group estimates the expected credit loss rates of the debtors based on multiple factors, including the age of the balances, recent payments, outlook of relevant economic environments and any other available information concerning the creditworthiness of each individual debtor. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

Based on the simplified approach for determining credit loss allowance for trade receivables as at 31 December 2021 and 31 December 2020, an allowance for impairment amounting to $21,000 (2020: $41,000) 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.

31. Financial instruments (cont'd)

Financial risk management (cont'd)

(b) Credit risk (cont'd)

Other financial assets at amortised cost

Other financial assets at amortised costs are those as disclosed in Note 16 (except GST receivables, tax recoverables, advance billings from suppliers and prepayment), cash and cash equivalents and fixed deposits.

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

2021	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Other receivables - a director of the subsidiary	12-month ECL	7	–	7
Other receivables - former subsidiary (GPE)	Lifetime ECL	300	–	300
Loan to a former subsidiary (GPE)	Lifetime ECL	2,847	–	2,847
Loan to a former corporate shareholder of a subsidiary	12-month ECL	24	–	24
Consideration due from disposal of GPE from Ms Chong Shin Mun	Lifetime ECL	1,089	(933)	156
Other recoverable	Lifetime ECL	150	(150)	–
Security deposits	12-month ECL	200	–	200
Cash and cash equivalents	N.A. Exposure Limited	736	–	736
Fixed deposits	N.A. Exposure Limited	654	–	654

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

31. 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:

2021	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Other receivables - a director of the subsidiary	12-month ECL	7	–	7
Amount due from a former subsidiary (GPE)	Lifetime ECL	300	–	300
Loan to a former subsidiary (GPE)	Lifetime ECL	2,847	–	2,847
Advances to subsidiaries	12-month ECL	143	(11)	132
Consideration due from disposal of GPE from Ms Chong Shin Mun	Lifetime ECL	1,089	(933)	156
Other recoverable	Lifetime ECL	150	(150)	–
Security deposits	Lifetime ECL	23	–	23
Loan to a subsidiary	Lifetime ECL	162	–	162
Lease receivables	Lifetime ECL	165	–	165
Cash and cash equivalents	N.A. Exposure Limited	65	–	65

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

31. 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 2020	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
Loss allowance measured:				
Lifetime ECL				
- Credit-impaired	21	–	–	–
Receivables written off as uncollectable	(41)	–	–	–
Balance at 31 December 2021	**21**	**–**	**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 2020	–	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
Loss allowance measured:				
Lifetime ECL				
- Credit-impaired	4	–	–	–
Receivables written off as uncollectable	–	–	–	–
Balance at 31 December 2021	**11**	**–**	**150**	**933**

31. 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	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Less than one year:				
Trade and other payables	**4,442**	3,943	**4,491**	3,499
Borrowings	**650**	666	**84**	201
Financial guarantee contracts*	**–**	–	**1,196**	1,300
	5,092	4,609	**5,771**	5,000
Between 2 to 5 years:				
Borrowings	**998**	1,617	**35**	286
More than 5 years:				
Provision for employee benefits	**94**	94	**–**	–
Borrowings	**16**	25	**–**	–
	110	119	**–**	–
	6,200	6,345	**5,806**	5,286

* At the financial reporting date, the maximum exposure of the Company in respect of the intra-group financial guarantee (Note 28) based on facilities drawn down by the subsidiaries is $1,196,000 (2020: $1,300,000). These guarantees are subject to the impairment requirements of SFRS(I) 9. The directors do not expect credit loss exposure arising from these guarantees in view of the borrowings were secured by legal charge over the Group's fixed deposits, leasehold properties under the right-of-use assets and personal guarantee from the directors of the subsidiaries.

31. Financial instruments (cont'd)

Financial risk management (cont'd)

(d) Capital management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as borrowings divided by net equity.

The net equity of the Group comprising share capital, other reserves, accumulated losses and borrowings. The Group's overall strategy remains unchanged from 2020.

	Group	
	2021	2020
	$'000	$'000
Borrowings (Note 22)	**1,740**	2,019
Net equity of the Group	**3,789**	5,240
Gearing ratio	**0.46**	0.39

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.

32. 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).

32. 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 2021.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Group				
2021				
Financial assets				
Financial assets at fair value through profit or loss	**3**	**–**	**–**	**3**
2020				
Financial assets				
Financial assets at fair value through profit or loss	8	–	–	8
Company				
2021				
Financial assets				
Financial assets at fair value through profit or loss	**–***	**–**	**96**	**96**
2020				
Financial assets				
Financial assets at fair value through profit or loss	5	–	96	101

* Amount less than $1,000

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

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

(c) Assets and liabilities not carried at fair value but which fair values are disclosed

The carrying amounts of non-current receivables and non-current borrowings approximate their fair values at the end of the respective financial year, as the market lending rate at the end of the respective financial year was not significantly different from either its coupon rate of the agreement or market lending rate at the initial measurement date.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

33. 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 Industrial Power Technology Pte Ltd (which was disposed during the financial year ended 31 December 2016), were served with notices to provide the Commercial Affairs Department (the "**CAD**") with certain information and documents for the period from 1 January 2011 to 31 March 2014 in relation to its investigations into a potential offence under the Securities and Futures Act (Cap. 289) in respect of certain individuals. The Company has been co-cooperating fully with the CAD in its investigations.

On 27 May 2022, the CAD confirmed to the Company's external auditor that there is no ongoing investigation against Annica Holdings Limited.

34. 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 2021 were authorised for issue in accordance with a resolution of the Directors on 13 June 2022.

STATISTICS OF SHAREHOLDINGS

As at 31 May 2022

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

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 -99	3	0.08	21	0.00
100 - 1,000	156	4.20	113,099	0.00
1,001 - 10,000	504	13.58	3,729,992	0.02
10,001 - 1,000,000	2,598	69.99	548,749,410	3.29
1,000,001 and above	451	12.15	16,122,174,526	96.69
Total	**3,712**	**100.00**	**16,674,767,048**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders as at 31 May 2022)

	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 May 2022

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of Shares	%
1.	Phillip Securities Pte Ltd	2,166,373,100	12.99
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	861,175,400	5.16
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.	UOB Kay Hian Pte Ltd	384,435,000	2.30
11.	DBSN Services Pte Ltd	370,000,000	2.22
12.	DBS Vickers Securities (S) Pte Ltd	366,378,973	2.20
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	296,397,105	1.78
16.	Lim Sze Chia	248,578,900	1.49
17.	Chan Chee Yin	200,000,000	1.20
18.	Chong Shin Mun	104,000,000	0.62
19.	Choong Ying Chien	100,000,000	0.60
20.	Low Koon Min	100,000,000	0.60
	Total	**12,627,778,677**	**75.73**

SHAREHOLDINGS HELD BY PUBLIC

Based on the information provided to the Company as at 31 May 2022, 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

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 was deemed to have come into operation on 27 March 2020.

In light of the ongoing COVID-19 pandemic, the Company's annual general meeting ("**AGM**") will continue to be convened and held by electronic means only. The Company has arranged for a live webcast of the AGM proceedings (the "**Live AGM Webcast**") which will take place on 28 June 2022 at 10.00 a.m. In the interests of the safety of our shareholders, shareholders will not be able to attend the AGM in person. Shareholders will, however, be able to participate in the AGM proceedings via the Live AGM Webcast by way of the live audio-visual webcast or the live audio-only stream. Please read the instructions under the section "**Special Notice Regarding Measures to Minimize Risk of Community Spread of 2019 Novel Coronavirus ("COVID-19")**" for detailed instructions and information on how you may be able to participate in the AGM proceedings.

This Notice of the AGM (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. **<u>A printed copy of this Notice will NOT be sent out by post to shareholders</u>.**

NOTICE IS HEREBY GIVEN that 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 Ubi Techpark, Singapore 408567on 28 June 2022 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 2021, together with the Directors' Statement and Independent Auditors' Report. **[Resolution 1]**

2. To re-elect Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin who is retiring by rotation pursuant to Regulation 95 of the Company's constitution (the "**Constitution**"), and who, being eligible, is offering himself for re-election as a Director.
   [See Explanatory Note (a)] **[Resolution 2]**

3. To re-elect Mr. Su Jun Ming who is retiring by rotation pursuant to Regulation 95 of the Company's Constitution, and who, being eligible, is offering himself for re-election as a Director.
   [see Explanatory Note (b)] **[Resolution 3]**

4. To re-elect Mr. Robin Stevens who is retiring pursuant to Regulation 94 of the Company's Constitution, and who, being eligible, is offering himself for re-election as a Director.
   [see Explanatory Note (c)] **[Resolution 4]**

5. To approve the payment of Directors' fees of $242,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears (31 December 2021: $179,000). **[Resolution 5]**

6. To re-appoint PKF-CAP LLP as the Independent Auditor of the Company and to authorise the Directors to fix its remuneration. **[Resolution 6]**

7. To transact any other business that may properly be transacted at an annual general meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

8. Authority to allot and issue shares and convertible securities

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to: -

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

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

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

(i) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed fifty per cent (50%) of the total number of Issued Shares;

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this authority is given, after adjusting for: -

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

(bb) new Shares arising from the exercise of share options or vesting of share awards or schemes which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

(iii) in exercising the authority conferred by this Resolution 7, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (d)] **[Resolution 7]**

By Order of the Board

Allan Tan
Company Secretary

13 June 2022

Explanatory Notes:

(a) In relation to Ordinary Resolution 2, Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin will, upon re-election as a Director, remain as an Independent and Non-Executive Director and Non-Executive Chairman of the Company. Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin is considered independent for the purpose of Rule 704(7) of the Catalist Rules.

(b) In relation to Ordinary Resolutions 3, Mr. Su Jun Ming 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 Chairman of the Audit Committee, and member of the Remuneration and Nominating Committees.

(c) In relation to Ordinary Resolution 4, Mr. Robin Stevens was appointed as an Independent and Non-Executive Director on 20 May 2022 to fill a vacancy. Pursuant to regulation 94 of the Company's constitution, a director who was casually appointed to fill a vacancy must retire and if eligible for re-election, be put up for re-election at the AGM. Upon re-election as a Director, Mr. Stevens will 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 member of the Audit Committee.

(d) Under the Catalist Rules, a share issue mandate approved by shareholders as an ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the total number of issued shares of the issuer (excluding treasury shares and subsidiary holdings) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the total number of issued shares of the issuer (excluding treasury shares and subsidiary holdings). Ordinary Resolution 7, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

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 was deemed to have come into operation on 27 March 2020.

In light of the ongoing COVID-19 pandemic, the Company's AGM will continue to be convened and held by electronic means only. The Company has arranged for a live webcast of the AGM proceedings (the "**Live AGM Webcast**") which will take place on 28 June 2022 at 10.00 a.m. In the interests of the safety of our shareholders, shareholders will not be able to attend the AGM in person. Shareholders will, however, be able to participate in the AGM proceedings via the live audio-visual webcast or the live audio-only stream in the following manner:

Live AGM Webcast and live audio-only stream:

1. Shareholders (including CPF and SRS investors) or their duly appointed proxies 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://conveneagm.com/sg/Annica_AGM (the "**Registration Link**") from 13 June 2022 until 10.00 a.m. on 24 June 2022 (the "**Registration Deadline**") to enable the Company to verify their status.

2. Following verification, authenticated Shareholders or their duly appointed proxies will receive an email by 5.00 p.m. on 27 June 2022 containing instructions on how to access the live audio-visual webcast or 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 June 2022 may contact the Company by email at support@conveneagm.com or by telephone at (65) 6221 1123.

Voting at the AGM:

1. Voting for all resolutions will be conducted by a poll. Voting at the AGM may be carried out in one of the two ways as set out below:

   (i) a member or its duly appointed proxy(ies) live and online (in real time) by logging onto the URL https://conveneagm.com/sg/Annica_AGM; or

   (ii) submitting a proxy form (in advance of the AGM) 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:

   (i) if submitted by post, be deposited at the office of the Company's share registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

   (ii) if submitted electronically, be submitted via email to main@zicoholdings.com or via the online process through the pre-registration website which is accessible at the URL https://conveneagm.com/sg/Annica_AGM,

   in either case, by no later than 10.00 a.m. on 25 June 2022, being 72 hours before the time fixed for the holding of the AGM.

3. CPF or SRS investors:

   (a) may vote live and online (in real time) at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the meeting as proxy to vote on their behalf at the AGM in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM to allow sufficient time for their respective relevant intermediaries to, in turn, submit a proxy form to appoint the Chairman of the meeting to vote on their behalf by the cut-off date at 10.00 a.m. on 25 June 2022.

Submission of Questions:

1. Shareholders (or their duly appointed proxies) who participate by way of observing the live audio-visual webcast or live audio-only stream of the AGM proceedings may ask text-based questions live and online (in real time) during the AGM by submitting their questions online via the link https://conveneagm.com/sg/Annica_AGM.

2. The Directors will endeavour to address as many substantial and relevant questions submitted online as possible during the AGM. However, Shareholders should note that there may not be sufficient time available at the AGM to address all questions raised. Please note that questions individual responses will not be sent to Shareholders.

3. Alternatively, Shareholders (including CPF and SRS investors) may pre-submit questions relating to any of the Resolutions proposed as set out in the Notice of AGM by (a) email to agm2022@annica.com.sg, or (b) submitting by post to the office of the Company's share registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, or (c) the Registration Link.

4. Questions may be submitted via email at any time after the publication of the Notice of AGM until 10.00 a.m. on 21 June 2022.

5. For questions submitted in advance of the AGM, the Company will provide replies to all questions which are substantial and relevant to the agenda of the AGM by publication on the SGXNET and the Company's website at www.annica.com.sg by 10.00 a.m. on 23 June 2022, which at least 48 hours prior to the closing date and time for the lodgment of the proxy forms to facilitate Shareholders' votes and to allow Shareholders to make an informed decision on the resolutions o be tabled at the AGM.

6. The Company will also publish the minutes of the AGM (which will include all responses to questions which are substantial and relevant to the agenda of the AGM, whether submitted via email in advance of the AGM or live and online during the AGM) on the 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 and vote in the AGM. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. 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 if they wish to vote by way of a proxy form at the AGM, the only person they can appoint is the Chairman of the meeting. Please also note that the proxy form for the purpose of voting at the AGM 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 a 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, A Relevant Intermediary should note that if it wishes to vote by way of a proxy form at the AGM, the only person they can appoint is the Chairman of the meeting. Please also note that the proxy form for the purpose of voting at the AGM 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 if carried out by way of proxy forms must be directed as stipulated above.

4. The duly executed proxy form appointing the Chairman as proxy must be emailed to the Company at main@zicoholdings.com or sent by post to B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 not later than seventy-two (72) hours before the time set for the AGM.

5. The proxy form appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the proxy form appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. A copy of the power of attorney or such other authority must be submitted together with the proxy form appointing a proxy.

6. A depositor's name must appear in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore) maintained by The Central Depository (Pte) Limited not later than seventy-two (72) hours before the time set for the AGM for the depositor to be entitled to participate in the Live AGM Webcast and vote at the AGM.

Personal Data Privacy Terms:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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

The following additional information on Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin, Mr. Su Jun Ming and Mr. Robin Stevens, each of whom is seeking re-election as a Director at the Annual General Meeting of the Company on 28 June 2022 at 10.00 a.m., is to be read in conjunction with their respective profiles in the section entitled "Board of Directors" on pages 30 to 31 of the Company's annual report for the financial year ended 31 December 2021.

Details required under Appendix 7F of the Catalist Rules	Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin
1. Date of Initial Appointment	5 July 2019
2. Date of last re-appointment (if applicable)	26 June 2020
3. Age	71
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 Tan Sri has the requisite track record, qualifications and work experiences and is able to exercise objective judgement on the Company's affairs independently and has therefore approved the re-election and re-appointment of Tan Sri as the Independent and Non-Executive Chairman.
6. Whether appointment is executive, and if so, the area of responsibility	Non-Executive
7. Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent and Non-Executive Chairman Chairman of Remuneration Committee Member of Audit Committee and Nominating Committee
8. Professional qualifications	Bachelor of Laws (LLB) (Hons), University Malaya, Kuala Lumpur Masters of Law (LLM), University College, University of London
9. Working experience and occupation(s) during the past 10 years	i. Berjaya Assets Berhad (2021 to Present): Independent and Non- Executive Deputy Chairman ii. High Court Malaysia (2021 to present): Advocate and Solicitor iii. Arbitrator and Mediator of AIAC (2018 to present) iv. Judge of the Syariah Court of Appeal Perak (2017 to present) v. President of the Court of Appeal of Malaysia (2017 to 2018) vi. Chief Judge of High Court Malaysia (2011 to 2017) vii. Judge of the Federal Court of Malaysia (2007 to 2011)

Details required under Appendix 7F of the Catalist Rules	Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin
10. Shareholding interest in the listed issuer and its subsidiaries	Nil
11. Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
12. Conflict of interest (including any competing business)	Nil
13. Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
14. Other Principal Commitments* Including Directorships "Principal Commitments" has the same meaning as defined in the Code - "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	
i. Past (for the last 5 years)	i. President of the Court of Appeal of Malaysia (2017 to 2018) ii. Chief Judge of High Court Malaysia (2011 to 2017)
ii. Present	i. High Court Malaysia (2021 to present): Advocate and Solicitor ii. Berjaya Assets Berhad (2021 to Present): Independent and Non iii. Arbitrator and Mediator of AIAC (2018 to present) iv. Judge of the Syariah Court of Appeal Perak (2017 to present)
Disclose the following matters concerning the Directors:	
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No

Details required under Appendix 7F of the Catalist Rules	Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin
c. Whether there is any unsatisfied judgment against him?	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No

Details required under Appendix 7F of the Catalist Rules	Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
15. Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable as Tan Sri is nominated for re-election and re-appointment to the Board.

Details required under Appendix 7F of the Catalist Rules	Su Jun Ming
1. Date of Initial Appointment	20 January 2016
2. Date of last re-appointment (if applicable)	26 June 2020
3. Age	43
4. Country of principal residence	Singapore
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. Su 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. Su as the Lead 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.)	Lead Independent and Non-Executive Director Chairman of Audit Committee Member of Remuneration Committee and Nominating Committee
8. Professional qualifications	Bachelor of Accounting, Central Queensland University Certified Valuer and Appraiser, Singapore Accountancy Commission
9. Working experience and occupation(s) during the past 10 years	i. Icart Group Pte Ltd (2021 to Present): Corporate Finance Director ii. Alternative Advisors Pte Ltd (2017 to 2021): Director. iii. BDO LLP – Advisory Singapore (2014 -2017): Associate Director. iv. ICP Ltd (2013 to 2014): Financial Controller. v. MS Corporate Finance Pte Ltd (2010 – 2013): Corporate Finance Manager.
10. Shareholding interest in the listed issuer and its subsidiaries	54,630,992 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

NOTICE OF ANNUAL GENERAL MEETING

Details required under Appendix 7F of the Catalist Rules	Su Jun Ming
14. Other Principal Commitments* Including Directorships "Principal Commitments" has the same meaning as defined in the Code - "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	
i. Past (for the last 5 years)	i. Alternative Advisors Pte Ltd (2017 to 2021): Director.
ii. Present	i. Icart Group Pte Ltd (2021 to Present): Corporate Finance Director
Disclose the following matters concerning the Directors:	
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c. Whether there is any unsatisfied judgment against him?	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

Details required under Appendix 7F of the Catalist Rules	Su Jun Ming
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

NOTICE OF ANNUAL GENERAL MEETING

Details required under Appendix 7F of the Catalist Rules	Su Jun Ming
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, this is a re-election of a director.

Details required under Appendix 7F of the Catalist Rules	Robin Stevens
1. Date of Initial Appointment	20 May 2022
2. Date of last re-appointment (if applicable)	NA
3. Age	68
4. Country of principal residence	United Kingdom
5. The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr. Stevens possesses extensive capital markets and corporate finance experience, and relevant experience in the renewable energy and ESG Sector, which the Board believes will be valuable to the Group as it develops its activities in the renewable energy sector on an international basis. In view of Mr. Stevens' position as Senior Advisor and Head of Capital Markets at MHA MacIntyre Hudson ("**MHA UK**"), which is a UK independent member firm of Baker Tilly International, the Board has also considered Mr. Steven's independence as Baker Tilly TFW LLP ("**Baker Tilly**") were the auditors of the Company. However, the Board and Nominating Committee of the Company are of the view that Mr. Stevens is independent for the following reasons: (a) member firms within the Baker Tilly International Network in each country work independently from each other; and (b) no fees have been paid by the Group to MHA UK or Mr. Stevens in any capacity. In any event, pursuant to an extraordinary general meeting held on 29 March 2022, PKF-CAP LLP has been appointed as the new auditors of the Company.
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 Member of Audit Committee

Details required under Appendix 7F of the Catalist Rules	Robin Stevens
8. Professional qualifications	Fellow of the Institute of Chartered Accountants of England and Wales
9. Working experience and occupation(s) during the past 10 years	i. February 2022 to Present - Non-executive Director and Chairman of the Audit Committee of Hercules Site Services Plc ii. November 2021 to Present - Non-executive Director and Chairman of the Audit Committee of Aura Renewable Acquisitions Plc iii. November 2021 to Present - Non-executive Director and Chairman of Audit Committee of Avelas HoldCo Inc iv. July 2021 to Present - Non-executive Director and Chairman of Audit Committee of Avelas Biosciences Inc v. July 2021 to Present - Head of Capital Markets and Senior Advisor, acting as a Consultant to MHA MacIntyre Hudson vi. February 2020 to Present - Non-executive Chairman and Chairman of the Audit Committee of Vector Capital Plc vii. November 2019 to Present - Non-executive Director of B Iconic Group Limited viii. November 2018 to Present - Executive Director of Macxchange Limited ix. November 2019 to May 2022 - Non-executive Director of B Iconic Limited x. October 2018 to March 2021 - Consultant to Crowe UK LLP xi. October 2018 to Present - Director of Robin Stevens Consulting Limited xii. July 2010 to September 2018 - Corporate Finance Partner in Crowe UK LLP
10. Shareholding interest in the listed issuer and its subsidiaries	Nil
11. Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
12. Conflict of interest (including any competing business)	Nil
13. Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

Details required under Appendix 7F of the Catalist Rules	Robin Stevens
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 Catalist Rule 704(8)	
i. Past (for the last 5 years)	i. November 2019 to May 2022 - Non-executive Director of B Iconic Limited ii. October 2018 to March 2020 - Consultant to Crowe UK LLP iii. July 2010 to September 2018 - Corporate Finance Partner in Crowe UK LLP iv. June 2000 to May 2018 - Executive Director in Zokora (No. 2) Limited
ii. Present	i. February 2022 to Present - Non-executive Director and Chairman of the Audit Committee of Hercules Site Services Plc - ii. November 2021 to Present - Non-executive Director and Chairman of the Audit Committee of Aura Renewable Acquisitions Plc iii. November 2021 to Present - Non-executive Director and Chairman of Audit Committee of Avelas Holdco Inc iv. July 2021 to Present - Non-executive Director and Chairman of Audit Committee of Avelas Biosciences Inc v. July 2021 to Present - Head of Capital Markets and Senior Advisor, acting as Consultant to MHA MacIntyre Hudson vi. February 2020 to Present - Non-executive Chairman and Chairman of the Audit Committee of Vector Capital Plc vii. November 2019 to Present - Non-executive Director of B Iconic Group Limited viii. November 2018 to Present - Executive Director of Macxchange Limited ix. October 2018 to Present - Director of Robin Stevens Consulting Limited

Details required under Appendix 7F of the Catalist Rules	Robin Stevens
Disclose the following matters concerning the Directors:	
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Zokora (No. 2) Limited ("**Zokora (No. 2)**") (dissolved in 2018) - Mr. Stevens was an executive director in Zokora (No 2) from June 2000 to May 2018. Zokora (No. 2) was a wholly owned subsidiary of MRI Moores Rowland LLP, of which Mr. Stevens was a partner in from March 2003 to April 2007. The underlying business of Zokora (No.2) was, simultaneously with MRI Moores Rowland LLP's business, sold to Mazars LLP in April 2007. Under the sale and purchase agreement in relation to Zokora (No. 2), the entity had to maintain its legal existence for 3 years following the sale. As such, the creditors' voluntary liquidation commenced in June 2010, three years after the sale. The liquidator received one claim of 2,247 pounds and a contingent claim of 250,000 pounds. No dividend was paid to the unsecured creditors and the liquidator was unable to cover its costs and expenses in full. Mr. Stevens was not the subject of the claims nor involved in the liquidation process of Zokora (No 2). The creditors' voluntary liquidation was completed in May 2018. B Iconic Limited (dissolved in May 2022) - Mr. Stevens was a non-executive director in B Iconic Limited from November 2019. B Iconic Limited was the non-trading ultimate UK holding company of a home entertainment and communications group that was severely affected by the Covid-19 lockdowns in Ireland and the UK in 2020. The subsidiaries were either sold or liquidated. As such, B Iconic Limited was placed into a members' voluntary liquidation which commenced in April 2021. Mr. Stevens had no executive role in the operations of B Iconic Limited or the underlying subsidiaries of B Iconic Limited. The members' voluntary liquidation was completed in February 2022, with all creditors paid in full. B Iconic Limited was dissolved in May 2022. B Iconic Group Limited ("**B Iconic Ireland**") (in liquidation, pending dissolution) - Mr. Stevens has been a non-executive director in B Iconic Ireland since November 2019. B Iconic Ireland is an Irish incorporated non-trading intermediate holding company that, as part of a previous acquisition, had provided a guarantee to the vendors of approximately 1.2 million pounds. Following the sale or closure of its subsidiaries, B Iconic Ireland was unable to meet the guarantee. As such, B Iconic Ireland was placed into a creditors' voluntary liquidation in Ireland which commenced in November 2020 and has yet to be completed. Mr. Stevens had no executive role in the operations of B Iconic Ireland or the underlying subsidiaries of B Iconic Ireland.

NOTICE OF ANNUAL GENERAL MEETING

Details required under Appendix 7F of the Catalist Rules		Robin Stevens
c.	Whether there is any unsatisfied judgment against him?	No
d.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
f.	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g.	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h.	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No

Details required under Appendix 7F of the Catalist Rules	Robin Stevens
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
15. Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, this is a re-election of a director.

This page has been intentionally left blank.

ANNICA HOLDINGS LIMITED
(Company Registration Number: 198304025N)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING ("AGM")

IMPORTANT:
1. For investors who have used their Central Provident Fund or Supplementary Retirement Scheme monies to buy Shares in the Company (the "**CPF Investors**" or "**SRS Investors**"), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF or SRS investors:
   (a) may vote live and online (in real time) at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM to allow sufficient time for their respective relevant intermediaries to, in turn, submit a proxy form to appoint the Chairman of the meeting to vote on their behalf by the cut-off date at 10.00 a.m. on 25 June 2022.

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

of ____ (Address)
being a member/members* of ANNICA HOLDINGS LIMITED (the "**Company**") hereby appoint:

(a) the Chairman of the Annual General Meeting (the "**AGM**") as my/our* proxy to vote for me/us* on my/our* behalf at the AGM to be held by electronic means on 28 June 2022 at 10.00 a.m. and at any adjournment thereof; OR

(b)

Name	Address	Email	NRIC/Passport Number	Proportion of Shareholdings	
				No. of Shares	%

as my/our* proxy to participate via the Live AGM Webcast, ask questions, live and online and vote, live and online for me/us* on my/our* behalf at the AGM to be held by electronic means on 28 June 2022 at 10.00 a.m. and at any adjournment thereof.

I/We* direct the Chairman to vote for or against or abstain from voting on each of the Resolution to be proposed at the AGM as indicated hereunder.

Please indicate with a "√" in the space provided below to exercise your vote "For" or "Against", or "Abstain" from voting on, the Resolutions as set out in the Notice of AGM dated 13 June 2022. Alternatively, please indicate the number of Shares as appropriate.

The resolution(s) put to the AGM will be decided by way of a poll.

No.	Ordinary Business	Number of votes		
		For**	Against**	Abstain**
1	<u>**Ordinary Resolution 1**</u> To receive and adopt the audited financial statements for the financial year ended 31 December 2021, together with the Directors' Statement and Independent Auditors' Report.			
2.	<u>**Ordinary Resolution 2**</u> To re-elect Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin who is retiring by rotation pursuant to Regulation 95 of the Company's constitution, and who, being eligible, is offering himself for re-election as a Director.			
3.	<u>**Ordinary Resolution 3**</u> To re-elect Mr. Su Jun Ming who is retiring by rotation pursuant to Regulation 95 of the Company's constitution, and who, being eligible, is offering himself for re-election as a Director.			
4.	<u>**Ordinary Resolution 4**</u> To re-elect Robin Stevens who is retiring pursuant to Regulation 94 of the Company's constitution, and who, being eligible, is offering himself for re-election as a Director.			
5.	<u>**Ordinary Resolution 5**</u> To approve the payment of Directors' fees of $242,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears (31 December 2021: $179,000).			
6.	<u>**Ordinary Resolution 6**</u> To re-appoint PKF-CAP LLP as the Independent Auditor of the Company and to authorise the Directors to fix its remuneration.			
	Special Business			
7.	<u>**Ordinary Resolution 7**</u> Authority to allot and issue shares and convertible securities**			

** Please note that any short description given above of a particular Resolution to be passed does not in any way whatsoever reflect the intent and purpose of the Resolution. The short description has been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM dated 13 June 2022 for the full purpose and intent of the Resolution to be passed.

Dated this ________ day of ________________ 2022.

Total no. of shares in	No. of shares
(a) in CDP Register	
(b) in Register Members	

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

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES FOR PROXY FORM

1. For this AGM, members of the Company (including Relevant Intermediaries) may vote by way of this proxy form appointing the Chairman of the meeting to vote in accordance with the proxy form or by their duly appointed proxies live and online as set out in the Notice of AGM.

2. Please insert the total number of Shares held by you: (a) if you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number; (b) if you have Shares registered in your name in the Register of Members of the Company, you should insert that number; (c) if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate the numbers. If no number is inserted, this proxy form shall be deemed to relate to all the Shares held by you.

3. A member who is not a relevant intermediary is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

5. "Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.

6. A proxy need not be a member of the Company.

Affix Postage Stamp here

ANNICA HOLDINGS LIMITED

c/o B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

7. The instrument appointing a proxy must be signed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. The duly executed instrument appointing a proxy must be sent by post to the office of the Company's share registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, or emailed to the Company at main@zicoholdings.com, not later than seventy-two (72) hours before the time set for the AGM.

9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 June 2022.

ANNICA
HOLDINGS LIMITED

(COMPANY REGISTRATION NO: 198304025N)

40 Ubi Crescent
#01-01
Singapore 408567