ANNUAL REPORT 2018

ANNICA HOLDINGS LIMITED

*This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's continuing sponsor, Stamford Corporate Services Pte. Ltd. (the"**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

The Sponsor has not independently verified the contents of this Annual Report. This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the accuracy, completeness or 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:
Telephone number: (65) 6389 3000
Email address: bernard.lui@morganlewis.com

CONTENT

LETTER
TO SHAREHOLDERS

Dear Shareholders,

On behalf of the board of directors, we are pleased to present to you the Annual Report of Annica Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") for the financial year ended 31 December 2018 ("**FY2018**").

Financial Review

There was a decrease in the Group's revenues from $7,812,000 in FY2017 to $6,077,000 in FY2018. This was primarily due to delays in securing orders for the Group's oil and gas equipment and engineering segments. Recognition of revenue from such orders will therefore only take place in FY2019.

However, the Group recorded an 8% increase in gross margins from 26% in FY2017 to 34% in FY2018 due to higher margins generated by the Group's oil and gas equipment and engineering segments. Accordingly, despite the decrease in revenue, the Group saw a 5% increase in gross profits from $1,997,000 in FY2017 to $2,091,000 in FY2018.

Although the Group's operating losses narrowed by 7.5% from $1,940,000 in FY2017 to $1,795,000 in FY2018, net losses after tax from continuing operations increased from $1,909,000 in FY2017 to $4,038,000 for FY2018. This was primarily due to extraordinary expenses arising from the grant of share awards under the Annica Performance Share Plan and the one-off expense incurred in respect of write-off of redeemable convertible bonds expenses.

Operational and Corporate Development

The Group has undertaken the following developments during the year:

Oil and Gas Equipment

Despite operating in a highly competitive environment, our oil and gas equipment segment continued to improve its operating margins despite a marginal decrease in sales, boosted by maiden contributions from our Brunei operations, which commenced during the year.

Engineering Services

This sector was impacted by adverse market conditions arising from increasing trade protectionism. Despite these challenging market conditions, our engineering services segment managed to secure several contracts towards the second half of FY2018 and the engineering services segment will be integral to the Group as it continues to develop its traditional markets in FY2019.

Renewable Sector

Our associate company, HT Energy (S) Sdn. Bhd. ("**HTES**") received an award from the Department of Health, Sarawak, Malaysia to undertake a pilot project in the Long Loyang Clinic, Sarawak, Malaysia (the "**Pilot Project**") to provide reliable, clean and affordable electricity access to rural clinics based on a solar and hydrogen energy system (the "**Rural Electrification Project**").

We have experienced some delays in the roll-out of the Rural Electrification Project in order to ensure that all relevant technical issues surrounding the implementation of the pilot project are resolved prior to the on-site installation of the systems and we are currently targeting implementation in May 2019. Upon successful implementation, it is envisioned that the pilot project will serve as a benchmark for future projects to serve rural communities.

LETTER TO SHAREHOLDERS

Assembly and Testing of the Power Module Unit being conducted at the Manufacturer's factory for the Pilot Project in the Long Loyang Clinic, Sarawak, Malaysia for the Department of Health, Sarawak, Malaysia – Targeted deployment on May 2019.

Corporate Updates

FY2018 saw the Group continues on its journey of diversification, as well as consolidation – focusing its limited resources on developing its renewable and green technology businesses, while at the same time divesting its non-core businesses. Towards this end:

(i) the Company has disposed its stake in GPE Power Systems (M) Sdn. Bhd. ("**GPE**") for a total consideration of $2,000,000.

(ii) The Company has restructured its previous proposed acquisition of Horizon Greentech Resources Sdn. Bhd. ("**HGR**"). The previous proposed acquisition of HGR was terminated on 26 March 2018 and instead, the Company has entered into a non-binding memorandum of understanding with each of the vendors of HGR ("**HGR Vendors**") to acquire a 25.79% interest in Green PlusLink Sdn. Bhd. ("**GPL**") for a total purchase consideration of $4,200,000. Upon completion, GPL will operate 15 production lines instead of the 5 production lines previously planned under HGR, allowing for potential economies of scale in its operations. The proposed acquisition of GPL is pending the finalisation of the acquisition agreement between the HGR Vendors and Terokadana Sdn. Bhd. for the transfer of the 15 production lines to GPL.

The Group has also made efforts in FY2018 to reduce its overall liabilities from $8.3 million in FY2017 to $5.2 million in FY2018 – thereby putting itself in a better position to take advantage of future potential business opportunities (as and when they may arise):

(i) On 12 March 2018, the remaining portion of the outstanding loan of $2,505,879 was assigned by LionGold Corp Ltd ("**LionGold**") to Mr. Lim In Chong ("**Mr. Lim**") pursuant to a deed of assignment. The loan was fully settled when Mr. Lim subsequently converted the assigned debt to equity and also entered into an Option Agreement with the Company for the option to subscribe for up to 5,000,000,000 new shares in the Company at an exercise price of $0.001 per share. Mr. Lim is currently the single largest shareholder of the Company and has come on board as a Non-Executive Director of the Company. Through the Option Agreement, Mr. Lim has also indicated his intention to provide further financial support and funding to the Group, should the need arise.

(ii) On 28 February 2019, the Company has also redeemed in full the first tranche of unconverted Redeemable Convertible Bonds in the principal amount of $250,000 due to Premier Equity Fund Sub Fund F and Value Capital Asset Management Private Limited. Please refer to the Company's announcement dated 1 March 2019 for more information.

LETTER TO SHAREHOLDERS

Outlook

The Group remains cautious in the near term as the South East Asian market, within which the Group operates, is anticipated to be volatile in light of the uncertainty caused by macroeconomic events such as trade protectionism amongst the world's major economies, which may adversely affect the Group's businesses. In addition, Malaysia (being the Group's primary geographical market), has undergone a change in government during FY2018, and the Group will have to remain alert to any potential policy changes that may arise as a result. While recognising the aforementioned challenges, the Group remains confident that its planned diversification into the renewable sector will achieve sustainable performance in the near future.

Appreciation

On behalf of the Board, we would like to extend our appreciation to all stakeholders and staff who have stood by the Company during this period of transformation for the Company.

We look forward for your continued support for the future as we work towards achieving sustainable profitability for the Group.

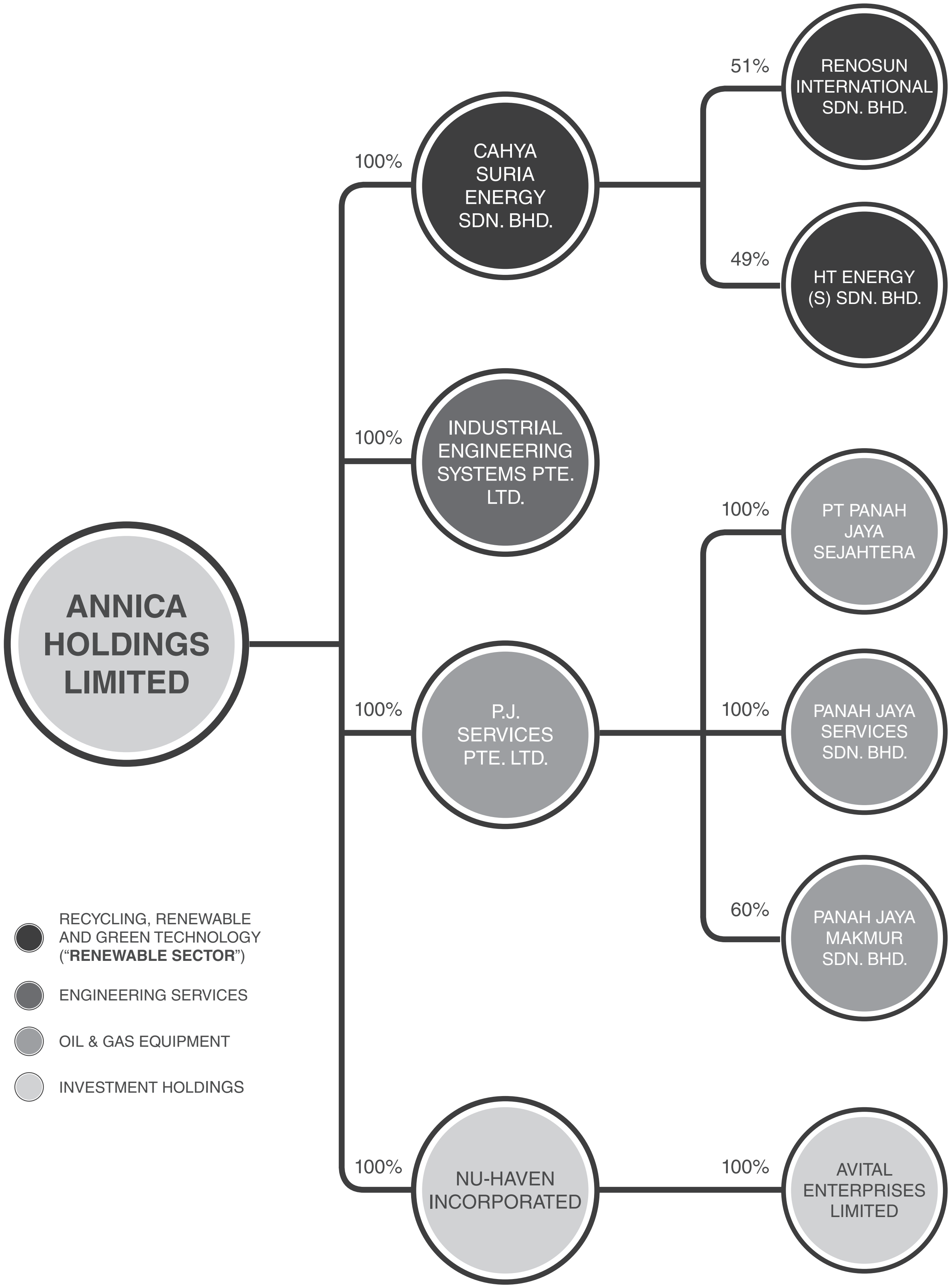
Thank you.

Ong Su Aun Jeffrey
Acting Independent and Non-Executive Chairman

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

8 April 2019

CORPORATE STRUCTURE



FINANCIAL REVIEW

COMPREHENSIVE INCOME

During the financial year ended 31 December 2018 ("**FY2018**"), the Group posted total revenue of $6.1 million, with our primary business segments of Oil and Gas Equipment and Engineering Services contributing 99.7% and 0.3% respectively. Against the backdrop of challenging operating conditions in our major markets, our business segments experienced delays in orders which resulted in a decline of 22.2% in the Group's total revenue over the preceding period. Despite lower revenues, the Group reported an increase of 4.7% in the Group's gross profit in FY2018.

The Group's operating losses for FY2018 had narrowed by 7% over FY2017, as the Group continue to consolidate from the transactions arising from the restructuring plan embarked during FY2016. The Group's loss from continuing operations has increased in FY2018 due to arising from the grant of share awards under the Annica Performance Share and the one-off expense incurred in respect of write-off of redeemable convertible bonds expenses.

FINANCIAL POSITION

The Group's total assets stood at $9.5 million as at FY2018 against $12.9 million in FY2017, due to the completion of the disposal of a subsidiary. As at FY2018, the Group has reduced its total liabilities by $3.0 million to $5.2 million which comprised mainly trade liabilities and borrowings. Meanwhile, the Group's capital and reserves attributable to equity holders of the Company increased by 1.4% to $4.2 million as at FY2018.

CASH FLOWS

The Group held cash and cash equivalents of $1.8 million as at 31 December 2018.

OTHER MATTER

Other than those disclosed in the financial statements, there is no significant development subsequent to the release of the Group's and the Company's preliminary financial statements for FY2018, as announced on 1 March 2019 and announcement on 8 April 2019, which would materially affect the Group's and the Company's operating and financial performance as of 8 April 2019, being the date of the Directors' Statement on pages 44 to 46 of this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ong Su Aun Jeffrey
(Acting Independent and Non-Executive Chairman)

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

Nicholas Jeyaraj s/o Narayanan
(Non-Independent and Non-Executive Director)

Lim In Chong
(Non-Independent and Non-Executive Director)
(appointed on 6 July 2018)

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

Adnan Bin Mansor
(Independent and Non-Executive Director)

COMPANY SECRETARY

Tan Poh Chye Allan
Elaine Beh Pur-Lin (resigned on 26 September 2018)

AUDIT COMMITTEE

Su Jun Ming	(Chairman)
Ong Su Aun Jeffrey	(Member)
Adnan Bin Mansor	(Member)

NOMINATING COMMITTEE

Adnan Bin Mansor	(Chairman)
Su Jun Ming	(Member)
Ong Su Aun Jeffrey	(Member)

REMUNERATION COMMITTEE

Ong Su Aun Jeffrey	(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

100 Beach Road
#17-01 Shaw Tower
Singapore 189702

Telephone: +65 6221 1123
Facsimile: +65 6228 9487

AUDITOR

Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner in-charge: Tay Guat Peng
(appointed from the financial year ended 31 December 2015)

SHARE REGISTRAR

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

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

CONTINUING SPONSOR

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

SOLICITORS

JLC Advisors LLP
80 Raffles Place
#43-03 UOB Plaza 1
Singapore 048624

PRINCIPAL BANKER

Standard Chartered Bank (Singapore) Limited
6 Battery Road
Singapore 049909

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

SUSTAINABILITY REPORT

1. Board's statement

We reaffirm our commitment to sustainability with the publication of our sustainability report as guided by the Global Reporting Initiative ("**GRI**") Standards: Core option. For this sustainability report (the "**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. This commitment is reflected in our sustainable business strategy and the material ESG factors which are shown in 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 organizational and external developments.

2. Reporting framework

In preparing this Report, we adopted the GRI Standards: Core option as the reporting framework. In addition, this Report is published pursuant to, and is in compliance with, Rules 711 (A) and 711 (B) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). We are also guided by the SGX-ST Sustainability Reporting Guide.

3. Reporting period and scope

This Report is applicable for the Group's financial year ended 31 December 2018 ("**FY2018**"). A sustainability report is published annually in accordance with our SR Policy and the Catalist Rules.

This Report covers the key operating entities within our group which contributed approximately 100% (FY2017: 51%) of the total revenue for the reporting period.

4. Feedback

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

5. Stakeholder engagement

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

We actively engage our key stakeholders through the following channels:

Stakeholder	Engagement channel
Community	We focus on continuous community engagement and have introduced various initiatives to promote environmental sustainability.
Customer	Customers are encouraged to provide their feedback and feedback obtained is reviewed and relevant follow-up actions are taken to better serve them. Regular meetings and communications are made with customers to ensure that we remain connected with our customers.
Employee	Senior management holds 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 regular staff evaluation sessions where employees can pose questions in person.
Regulator	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.
Shareholder	We convey timely and accurate information to shareholders through announcements on SGXNET, our website (http://www.annica.com.sg), annual general meetings, annual reports and other channels such as business publications and investor relation events.
Supplier	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 assessed by respective work teams based on specified criteria. Feedback is also provided by the procurement teams to suppliers to ensure standards of products or services delivered by suppliers.

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

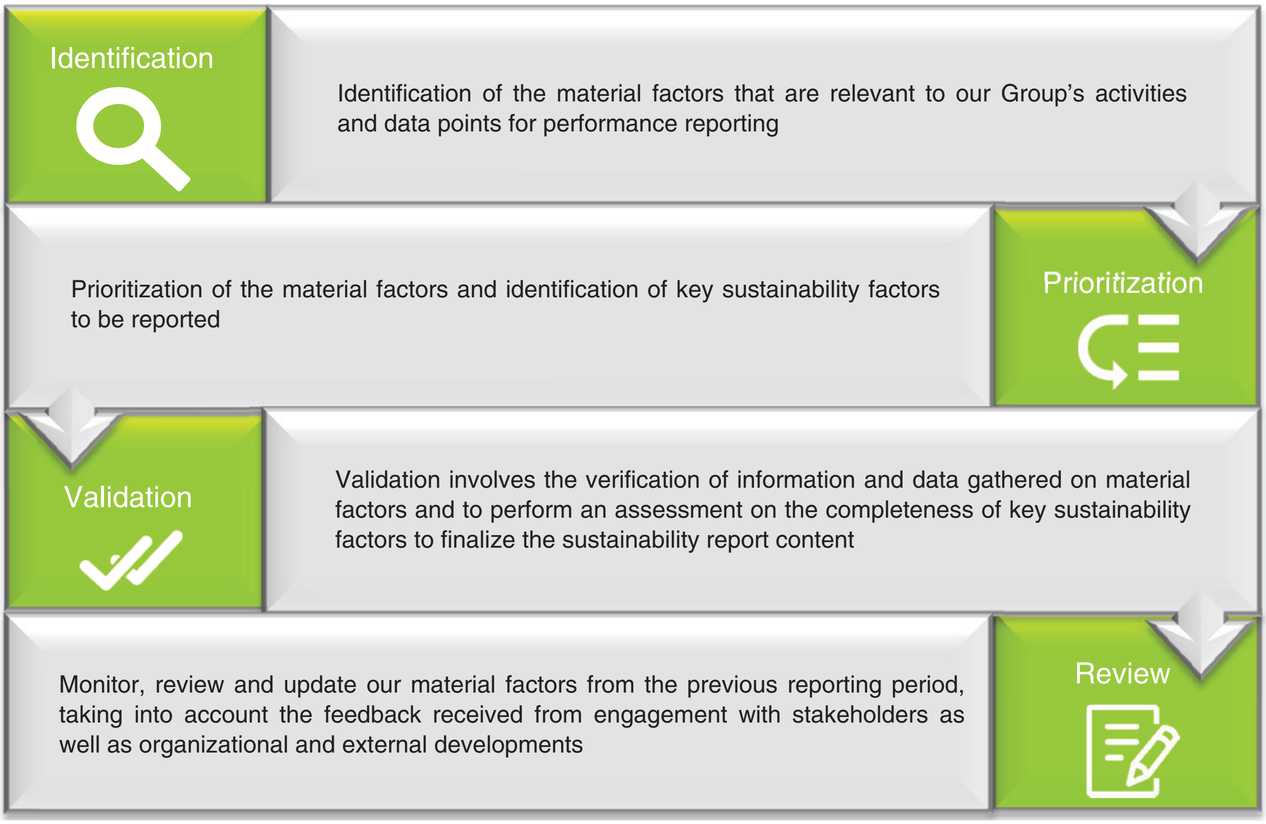
6. Policy, practice and performance reporting

6.1 Reporting structure

Our sustainability strategy is developed and directed by the senior management in consultation with the board of directors (the "**Board**" or the "**Directors**"). The Group's Sustainability Committee, led by our Chief Executive Officer, is tasked to develop the sustainability strategy, review its material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for the Report.

6.2 Sustainability reporting processes

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritized as material factors which are then validated. The end results of this process is a list of material factors as disclosed in this Report. Inter-relations of which are as shown in the chart 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 on in detail.
II	Medium	Factors with medium reporting priority should be considered for inclusion in the Report. If it is decided that such factors are not material, they may be excluded from the Report.
III	Low	Factors with low reporting priority may not be reported unless to fulfil regulatory or other reporting requirements.

The reporting priority is supported by a materiality factor matrix which takes into account the level of concern to external stakeholders in relation to a particular sustainability factor and its potential 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 sustainability factors by identifying the relevant data points (i.e. the information source of the relevant factor) and measuring them. In addition, performance targets that are aligned with our strategy will be set to ensure that we maintain the right course in our path to sustainability. We also consistently enhance our performance-monitoring processes and improve our data capture systems.

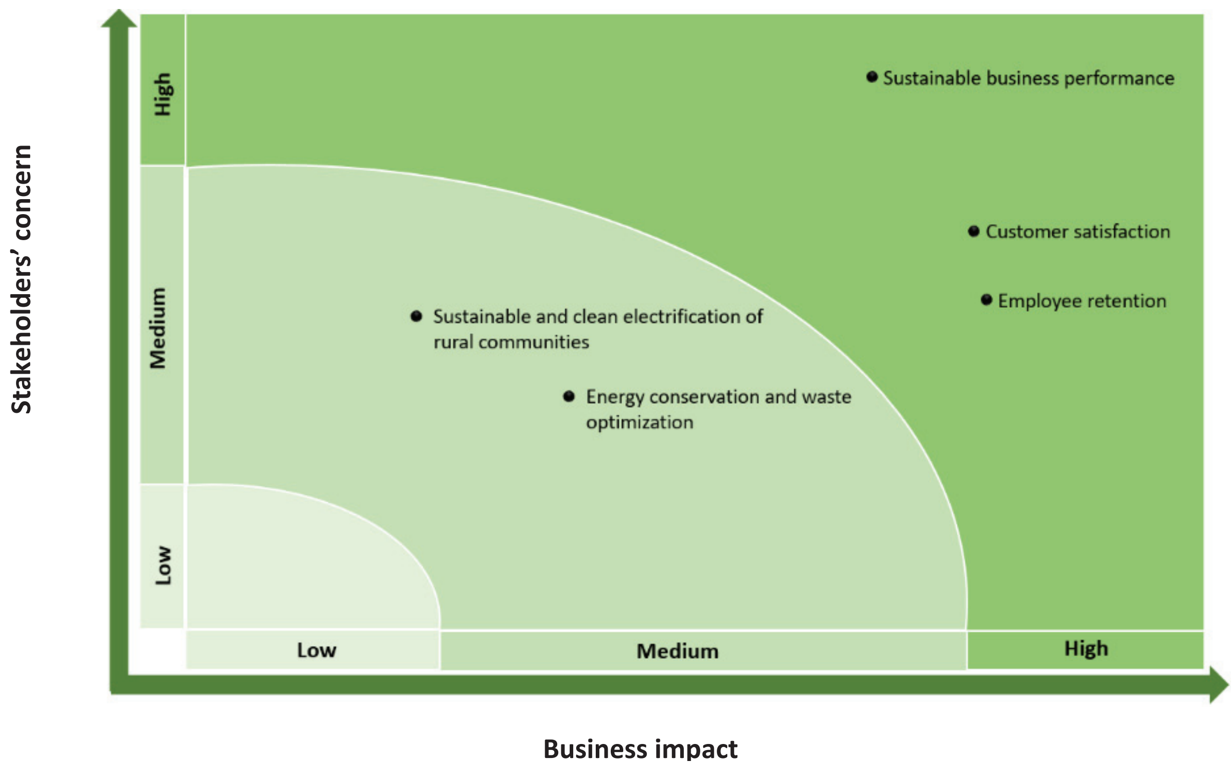
7 Material factors

Our materiality assessment performed for FY2018 involved the Group's senior management 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 are a list of key sustainability factors applicable to our Group:

S/N	Material factor	Key stakeholder	Reporting priority
General disclosure			
1	Customer satisfaction	▪ Customer ▪ Supplier	I
Social			
2	Employee retention	▪ Employee	I
3	Sustainable and clean electrification of rural communities	▪ Community ▪ Regulator ▪ Shareholder	II
Environmental			
4	Energy conservation and waste optimization	▪ Community ▪ Shareholder	II
Economic			
5	Sustainable business performance	Shareholder	I

<u>Material factors matrix</u>



We will update the material factors on an annual basis as and when necessary to reflect changes in business operations, 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 believe that ensuring customer satisfaction is key to our business sustainability. During the reporting period, P.J. Services Pte. Ltd. and its subsidiaries (collectively referred to as the ("**PJ Group**") were important to the business of our Group and its approach and strategy towards customer satisfaction are as follows:

a. <u>Offering comprehensive solutions that meet customers' requirements through cultivating sustainable relationship with suppliers</u>

PJ Group prides itself as a manufacturer's representative[1] that provides technical solutions to customers involved in the offshore and onshore oil and gas industry. As a manufacturer's representative, PJ Group plays a role that extends beyond a traditional distributor by developing one-stop solutions that combine products from different suppliers to serve the needs of its customers.

To fulfil this role, PJ Group maintains long-standing relationship with our strategic suppliers to distribute a wide range of complementary products that meet customers' requirements.

In addition, a core team of experienced and professional engineers is in place to serve customers by designing customised solutions and managing the fabrication and installation processes. Our commitment to the retention of our professional service team may be gleaned from Section 7.2 of the Report below.

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

PJ Group adopts market standards and best practices in its operations to ensure quality of its services provided. PJ Services Pte. Ltd. ("**PJS**") is ISO 9001:2015 certified and under the certification, PJ Group has implemented a quality manual on the key areas of its operations covering leadership, planning, support, operation, performance evaluation and improvement. The quality manual is intended to set a benchmark for quality standards for our employees so as to achieve desired operational outcomes.

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

7.2 Employee retention

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

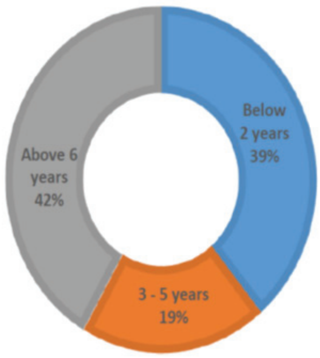
- Senior management leading by example in business and operations

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

- Employees being empowered to make decisions at work
- Senior management 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

In addition, we have put in place the following measures:

- Procedures and guidance are established to promote employees based on merit and competency
- Staff assessment is performed regularly to evaluate the performance of staff. Where relevant, our staff are encouraged to undertake training that will improve their skills and abilities



As at 31 December 2018, our total number of employees stands at 36 (FY2017: 35) and 61% (FY2017: 68%) of our workforce has worked more than 3 years with the Group.

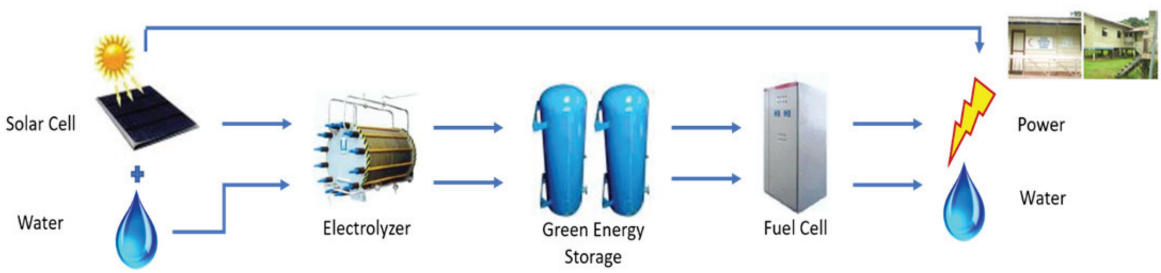
We will retain our valuable staff by continuing with our above-mentioned efforts.

7.3 Sustainable and clean electrification of rural communities

We are committed to give back to the community. As part of our diversification initiative and through HT Energy (S) Sdn. Bhd. ("**HTES**"), we obtained the support of the Department of Health, Sarawak, Malaysia to commence a pilot project to electrify clinics in rural, off-grid communities located in Sarawak, Malaysia. The pilot project involves various stakeholders such as related governmental agencies in Sarawak and aims to (i) provide reliable, clean and affordable electricity access for rural communities, and (ii) create a market and opportunity for private and public stakeholders to participate in the electrification of the rural communities.

Typically, rural communities are powered by diesel generators. Diesel generators are pollutive by design and due to the scarcity of resources in such communities and the costly logistical arrangements involved in transporting diesel fuel to sites, electrification of such communities is often, at best, intermittent.

Under the pilot project, a solar-hydrogen energy system will be set up to replace the diesel generators. The fuel stock 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 reflected as follows:



The electrification will be fuelled by 2 parallel sources to enable continuous, day and night supply. Continuous electrification will improve the quality of life of inhabitants of the rural communities and increase the activity level of inhabitants.

Once successfully implemented, the pilot project will serve as a benchmark for future projects to serve rural communities and may also be a new source of revenue for our Group going forward.

The project team of the pilot project ("**Project Team**") has conducted the Factory Acceptance Test ("**FAT**") on 23 October 2018 on the Power Module Cahya Suria 1 ("**PMCS1**"). Based on the findings of the FAT, the manufacturer required additional time to address certain technical issues arising from the FAT.

On 27 December 2018, the manufacturer had informed the Project Team that the rectification of the electrolyzer plate was required, and such rectification would require approximately 6 weeks. Following that, the manufacturer is planning for the next FAT be conducted in March 2019 (taking into consideration of the festive holidays over the lunar new year period). Approximately 3 weeks after the successful second FAT, the PMCS1 will be shipped to the Pilot Site.

As at the latest practicable date, the manufacturer is still in the process of conducting rectification works in the respect of the electrolyser plate component. We will make the relevant announcement when there are material developments.

7.4 Energy conservation and waste optimization

We operate from various office locations in various countries. To operate from our offices, 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	FY2018[2] (kWh)
Annual electricity consumption per employee	1,980[3]

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

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

On 26 March 2018, we entered into a non-binding memorandum of understanding with Awang Ahmad Sah and Kok Mun Keong (collectively, the "**HGR Vendors**") to acquire 25.79% of Green Pluslink Sdn. Bhd. ("**GPL**"). GPL is principally engaged in the business of extrusion and recycling of end-of-life waste tyres for the production of tyre derived fuel, carbon black and scrap metal.

As at the latest practicable date, the HGR Vendors and Terokadana Sdn. Bhd. are still finalizing the acquisition agreement for the transfer of the 15 production lines to GPL, and are unable to provide any indication. We will make the necessary announcement as and when there are any material developments in relation to the project.

7.5 Sustainable business performance

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

In FY2017, the management embarked on a diversification initiative into recycling, renewables and green technology ("**Renewable Sector**"). The initiative primarily serves to reduce our reliance on the oil & gas equipment and energy service business, provide shareholders with diversified returns and enhance shareholders' value.

As we continue with this initiative, the Board and the management appreciate shareholders' patience and understanding in the execution of such plans.

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

2 No comparative data provided due to non-availability of information
3 Information extracted from our operations in Singapore, Indonesia and Malaysia and Brunei

8. Target setting

For our material factors identified, we have set qualitative targets for FY2019 as follows:

S/N	Material factor	Target for FY2019
1	Customer satisfaction	▪ Maintain a comprehensive range of solutions ▪ Adhere to the market standards and best practices in operations
2	Employee retention	Improve employee retention rate
3	Sustainable and clean electrification of rural communities	Improve the quality of life of inhabitants of the rural communities and increase the activity level of inhabitants
4	Energy conservation and waste optimization	Reduce energy consumption rate and improve waste management
5	Sustainable business performance	▪ Reduce the Group's reliance on its current core business ▪ Diversification into Renewable Sector to provide the Group with additional and recurrent revenue streams ▪ Improve its prospects for long term growth to enhance shareholder's value for the Company

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 86 - 89 90
102-3	Location of headquarters	▪ Corporate Information ▪ Notes to the Financial Statements> General Corporate Information ▪ Notes to the Financial Statements> General Corporate Information	7 58
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 86 - 89 90
102-5	Ownership and legal form	▪ Corporate Structure ▪ Notes to the Financial Statements> General Corporate Information ▪ Statistics of Shareholdings	5 58 130 - 131
102-6	Markets served	▪ Letter to Shareholders ▪ Notes to the Financial Statements > Segment Information	2 - 4 111 - 114

SUSTAINABILITY REPORT

General standard disclosure		Section reference	Page
102-7	Scale of the organization	■ Letter to Shareholders ■ Sustainability Report > Material Factors > Employee Retention ■ Statements of Financial Position ■ Consolidated Statement of Profit or Loss and Other Comprehensive Income	2 - 4 12 - 13 51 52 - 53
102-8	Information on employees and other workers	As at 31 December 2018, 50% of our total workforce is made up of female employees	–
102-9	Supply chain	Sustainability Report > Material Factors > Customer Satisfaction	12
102-10	Significant changes to the organization and its supply chain	There was 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	None	–
102-13	Membership of associations	None	–
Strategy			
102-14	Statement from senior decision-maker	Sustainability Report > Board's Statement	8
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	Corporate Governance Report	20 - 43
Governance			
102-18	Governance structure of the organization	Corporate Governance Report	20 - 43
Stakeholder engagement			
102-40	List of stakeholder groups	Sustainability Report > Stakeholder Engagement	9
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
102-43	Approach to stakeholder engagement	Sustainability Report > Stakeholder Engagement	9
102-44	Key topics and concerns raised	■ Sustainability Report > Stakeholder Engagement ■ Sustainability Report > Material Factor > Customer Satisfaction	9 12
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 86 – 89 90

General standard disclosure		Section reference	Page
102-46	Defining report content and topic Boundaries	Sustainability Report > Sustainability Reporting Processes	9 - 10
102-47	List of material topics	Sustainability Report > Material Factors	11 - 12
102-48	Restatements of information	None	–
102-49	Changes in reporting	None	–
102-50	Reporting period	Sustainability Report > Reporting Period and Scope	8
102-51	Date of most recent report	FY2017 Sustainability Report	–
102-52	Reporting cycle	Sustainability Report > Reporting Period and Scope	8
Reporting practice			
102-53	Contact point for questions regarding the report	Sustainability Report > Feedback	8
102-54	Claims of reporting in accordance with the GRI Standards and GRI content index	▪ Sustainability Report > Reporting Framework ▪ Sustainability Report > GRI Content Index	8 15 - 17
102-55	GRI content index	Sustainability Report > GRI Content Index	15 - 17
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	11 - 14
103-2	The management approach and its components	▪ Sustainability Report > Board's Statement ▪ Sustainability Report > Policy, Practice and Performance Reporting ▪ Sustainability Report > Material Factors	8 9 - 10 11 - 14
103-3	Evaluation of management approach	Sustainability Report > Material Factors	11 - 14
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	14 51 52 - 53
Category: Environmental			
302-3	Energy intensity	Sustainability Report> Material Factors > Energy Conservation and Waste Optimization	14
Category: Social			
401-1	New employee hires and employee turnover	Sustainability Report> Material Factors > Employee Retention	12 - 13
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report> Material Factors > Sustainable and Clean Electrification of Rural Communities	13 - 14

BOARD OF DIRECTORS

Ong Su Aun Jeffrey
Acting Independent and Non-Executive Chairman

Jeffrey was appointed to the Board on 9 July 2008 and was re-designated as the Acting Independent and Non-Executive Chairman of the Company on 16 February 2017. He is an advocate and solicitor of the Supreme Court of Singapore and is a founding partner of JLC Advisors LLP. His practice covers commercial litigation, private equity transactions as well as corporate reorganizations and restructurings. Jeffrey also sits on the board of CW Group Holdings Limited, a company listed on the mainboard of the Stock Exchange of Hong Kong.

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

Sandra is the Executive Director and Chief Executive Officer and was appointed to the Board on 6 January 2016. Sandra is responsible for the Group's strategic direction, business development and overall performance. She holds a Master of Business Administration degree from the University of Strathclyde and brings with her extensive experience in corporate finance, restructuring, advising roles, working closely with private equity players, locally and abroad.

Nicholas Jeyaraj s/o Narayanan
Non-Independent and Non-Executive Director

Nicholas is the Non-Independent and Non-Executive Director and was appointed to the Board on 10 July 2008. A partner of Nicholas & Tan Partnership LLP, Nicholas is a commercial litigation and arbitration specialist. He is an Advocate and Solicitor of the Supreme Court of Singapore, a Fellow of the Chartered Institute of Arbitrators and the Singapore Institute of Arbitrators as well as a Commissioner for Oaths. Nicholas graduated with a Bachelor of Law (Honours) degree from the University of Wolverhampton and is a Barrister-at-law of the Inner Temple. Previously, he held offices as independent and non-executive directors of Eastern Holdings Limited, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and KLW Holdings Limited, which is listed on the Catalist board of SGX-ST.

Lim In Chong
Non-Independent and Non-Executive Director

In Chong is the Non-Independent and Non-Executive Director and was appointed 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, a renowned landscape designer and an avid supporter of sustainable and green development with abiding interest in the renewable energy sector. He is a director and principal of Inchscape Sdn. Bhd. and his work has received numerous accolades from around the world.

Su Jun Ming
Lead Independent and Non-Executive Director

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

Adnan Bin Mansor
Independent and Non-Executive Director

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

KEY MANAGEMENT

Musa Bin Mohamad Sahir
*Managing Director, P. J. Services Pte. Ltd. and subsidiaries ("**PJ 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 PJ 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 11 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**"), Cahya Suria Energy Sdn. Bhd. & Renosun International Sdn. Bhd.*

Seck Wei is a co-founder of IES and has vast experience in the oil and gas industry. He is the Director of IES 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., the immediate holding company of the rural off-grid and renewables companies overseeing the business development and the performance of the new group of companies.

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

Muhammad Hatta is a co-founder of HTES and an experienced businessman. He began his career as a civil servant at the Department of Inland Revenue based in Sarawak. Almost a decade after, Hatta left the civil service to pursue his entrepreneurship endeavours. His business acumen and interpersonal skills has led him to his Directorship and Shareholding in several private limited companies in Malaysia and Australia. His diversified investments portfolio including the Civil Engineering and Construction industry, Property Development and the Fishing Industry. Hatta thrives his businesses in the State of Sarawak, Malaysia leveraging on his established network in the State.

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

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

Chong Shin Mun
*Executive Director, GPE Power Systems (M) Sdn. Bhd. ("**GPE**")*[1]

Prior to the disposal of GPE on 29 October 2018, Shin Mun was a member of our management team as she was the Executive Director of GPE and she oversaw the sales, administration and general management of GPE. She was a sales executive with Hong Leong Bank before joining GPE. Shin Mun graduated with a Diploma in Marketing awarded by the SEGi College in Malaysia.

Chong Chow Heng
General Manager, GPE[1]

Prior to the disposal of GPE on 29 October 2018, Chow Heng was a member of our management team as he was the General Manager of GPE and he was responsible for the overall operations and business development of GPE. Chow Heng began his career as a sales representative in the power generator business more than 30 years ago. He has extensive technical expertise and market knowledge in the industry and green technology. He has wide contacts working with major corporations in the region, including China, Malaysia and Singapore. Chow Heng was formerly a division manager of CLLS Pte. Ltd., a Singapore company trading in power systems.

Notes: -

(1) The disposal of GPE was completed on 29 October 2018 and GPE ceased to be a subsidiary of the Company.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Annica Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance within the Group which is essential to the long-term sustainability of the Group's business and performance in order to safeguard the interests of the Company's shareholders (the "**Shareholders**") and to enhance corporate value and accountability.

This Corporate Governance Report ("**Report**") describes the Group's corporate governance framework and practices that were in place during the financial year ended 31 December 2018 ("**FY2018**") with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**"), which forms part of the continuing obligations as described in the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"). The Company has complied with the principles of the Code where appropriate. Where there are any material deviations from the Code, appropriate explanations are provided.

This Report has also incorporated the guidelines in the SGX-ST's notice: *"Disclosure on Compliance with the Code of Corporate Governance 2012"* dated 29 January 2015 ("**SGX-ST Notice**"). The table below is extracted from the SGX-ST Notice, and the answers to the questions raised in the table are referenced to specific sections in the following Report.

The Group continues to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure adherence to the principles and guidelines of the Code, as appropriate.

Guidelines	**Questions**	**How has the Company complied?**
General	Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied materially with the principles and guidelines in the Code. Appropriate explanations have been provided in the relevant sections below where there are deviations to the Code.
	In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2018.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Section 1.6
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Sections 2.2 and 2.3
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Sections 2.2 and 2.3
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness.	Section 2.3

Guidelines	Questions	How has the Company complied?
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for:	
	(i) selecting and appointing new directors; and	Section 4.4
	(ii) re-electing incumbent directors.	Section 4.13
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Section 1.9
	(b) What are the types of information and training provided to: (i) new directors; and (ii) existing directors to keep them up-to date?	Section 1.11
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Section 4.7
	(b) If a maximum number has not been determined, what are the reasons?	Section 4.7
	(c) What are the specific considerations deciding on the capacity of directors?	Section 4.7
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	Section 5
	(b) Has the Board met its performance objectives?	Section 5.6
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Section 2.4
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	Section 4.8
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Section 4.8
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Section 2.8
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Section 9.2

CORPORATE GOVERNANCE REPORT

Guidelines	Questions	How has the Company complied?
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of $250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Sections 9.3 and 9.7
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Section 9.4
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds $50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Section 9.9
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Section 9.1
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Section 8.2
	(c) Were all of these performance conditions met? If not, what were the reasons?	Section 8.2
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Section 6
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Section 14
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Section 11.7
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Section 11.7

Guidelines	Questions		How has the Company complied?
Guideline 12.6	(a)	Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Section 12.6
	(b)	If the external auditor has supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Section 12.6
Communication with Shareholders			
Guideline 15.4	(a)	Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Section 17.3
	(b)	Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Section 16.3
	(c)	How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Section 16.3
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.		Section 16.5

(A) BOARD MATTERS

1. The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective board to lead and control the company. The board is collectively responsible for the long-term success of the company. The board works with management to achieve this objective and management remains accountable to the board.

1.1 The primary function of the Board is to lead and control the Group's operations and affairs and to protect and enhance Shareholders' value. Apart from its statutory and fiduciary responsibilities, the Board's role is to:

- establish and determine the Group's corporate strategies, set directions, goals, values and standards (including ethical standards) and ensure that obligations to Shareholders and other stakeholders are understood and met;
- to ensure that the necessary financial and human resources are in place in order for the Group to meet its objectives and to monitor the performance of these objectives to enhance and build long-term sustainable value for Shareholders;
- oversee the management, business and affairs of the Group with particular attention paid to growth and financial performance;
- establish a framework of prudent and effective controls which enable risks to be assessed and managed so as to safeguard Shareholders' interest and the Group's assets;
- review the Group's financial reports and performance of the key management personnel of the respective businesses within the Group ("**Management**");
- consider sustainability issues in the formulation of its strategies;
- approve annual budgets, business plans, major funding proposals, financial restructuring, Share issuance, investment and divestment proposals;

- identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- ensure that the Group meets good corporate governance standards; and
- exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times the interests of the Company.

1.2 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
Ong Su Aun Jeffrey	Acting Independent and Non-Executive Chairman (from 16 February 2017) Independent and Non-Executive Director (up to 15 February 2017)	9 July 2008	27 April 2018	CW Group Holdings Limited - Independent Non-Executive Director	–	JLC Advisor – Managing Partner
Sandra Liz Hon Ai Ling	Executive Director and Chief Executive Officer	6 January 2016	29 April 2016	–	–	–
Nicholas Jeyaraj s/o Narayanan	Non-Independent and Non-Executive Director	10 July 2008	27 April 2018	–	KLW Holdings Limited-Independent and Non-Executive Director	Nicholas & Tan Partnership LLP - Partner
Lim In Chong	Non-Independent and Non-Executive Director	6 July 2018	–	–	–	Inchscape Sdn. Bhd. – Director and Principal
Su Jun Ming	Lead Independent and Non-Executive Director	20 January 2016	28 April 2017	–	–	Alternative Advisors Pte. Ltd. – Director
Adnan Bin Mansor	Independent and Non-Executive Director	20 January 2016	28 April 2017	–	–	Kemuncak Laksana Sdn. Bhd. - Director

1.3 To facilitate effective management and 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 as "**Board Committees**"). The Board delegates the day-to-day management of the Group to the Management to facilitate effective management of the affairs of the Group.

1.4 Composition of the Board Committees is set out below:

Name of Director	Audit Committee	Nominating Committee	Remuneration Committee
Ong Su Aun Jeffrey	Member	Member	Chairman
Su Jun Ming	Chairman	Member	Member
Adnan Bin Mansor	Member	Chairman	Member

1.5 The Board holds regular meetings to review, consider and approve strategic, operational and financial matters. Important matters concerning the Group are put before the Board for its decisions and approvals. Ad-hoc meetings are held when circumstances require and when the Board is required to address significant issues that may arise between scheduled meetings. The Company's constitution ("**Constitution**") provides for meetings to be conducted by way of a telephone conference and/or by means of similar communication equipment where all the directors of the Company (the "**Directors**" and individually the "**Director**") participating in the meetings are able to hear each other. Management is invited to attend the meetings to present information and/or render clarification when required. Where physical meetings are not possible, timely communication between the Directors and Board Committees can be achieved via electronic means and the circulation of written resolutions for consideration and approval by the Directors or Board Committees members.

1.6 Matters that are specifically reserved for the approval of the Board include, among others:

- entering into contractual obligations, other than in the ordinary course of business;
- undertaking any corporate action, other than in the ordinary course of business;
- approving the policies, strategies and financial objectives and monitoring the performance of Management;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nominations of persons to the Board and appointments of Management;
- approving annual budgets, major funding proposals, corporate or financial restructuring and investments and divestment proposals;
- declaration of interim dividends and proposal of final dividends, and interested person transactions;
- approving investments and vendors, with pre-set limits for different types of investment documentations as set out in the Company's mergers and acquisition policy and procedure;
- assuming responsibility for corporate governance and compliance with the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and the rules and requirements of regulatory bodies; and
- assuming responsibility for the satisfactory fulfilment of the corporate social responsibilities of the Group,

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

The Management has also been informed that all Reserved Matters would have to be referred to the Board for approval. From time to time, as and when the Company proposes to enter into a material transaction, a presentation is made by the Management to the Board whether via a face-to-face meeting or by circulation of a proposal and/or presentation. The presentation sets out the analyses arrived at by Management and any specific issues which the Board should be appraised of to help them in their determination of whether approval should be given for the Company to enter into the proposed transaction.

1.7 The Company will conduct orientation programmes for newly appointed Directors to ensure that they are familiar with the Group's structure, business and governance policies. All directors who have no prior experience acting as director of a listed company will undergo training and/or briefing on the roles and responsibilities as 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.

1.8 At each Board meeting, the Directors will receive updates from the Management 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 Management. During FY2018, the Directors were briefed by Baker Tilly TFW LLP on the developments in financial reporting standards and the changes that affect the Group, and the Company Secretary on changes to the Catalist Rules, Code of Corporate Governance and other relevant changes to the Companies Act.

1.9 There was one new appointment to the Board during FY2018. Mr. Lim In Chong was appointed Non-Independent and Non-Executive Director to the Board in July 2018. The new director has attended the "BDF-Board and Director Fundamentals" course organized by the Singapore Institute of Directors on 19 September 2018.

1.10 For the year under review, the Directors have attended the following courses: (a) Launch of Women On Board Book and the ASEAN CG Scorecard and (b) Corporate Governance Code and SGX Listing Rule Changes – SID Training and Resources, organised by the Singapore Institute of Directors.

1.11 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, to keep pace with regulatory changes. When relevant and of benefit to the Company, the Company will assist in arranging and funding relevant courses and seminars for the Directors to continue 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.

1.12 The attendance of the Directors at Board and Board Committees meetings held during FY2018 is set out below:

		Board Committees		
	Board	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Number of meetings held:	3	3	3	3
Name of Director	**Number of meetings attended**			
Ong Su Aun Jeffrey	3	3	3	3
Sandra Liz Hon Ai Ling	3	3*	3*	3*
Nicholas Jeyaraj s/o Narayanan	3	3*	3*	3*
Lim In Chong [(a)]	2	2*	2*	2*
Su Jun Ming	3	3	3	3
Adnan Bin Mansor	3	3	3	3

* Attendance by invitation of the respective Board Committees

Notes:

(a) Mr. Lim In Chong was appointed Non-Independent and Non-Executive Director on 6 July 2018.

2. Board Composition and Guidance

Principle 2: There should be a strong and independent element on the board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

2.1 The Board is made up of one (1) Acting Independent and Non-Executive Chairman, one (1) Executive Director, two (2) Non-Independent and Non-Executive Director and two other (2) Independent and Non-Executive Directors. Following Mr. Nicholas Jeyaraj s/o Narayanan's resignation as Non-Independent and Non-Executive Director, the Company will remain compliant with the board composition requirements under the Code.

2.2 The Board comprises individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary, in the areas of accounting, finance, business and management, as well as legal. The diversity of experience, competence and knowledge provide direction, oversight and supervision to the Group.

2.3 The Board's composition, size, and balance and independence of each Independent and Non-Executive Director are reviewed by the NC. The Board comprises Directors who have the right core competencies and diversity of experiences to enable them, in their collective wisdom, to contribute effectively to the Group. The Company recognizes that diversity in the board room can help the Board see threats and opportunities through the eyes of the Company's different stakeholders and reduce risk of groupthink. The NC, therefore, also takes into account gender diversity in relation to the composition of the Board when inducting new directors. Profiles of the Directors are found in the "Board of Directors" section of this Annual Report.

2.4 The Board is aware of Guideline 2.2 of the Code whereby Independent Directors should make up at least half of the Board where, *inter alia*, the Chairman of the Board is part of the management team. The Acting Chairman is not part of the management team, and together with the Acting Chairman, the composition of independent and non-executive Directors makes up half of the total number of Directors of the Board.

2.5 The Directors consider the Board's size and composition as at FY2018 appropriate, taking into account the nature and scope of the Group's operations, the skills and knowledge of the Directors. The Board has sought and obtained written confirmations from each of the Independent and Non-Executive Directors on their independence in accordance with Guideline 2.3 of the Code. The Board, with concurrence of the NC, is satisfied that notwithstanding the existence of a business relationship, all the three (3) Independent and Non-Executive Directors are able to exercise independent judgement in the best interest of the Company and are therefore independent.

2.6 The Board is of the view that the independence of the Independent Directors must be based on the substance of their professionalism, integrity and objectivity and not merely based on form, such as the number of years which they have served on the Board.

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

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

Mr. Ong Su Aun Jeffrey has served independent director of the Company for more than nine (9) years. Pursuant to Guideline 2.4 of the Code of Corporate Governance 2012, the NC and Board have conducted a thorough review of Mr. Ong Su Aun Jeffrey's independence and is satisfied that notwithstanding his having served as Independent and Non-Executive director for more than 9 years, he is independent of the Company and of any shareholder with 10% or more of shareholding in the Company.

The NC and the Board concur that Mr. Ong Su Aun Jeffrey continues to demonstrate his ability to exercise strong independent judgment in his deliberations and has continued to act in the best interest of the Group. His length of service on the Board has not affected his independence. Given his working experience and professionalism in carrying out his duties, the NC and the Board have found Mr. Ong Su Aun Jeffrey suitable to continue as independent director of the Company.

In determination of his independence by the NC, Mr. Ong Su Aun Jeffrey had recused himself. The Board has accepted the NC's recommendation.

2.9 The Independent and Non-Executive Directors meet without the presence of Management when necessary, and they are kept well-informed of the Group's business, prospective deals and potential development. The Independent and Non-Executive Directors participate in and constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of such performance.

3. Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

3.1 The Acting Independent and Non-Executive Chairman, Mr. Ong Su Aun Jeffrey leads the Board in ensuring its effectiveness and approves the agenda of each Board meeting, in consultation with the Chief Executive Officer. The Acting Chairman monitors communications and relations between the Company and its Shareholders, within the Board and between the Board and Management, with a view to encouraging constructive relations and open dialogue amongst them. The positions of Chief Executive Officer and Chairman have been kept separate to ensure balance of power and authority in the Group.

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

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

3.4 Although the Group is in compliance with guideline 3.3 of the Code, the Board has nevertheless appointed Mr. Su Jun Ming as Lead Independent and Non-Executive Director to lead and coordinate the meetings and to further safeguard the risk of any concentration of power within any individual Director on the Board. The Lead Independent Director will be available to Shareholders when they have concerns and for whom contact through the normal channels of the Chief Executive Officer has failed to resolve or is inappropriate.

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

(B) BOARD COMMITTEES

4 Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

4.1 The NC comprises three (3) Board members who are entirely Independent and Non-Executive Directors.

4.2 The role of the NC is to make recommendations to the Board on all Board appointments. The NC is scheduled to meet at least once a year.

4.3 The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the particular experience, knowledge and business, finance and management skills necessary to the Group's businesses and each Director, through his contributions, brings to the Board an independent and balanced perspective to enable balanced and well-considered decisions to be made.

4.4 The NC ensures that there is a formal and transparent process for all new appointments to the Board. Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC will be responsible for nominating the new Director. The NC, in consultation with the Board, determines the selection criteria so as to identify candidates with the appropriate expertise and experience for appointment as new Director. The NC would meet and interview the shortlisted candidates to assess their suitability and ensure that the candidates are aware of the expectation and the level of commitment required before making recommendations to the Board for consideration and approval.

4.5 The NC has, at its disposal, executive search companies, personal contacts and recommendations in its search and nomination process for the right candidates.

4.6 The NC is also responsible for:

- the review of Board succession plans for Directors, in particular, for the Chief Executive Officer;
- the review of training and professional development programs for the Board;
- the development of a process for evaluation of the performance of the Board, its Board Committees and Directors;
- the nomination of retiring Directors for re-election having regard to the Director's contribution and performance;
- determining on an annual basis whether or not a Director is independent;
- deciding whether a Director, who has multiple board representations, is able to and has adequately carried out his duties as Director; and
- making recommendations to the Board on all Board re-appointments, including the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board.

4.7 The NC, after discussion with the Directors, is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations. When a Director has multiple board representations, the NC considers whether the Director is able to 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 other principal commitments. The NC is of the view that there is presently no need to implement internal guidelines on the maximum number of listed company board representations which any Director may hold as the Independent and Non-Executive Directors are assessed on their total and effective attendance, performance and contribution to the Company. The NC will continue to review, from time to time, the board representations each Director has to ensure the Directors 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.

4.8 The independence of each Director is reviewed by the NC with reference to the guidelines set out in the Code. The NC assesses the independence of the Directors annually and as and when circumstances require, taking into consideration any other salient factors. The Company received professional services rendered by JLC Advisors LLP, of which Mr. Ong Su Aun Jeffrey, the Acting Independent and Non-Executive Chairman, is an equity partner. During FY2018, the total fees payable to JLC Advisors LLP amounted to $88,820. The NC is of the view that the business relationship with JLC Advisors LLP has not interfered with the exercise of independent judgment in the best interest of the Company by Mr. Ong Su Aun Jeffrey in his role as Acting Independent and Non-Executive Chairman. In taking this view, the NC took into consideration the fact that JLC Advisors LLP did not enter into any interested person transactions with an aggregate value which exceeded the stipulated thresholds as set out in Chapter 9 of the Catalist Rules and that JLC Advisors LLP are not the only legal service provider to the Group.

4.9 Accordingly, the NC considers Mr. Ong Su Aun Jeffrey and the other two (2) Independent and Non-Executive Directors to be independent and the NC is satisfied that during FY2018, none any of the Independent and Non-Executive Directors is deemed to be or can be said to be not independent as a result.

4.10 All Directors other than the Executive Director shall submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years.

4.11 The NC met to consider and deliberate on the re-appointment of Directors at the Company's annual general meeting ("**AGM**").

4.12 As provided by the Constitution, at each AGM of the Company, one-third of the Board shall retire and if desired, the retiring Directors may offer themselves for re-election. Mr. Adnan Bin Mansor, an Independent and Non-Executive Director and Mr. Lim In Chong, a Non-Independent and Non-Executive Director, being eligible, have offered themselves for re-election at the forthcoming AGM, noting that the Company has received notification from Mr. Nicholas Jeyaraj s/o Narayanan that he is resigning from his office as Director of the Company with effect from the conclusion of the AGM.

4.13 Given the resignation of Mr. Nicholas Jeyaraj s/o Narayanan, and having considered the contributions of Mr. Adnan Bin Mansor and Mr. Lim In Chong to the effectiveness of the Board, the NC is recommending the nominations of Mr. Adnan Bin Mansor and Mr. Lim In Chong for re-election at the forthcoming AGM.

5. Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the board as a whole and its board committees and the contribution by each director to the effectiveness of the board.

5.1 The NC is responsible for deciding how the Board's performance may be evaluated, proposing objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

5.2 In assessing the performance of the Directors, the NC evaluates each Director based on the following review parameters, including:

- attendance at Board and Board Committees meetings;
- participation at meetings;
- ability to carry out his/her duties;
- involvement in management;
- availability for consultation and advice, when required;

- independence of the Director; and
- appropriate skill, experience and expertise.

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

5.4 The NC evaluates the performance of the Board, Board Committees and individual Directors based on the performance criteria set by the Board. The NC will further decide how the Board's performance may be evaluated and may propose additional performance criteria. Such performance criteria, which allow for comparison with industry peers, will be approved by the Board and will address whether and how the Board has enhanced long-term Shareholders' value.

5.5 The criteria for assessing the Board and Board Committees' performance include composition and size, processes, accountability, standard of conduct and performance of its principal functions and fiduciary duties, and guidance provided to and communication with Management. The criteria for assessing Director's contribution include, *inter alia*, the level of contribution to Board meetings, commitment of time, and overall effectiveness. As part of the evaluation process, each Director completes an appraisal form which is then collated by the Company Secretary who submits to the Chairman of the NC in the form of a summary report. The summary report will be discussed during the NC meeting with a view to implementing recommendations made in the assessment.

5.6 The NC, having reviewed the overall performance of the Board and the Board Committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and each Director's performance, is of the view that the performance of the Board and each Director has been satisfactory.

5.7 Save for shares in the Company awarded to Directors and Key Management under the Schemes, the details of which are set out in section 8.6 below, none of the Directors hold shares in the subsidiaries of the Company.

6. Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

6.1 All the Directors have unrestricted access to the Group's records and information and all Board and Board Committees minutes and receive management accounts to enable them to carry out their duties. Directors have direct access to all members of Management to seek additional information, if required.

6.2 Board papers and meeting agendas are sent to all Directors before meetings so that the Directors have better understanding of the issues beforehand, allowing more time at such meetings for questions that the Directors may have.

6.3 Should Directors, whether as a group or individually, require independent professional advice, specialised knowledge or expert opinions before decisions can be made by the Board, the Company, at the request of the Board, will appoint a professional advisor to render advice. The cost shall be borne by the Company.

6.4 The Directors also have independent access to the Company Secretary, who provides the Board with regular updates on regulatory requirements and ensures that Board procedures as well as applicable Catalist Rules, regulatory and legal rules and regulations are followed. The Company Secretary is present at all formal Board and Board Committees meetings to respond to the queries of any Director. The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

(C) REMUNERATION MATTERS

7. Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

7.1 The Company's RC was set up to determine the remuneration of Directors and Management of the Group. The RC comprises three (3) Board members who are entirely Independent and Non-Executive Directors.

7.2 The responsibilities of the RC are as follows:

- recommend 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;
- review and recommend to the Board the terms (and renewals) of the service agreements of the Directors and ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous;
- determine the appropriateness of the remuneration of the Directors; and
- consider the disclosure requirements for Directors and Management's remuneration.

7.3 The RC meets at least once a year. In its deliberations, the RC takes into consideration the industry practices and norms for remuneration packages. The RC has full authority to obtain independent professional advice on matters relating to remunerations as and when the need arises at the Company's expense. During FY2018, the RC did not engage any remuneration consultant in relation to remuneration matters of the Group.

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

7.5 Each member of the RC abstains from making any recommendation on 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.

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

8. Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

8.1 The remuneration policy of the Group is to provide compensation packages at market rates that reward successful performance and attract, retain and motivate the Executive Directors and Management.

8.2 The Group's remuneration policy comprises fixed and variable components. The fixed component is in the form of fixed monthly salary whereas the variable component is linked to individual performance and overall performance of the Group. The RC is of the view that the performance conditions have been met given that the performance of the Executive Directors and Management has been satisfactory.

8.3 In setting remuneration packages, the RC ensures that Executive Directors and Management are adequately but not excessively remunerated when measured against the industry and to similar and comparable companies. In addition, the RC will perform an annual review of the remuneration of Management as well as employees related to Directors and substantial shareholders of the Company to ensure their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities and experience. They will also review and approve any bonuses, pay increases and/or promotion for Management.

8.4 All Non-Executive Directors receive Directors' fees recommended by the Board based on each Director's responsibilities and level of contribution. Such fees are subject to approval by Shareholders at each AGM. The Executive Director is not paid a Director's fee. Except as disclosed, the Independent, Non-Independent and Non-Executive Directors do not receive any other remuneration from the Company other than directors' fees.

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

8.6 The Company operates the Schemes (as defined in section 9.11 below) as longer-term incentive schemes available to remunerate and reward key management. Further details on the Schemes are set out in the Company's circular dated 18 August 2016. As of 31 December 2018, the Company awarded the following Directors and Key Management shares under the Shemes as follows:

Name of Director / Key Management	Date of Award	Number of Shares awarded	Vesting Period
Sandra Liz Hon Ai Ling	27 December 2018	1,092,619,845	27 December 2018
Ong Su Aun Jeffrey	27 December 2018	81,946,488	27 December 2018
Nicholas Jeyaraj s/o Narayanan	27 December 2018	81,946,488	27 December 2018
Su Jun Ming	27 December 2018	54,630,992	27 December 2018
Adnan Bin Mansor	27 December 2018	54,630,992	27 December 2018
Pek Seck Wei	27 December 2018	54,630,992	27 December 2018
Musa Bin Mohamad Sahir	27 December 2018	54,630,992	27 December 2018
Mohd Nor Azmi Bin Nordin	27 December 2018	54,630,992	27 December 2018

8.7 As of 31 December 2018, details of Options awarded pursuant to Rule 851(1) of the Catalist Rules are as follows:

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

8.8 Save as disclosed above, no other Options were granted to directors and/or employees of subsidiaries of the Company and associate of the Group under the Annica Employee Option Share Scheme. No Options were granted to Directors, Key Management or controlling shareholder of the Company under the Annica Employee Option Share Scheme, and no Options were granted at a discount. There were also no other participants who received 5% or more of the Options available under the Annica Employee Share Option Scheme. All the Options granted are exercisable in 12 months from the date of their grant on 27 December 2018.

9. Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

9.1 In recommending the level and mix of remuneration, the RC seeks to establish a framework for attending, retaining and motivating employees. The Group subscribes to linking remuneration paid to Executive Directors and Management to the Group and individual's performance based on annual appraisal and/or other agreed time(s) for appraisal. The level and structure of remuneration of Directors and Management are aligned with the long-term interest and risk policies of the Group.

9.2 A breakdown showing the level and mix of remuneration of each Director for FY2018 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					
Ong Su Aun Jeffrey	–	–	96	4	100
Sandra Liz Hon Ai Ling *Director, P.J. Services Pte. Ltd.* *Director, Industrial Engineering Systems Pte. Ltd.* *Director, Panah Jaya Services Sdn. Bhd.* *Director, Cahya Suria Energy Sdn. Bhd.* *Director, HT Energy (S) Sdn. Bhd.*	77	6	–	17	100
Nicholas Jeyaraj s/o Narayanan *Director, P.J. Services Pte. Ltd.* *Director, Industrial Engineering Systems Pte. Ltd.*	–	–	96	4	100
Lim In Chong	–	–	93	7	100
Su Jun Ming	–	–	95	5	100
Adnan Bin Mansor *Director, Panah Jaya Services Sdn. Bhd.* *Director, Cahya Suria Energy Sdn. Bhd.* *Director, Renosun International Sdn. Bhd.*	–	–	94	6	100

9.3 Prior to the disposal of GPE Power Systems (M) Sdn. Bhd. on 29 October 2018, the Group had six (6) key management executives who formed the Management and their level and mix of remuneration for FY2018 are set out below:

Remuneration Band and Name of Key Management Executive	**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, Cahya Suria Energy Sdn. Bhd.* *Director, Renosun International Sdn. Bhd.*	94	–	6	100
Musa Bin Mohamad Sahir *Managing Director, P.J. Services Pte Ltd* *Director, Panah Jaya Services Sdn, Bhd.*	71	7	22	100
Muhammad Hatta Bin Sukarni *Director, HT Energy (S) Sdn. Bhd*	88	–	12	100
Looi Kok Soon [(a)] *Director, Renosun International Sdn. Bhd.*	–	–	–	–
Chong Shin Mun [(b)] *Executive Director, GPE Power Systems (M) Sdn. Bhd.*	89	–	11	100
Chong Chow Heng [(b)] *General Manager, GPE Power Systems (M) Sdn. Bhd.*	80	20	–	100

Notes:

(a) Renosun International Sdn. Bhd. was incorporated on 9 November 2017 and no director remuneration package has been approved to date.

(b) The Group completed the disposal of GPE Power Systems (M) Sdn. Bhd. ("**GPE**") on 29 October 2018 and GPE has ceased to be a subsidiary of the Company. The remuneration disclosed is up to the completion date of the disposal.

9.4 In aggregate, the total remuneration paid to Management during FY2018 was $418,748. Other than the above, the Group does not have key employees who are not Directors and/or Management.

9.5 There are no termination, retirement and any post-employment benefits that would accrue or be due to any Director or Management upon their termination, dismissal or retirement from the Group.

9.6 The RC has recommended that the Independent, Non-Independent and Non-Executive Directors be paid an aggregate sum of $190,250 (which includes a sum of $11,250 being director's fee accrued and payable to Mr. Lim In Chong for the period from July 2018 to 31 December 2018) for the financial year ending 31 December 2019, payable quarterly in arrears, as Director's fees, which will be tabled at the forthcoming AGM for approval by the Shareholders. If approved, payments would be made after the AGM. The sum was arrived at after taking into consideration the contributions, responsibilities and efforts of the current Non-Executive Directors. As at FY2018, the outstanding Directors' fees amounted to $107,890.

9.7 The aggregate remuneration and the remuneration details of the Directors and Management (in bands of $250,000 and in terms of percentage mix of remuneration and on a named basis) are disclosed in this Report. As satisfactory disclosure has been made in this Report as well as in the financial statements of the Company, and in view of confidentiality, the Board is of the opinion that it is not in the best interests of the Company to disclose the exact remuneration of the Directors and Management due to the sensitive nature of this information and to prevent solicitation of Management by the Company's competitors.

9.8 The Board advocates a performance-based remuneration system for Executive Directors and Management that is flexible and responsive to the market, which includes a base salary and other fixed allowances, as well as variable performance bonuses which is based on the performance of the Group and the individual's contribution and skills such as leadership, business acumen, relationship with customers and people management skills. In setting shorter term performance rewards, the Board is of the view that performance bonuses tied to an individual's contribution and skills are appropriate as expectations of rewards for a particular result or contribution made by the individual are met by these performance bonuses, while the interests of the Company are improved by the particular contribution made by the individual concerned. In terms of longer-term rewards, as described in section 9.11, the Schemes are available to the Company.

9.9 There is no employee in the Group who is an immediate family member of a Director and whose remuneration exceeded $50,000 during FY2018. As disclosed in this Report, Ms. Chong Shin Mun, the Executive Director of GPE, is the daughter of Mr. Chong Chow Heng, who was the General Manager of GPE. As the Group disposed of GPE on 29 October 2018, GPE has ceased to be a subsidiary of the Company.

9.10 There is no material contract or loan by the Group involving the interest of any Director or controlling shareholder, either still subsisting at the end of the financial year, or if not then subsisting, entered into since the end of the financial year ended 31 December 2017, being the immediate preceding financial year.

9.11 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 (the "**Schemes**") for granting of non-transferrable options to full-time or permanent part-time employees, Executive Directors and Non-Executive Directors of the Company and its subsidiaries ("**Participants**"). The Schemes operate to attract, retain and provide long-term incentives to Participants to encourage greater dedication and loyalty by enabling the Company to give recognition for 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, Executive Director and Chief Executive Officer, and the RC.

Please see section 8.6 for shares awarded under the Schemes. Further details on the Schemes are set out in the Company's circular dated 18 August 2016.

(D) ACCOUNTABILITY AND AUDIT

10. Accountability

Principle 10: The board should present a balanced and understandable assessment of the company's performance, position and prospects.

10.1 The Board is accountable to Shareholders while Management is accountable to the Board. The Board aims to provide a balanced and understandable assessment of the Group's financial performance, and recognises the need to communicate with shareholders on all matters affecting the Group's performance, position and prospects. The Company provides information pertaining to the operations, performance and financial position of the Group to all Shareholders through announcements posted via the SGXNET and the Company's annual reports.

10.2 The Board will take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, for instance, by establishing written policies where appropriate.

10.3 Management will provide the Board with detailed management accounts of the Group's performance, position and prospects on a quarterly basis. Management also presents to the Board the half-year and full-year results announcements and the AC reports to the Board on the financial and operational results for review and approval by the Board. The Board approves the results announcements after review and authorises their release to the Shareholders via the SGXNET.

11. Risk Management and Internal Controls

Principle 11: The board is responsible for the governance of risk. The board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the board is willing to take in achieving its strategic objectives.

11.1 The Board acknowledges that it is responsible for maintaining a sound system of internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities, and can provide only reasonable and not absolute assurance against material misstatement or loss. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

11.2 The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives.

11.3 The controls in place include:

- 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; and

- half-yearly meetings with the external auditor to review the financial statements of the operating businesses of the Group.

11.4 The AC is given full access to Management and receives its full cooperation. The AC has full discretion to invite any Director or Management to attend its meetings. It has full access to the Group's records, resources and personnel to enable it to discharge its functions properly.

11.5 The AC meets with the external auditor without the presence of Management at least once a year in order to have unrestricted information it may require and may raise any query or clarify any issues with the external auditor on matters relating to internal controls.

11.6 The external auditor updates the AC on the changes in accounting standards which may have a direct impact on financial statements during AC meetings.

11.7 The Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, based on (i) work performed by the external auditor; (ii) various controls implemented by Management; and (iii) assurance and confirmation from Ms. Sandra Liz Hon Ai Ling, the Executive Director and Chief Executive Officer, who is also responsible for the financial matters of the Group, that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and that the internal control policies and procedures established and maintained by the Group are adequate and effective. As the Company does not currently have the position of a Chief Financial Officer, the Group's finances are managed by Management and the AC collectively and accordingly the assurance and comfirmation under section 11.7(iii) are given by the Executive Director and Chief Executive Officer of the Company.

11.8 Accordingly, the Board confirms that it has received assurance from the CEO (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems.

12. Audit Committee

Principle 12: The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

12.1 The AC performs its functions in accordance with Section 201B(5) of the Companies Act and the requirements of the Catalist Rules. The AC comprises three (3) Board members who are Independent and Non-Executive Directors. At least two (2) members of the AC have recent and relevant accounting or finance related management expertise or experience.

12.2 The AC assists the Board to maintain a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, the management of financial and control risks, and monitoring the internal control systems.

12.3 The responsibilities of the AC are as follows:

- review the audit plans of the external auditor and ensure the adequacy of the Group's system of accounting controls and the cooperation given by Management to the external auditor;
- review the financial statements of the Group before their submission to the Board and before their announcement;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- review the cost effectiveness and the independence and objectivity of the external auditor;
- review the nature and extent of non-audit services provided by the external auditor;
- review the assistance given by the Group's officers to the external auditor;
- nominate external auditor for re-appointment;
- review the Company's compliance with such functions and duties as may be required under the relevant statutes or the SGX-ST Listing Manual, and by such amendments made thereto from time to time;

- review interested person transactions in accordance with the requirements of the Catalist Rules; and

- review the adequacy and effectiveness of the Group's internal controls, including financial, operational compliance and information technology controls.

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

12.5 The AC meets up with the external auditor separately at least once a year without the presence of Management, in order to have free and unfiltered information that it may require. 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.

12.6 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 and non-audit fees paid and/or payable to the auditors, Baker Tilly TFW LLP, for FY2018 amounted to $163,000 and $17,500, respectively.

12.7 Please see Independent Auditor's Report on page 48 for the Key Audit Matters.

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

12.9 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.

13. Whistle-blowing Policy

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees to raise concerns about misconducts in the Group and at the same time assure them that they will be protected from reprisals or victimisation for whistle-blowing in good faith. Cases that are significant are objectively investigated by the AC and appropriate remedial measures are taken where warranted to correct weaknesses in the existing internal control system, so as to prevent a recurrence.

14. Internal Audit

Principle 13: The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

14.1 The Board recognises that it is responsible for maintaining a system of internal controls to safeguard Shareholders' interests and the Group's businesses and assets. Together with Management, the Board identifies and evaluates significant risks applicable to the Group's business as well as establish and design an appropriate internal control system, and Management is tasked to operate and implement the internal control procedures. These risks are assessed on a regular basis.

14.2 Through the reports from Management and external auditor on any material non-compliance and internal control weaknesses, the AC oversees and monitors the implementation of any improvements thereto and reviews the adequacy and effectiveness of the internal control system annually. As and when the need arises, the AC will propose the engagement of an internal audit firm to carry out the internal audit function. Where an internal auditor is required to be appointed, the AC will have the responsibility of approving the appointment, internal audit plans and fees of the internal auditor. The internal auditor reports primarily to the AC, and has been given unfettered access to the Group's documents, records, properties and personnel, including access to the AC as and when needed in order to carry out its work.

14.3 For FY2018, the AC has reviewed with the external auditors its findings on the existence and adequacy of material accounting internal control procedures as part of its audit. Where the Company enters into a material investment or transaction (outside of its ordinary course of business) (if any), it will work with the external auditors and/or appoint a financial advisor (if necessary) to ensure that adequate procedures have been followed to provide assurance on valuation and key terms of any such material investment or transaction. As part of its work and oversight, the AC obtains regular updates from Management on the achievement of milestones and progress of the Company's projects, and recommends remedial action where required. The Company will also seek shareholders' approval, where required, for transactions outside the ordinary course of business.

14.4 During FY2018, the Group has outsourced its internal audit function to an independent assurance service provider.

14.5 During FY2018, the AC has reviewed the report on audit findings reported by the internal auditors.

(E) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

15. Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

15.1 All Shareholders are treated fairly and equitably. In line with the continuing disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, the Board's policy is that all Shareholders should be regularly informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

15.2 The Company believes in regular and prompt communication with Shareholders and in providing clear and fair disclosure of information on major developments and financial performance which have or could have a material impact on the share price of the Company.

15.3 Shareholders are informed of general meetings through notices contained in the annual reports or circulars sent to all Shareholders. These notices are also published in the newspapers and posted onto the SGXNET. Shareholders are encouraged to participate at general meetings. Resolutions are passed through a process of poll voting. A Shareholder (other than a relevant intermediary as defined in section 181 of the Companies Act) who is entitled to attend and vote may either vote in person or in absentia through the appointment of not more than two (2) proxies.

16. Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

16.1 The Company is mindful of its obligation to provide regular, effective and fair communication with Shareholders and is committed to provide Shareholders with material information in a timely and transparent manner.

16.2 The Company believes that prompt disclosure of relevant information and a high standard of disclosure are key to raising the level of corporate governance. The Company's policy is that all Shareholders are equally informed of all major developments and, as soon as practicable, the Company will disclose these publicly to all Shareholders though SGXNET.

16.3 Shareholders are provided with an assessment of the Company's performance, position and prospects through annual reports (which are issued within the mandatory period and all Shareholders receive the annual report and the notice of general meetings), and half-yearly and full-year results announcements and other ad-hoc announcements via the SGXNET. The Company does not practice selective disclosure. The Company currently does not have a dedicated investor relations team.

16.4 The Company is mindful of the view of investors and engages these investors during the Company's shareholder meeting and endeavor to answer their queries during the meeting. The Company has, during the period under review, not conducted any analysts' briefings or investors' briefings. The Company has made use of general meetings to communicate with shareholders and to understand their views.

16.5 No dividend has been declared for FY2018 as the Company is not in an accumulated profit position. The form, frequency and amount of dividends will depend on the Group's current and projected performance, the Company's cash position and any other factors as the Board may deem fit.

17. Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

17.1 The Company believes in encouraging shareholder participation at general meetings and views such general meetings as the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the Company's general meetings to stay informed of the Group's strategies and directions; to clarify issues and share their views.

17.2 At general meetings, resolutions are set out as single item resolution on each substantially separate issue. In the event that there are resolutions which are interdependent and linked, the Company will provide clear explanation together with any material implication.

17.3 The Chairman of the AC, NC and RC are present at the AGM to answer Shareholders' questions relating to the work of these Board Committees. The Company's external auditor is also invited to attend the AGM and will assist the Directors in addressing queries relating to the conduct of the audit and the preparation and content of the independent auditor's report.

17.4 The Company will prepare minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board, and will make these minutes available to Shareholders upon their request.

17.5 To promote greater transparency, the Company puts all resolutions to vote by poll at general meetings. An announcement of the detailed voting results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

(F) OTHER CORPORATE GOVERNANCE MATTERS

18. Dealings in the Company's Securities

18.1 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.

18.2 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.

18.3 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.

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

19. Risk Management

As the Company does not have a risk management committee, the Board and AC assume the responsibility of the risk management function. The Board and AC regularly review the Group's businesses and operational activities to identify areas of significant risks as well as implement appropriate measures to control and mitigate these risks. Management implements all significant policies and procedures and highlights all significant matters to the Board and the AC.

20. Interested Person Transactions

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

20.2 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.

20.3 The Company does not have a general mandate from Shareholders in respect of any interested person transactions. During FY2018, there were neither interested person transactions nor interested person transactions with aggregate value of which exceeded the stipulated thresholds as set out in Chapter 9 of the Catalist Rules.

21. Corporate Social Responsibility

21.1 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.

21.2 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.

22. Sustainability Reporting

22.1 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 7.6 contains the Sustainability Reporting Guide, which provides guidance on the expected structure and contents and the preparation of the sustainability report.

22.2 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.

22.3 The Sustainability Report for FY2018 is found in pages 8 to 17 of this Report.

23. Material Contracts

Other than as disclosed in this Report, there were no material contracts of the Group, including loans, involving the interests of any Director or the controlling Shareholders either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the financial year ended 31 December 2017, being the immediate preceding financial year.

24. 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 FY2018 amounted to $124,800, including non-sponsor fees of $45,000 during FY2018.

25. Utilisation of proceeds from issuance of redeemable convertible bonds ("RCBs" or "RCB Proceeds")

As at the date of this Report, the Company has issued RCBs with an aggregate principal amount of $8,000,000. The utilisation of RCB Proceeds is set out as follows:

Purpose	Amount $'000	Percentage of RCB Proceeds %
Set-off of loan against issuance of RCBs to the subscriber	1,699	21
Group's general working capital [(a)]	3,723	47
Arranger's fee on RCBs issued	400	5
Expenses incurred by the subscriber of RCBs	40	– [(b)]
Consideration for the acquisition of 70%-owned subsidiary, GPE Power System (M) Sdn. Bhd.	1,838	23
Repayment of third party liabilities	300	4
Total	8,000	100

Notes:

(a) Funds used for the Group's general working capital were for payments to suppliers, refundable deposit paid to a supplier for purchase of inventories, capital expenditure and operating expenses including staff salaries and professional fees.

(b) Amount is less than 1%.

The utilisation of RCB Proceeds is consistent with the use of proceeds for the RCBs as disclosed in the Company's circular dated 11 December 2015 and approved by Shareholders on 29 December 2015.

DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of Annica Holdings Limited (the "**Company**") and its subsidiary corporations (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 2018.

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 51 to 129 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 2018 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International); 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:

Mr. Ong Su Aun Jeffrey	-	Acting Independent and Non-Executive Chairman
Ms. Sandra Liz Hon Ai Ling	-	Executive Director and Chief Executive Officer
Mr. Nicholas Jeyaraj s/o Narayanan	-	Non-Independent and Non-Executive Director
Mr. Lim In Chong	-	Non-Independent and Non-Executive Director (Appointed on 6 July 2018)
Mr. Su Jun Ming	-	Lead Independent and Non-Executive Director
Mr. Adnan Bin Mansor	-	Independent and Non-Executive Director

Arrangements to enable Directors to acquire benefits

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

Directors' interests in shares

Directors of the Company who held office at the end of the financial year, had, according to the Register of Directors' Shareholdings required to be kept under Section 164 of the Act, direct interest in shares and share options as follows:

	Shareholdings registered in the name of director		
Name of Director	**At 1.1.2018/ Date of appointment**	**At 31.12.2018**	**At 21.1.2019**
Mr. Lim In Chong	–	3,504,878,770	3,504,878,770
Ms. Sandra Liz Hon Ai Ling	–	1,092,619,845	1,092,619,845
Mr. Ong Su Aun Jeffrey	–	81,946,488	81,946,488
Mr. Nicholas Jeyaraj s/o Narayanan	–	81,946,488	81,946,488
Mr. Su Jun Ming	–	54,630,992	54,630,992
Mr. Adnan Bin Mansor	–	54,630,992	54,630,992

By virtue of section 7 of the Act, the director, Mr. Lim In Chong is deemed to have an interest in the shares held by the Company in all of its wholly-owned subsidiary companies.

Directors' interests in shares (cont'd)

Except as disclosed in this report, no director of the Company who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company or related corporations, either at the beginning or the end of the financial year.

	Number of Shares Options	
Name of Director	At date of appointment	At 31.12.2018
Mr. Lim In Chong	5,000,000,000	5,000,000,000

Share options

On 11 February 2016, the Company entered into an option agreement with Mr. Lim In Chong whereby the Company will issue an aggregate of 5,000,000,000 transferable share options with each option carrying the right to subscribe for one (1) new ordinary share of the Company ("**Option Shares**") at a minimum exercise price of $0.001 per Option Share to raise an amount of up to $5,000,000. The validity of the share options granted under the option agreement is until 24 April 2020, after which they will expire and be no longer exercisable by their holder(s). None of these Option Shares has been issued as at the end of the financial year. The option agreement does not entitle the holder of the Option Shares to participate in any share issue of any other company within the Group. Mr. Lim, therefore, has an interest in the 5,000,000,000 share options granted to him.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

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

Annica Performance Share Plan

On 2 September 2016, shareholders of the Company approved the adoption of the Annica Performance Share Plan and the Annica Employee Share Option Scheme (collectively, the "**Schemes**"). The aggregate number of the 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 has granted 1,529,667,781 shares under the Schemes as set out in the table below:

Name	Date of Award	Number of Shares awarded	Vesting Date
Ms. Sandra Liz Hon Ai Ling	27 December 2018	1,092,619,845	27 December 2018
Mr. Ong Su Aun Jeffrey	27 December 2018	81,946,488	27 December 2018
Mr. Nicholas Jeyaraj s/o Narayanan	27 December 2018	81,946,488	27 December 2018
Mr. Su Jun Ming	27 December 2018	54,630,992	27 December 2018
Mr. Adnan Bin Mansor	27 December 2018	54,630,992	27 December 2018
Mr. Pek Seck Wei	27 December 2018	54,630,992	27 December 2018
Mr. Musa Bin Mohamad Sahir	27 December 2018	54,630,992	27 December 2018
Mr. Mohd Nor Azmi Bin Nordin	27 December 2018	54,630,992	27 December 2018

The shares awarded and issued are ordinary shares, ranking *pari passu* with all other issued shares of the Company. All shares awarded have been vested as of the date of their issue on 27 December 2018. The awards granted under the Schemes entitle the recipients set out above only to shares issued by the Company.

DIRECTORS' STATEMENT

Annica Employee Share Option Scheme

On 27 December 2018, the Company has also granted 42,500,000 employee shares options with the details as set out below:

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

(a)	Date of grant of Options	27 December 2018
(b)	Exercise Price of Options granted	$0.001 per Share
(c)	Number of Shares comprised in the Options granted	42,500,000
(d)	Number of Shares comprised in the Options granted to each Director and controlling shareholders (and each of their associates)	None
(e)	Market Price of the Shares on the Date of Grant	$0.001
(f)	Validity period of the Options	28 December 2019 – 27 December 2028 (both dates inclusive) Options can only be exercisable by the holders of the Options after the 1st anniversary from the Date of Grant and shall be exercised before the 10th anniversary of the Date of Grant. Upon exercise and payment of the Exercise Price, Shares of the Company will be issued to the holders. The holders of the Options are not entitled to participate in any share issue of any other company within the Group pursuant to these Options.

Audit Committee

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. The functions performed are detailed in the Corporate Governance Report, as set out in the Annual Report of the Company.

Independent auditor

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

On behalf of the Directors

Sandra Liz Hon Ai Ling
Director

Su Jun Ming
Director

8 April 2019

For the financial year ended 31 December 2018

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 51 to 129, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, 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

As disclosed in Note 7 to the financial statements, the Group and Company have consideration due from the disposal of GPE Power Systems (M) Sdn. Bhd. ("**GPE**") amounted to $1,600,000. As further disclosed in Note 7 to the financial statements, the balance consideration is secured by a charge over shares of a private limited company and personal guarantee of a related party of the purchaser. We are unable to obtain sufficient appropriate audit evidence with respect to the amounts of cash flows that can be received by the Group and the Company from the shares pledged and the personal guarantee. Accordingly, we are not able to obtain sufficient appropriate audit evidence to satisfy ourselves with respect to the expected credit loss of this receivable.

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 2018, the Group reported a net loss of $3,845,000 (2017: $1,324,000) which includes loss from continuing operations of $4,038,000 (2017: $1,909,000) and net cash used in operating activities of $793,000 (2017: $1,885,000), and the Company reported a net loss of $3,230,000 (2017: $1,099,000).

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 qualified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2018 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.

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

Other Information (cont'd)

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 expected credit loss of the balance consideration due from the disposal of GPE. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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. In addition to the matters described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Amount due from former subsidiary

Description of key audit matter:

As disclosed in Note 6 and 7 to the financial statements, the Group and Company have amounts due from a former subsidiary (GPE) amounted to $2,860,000. The amount accounted for approximately 30% and 40% of the Group's and Company's total assets as at 31 December 2018 respectively.

The expected credit loss assessment of the amounts due from the former subsidiary is considered a key audit matter as the receivable forms a material portion of the Group's and the Company's assets and the expected credit loss assessment requires management to assess the financial conditions of the counterparty and exercise judgement and make estimates with respect to the probability of default and loss given default.

Our procedures to address the key audit matter:

We evaluated management's credit loss assessment of the receivable and assessed the reasonableness of management's judgement and assumptions applied in the assessment. We have also evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

Emphasis of Matter

We draw your attention to Note 35 to the financial statements which describes the investigations by the Commercial Affairs Department.

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.

INDEPENDENT AUDITOR'S REPORT

To the members of Annica Holdings Limited

For the financial year ended 31 December 2018

Report on other Legal and Regulatory Requirements

In our opinion, except for the the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 Tay Guat Peng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

8 April 2019

STATEMENTS OF FINANCIAL POSITION

At 31 December 2018

		Group			Company		
			(Restated)	(Restated)			
		31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	Note	**$'000**	$'000	$'000	**$'000**	$'000	$'000
ASSETS							
Current assets							
Cash and cash equivalents	4	**2,067**	2,905	2,144	**54**	1,082	358
Fixed deposits	5	**274**	271	280	**–**	–	–
Trade and other receivables	6	**4,187**	6,755	8,045	**2,468**	1,608	2,409
Inventories	8	**84**	226	401	**–**	–	–
Financial assets at fair value through profit or loss	9	**8**	21	37	**8**	21	37
		6,620	10,178	10,907	**2,530**	2,711	2,804
Non-current asset classified as held-for-sale		**–**	–	2,274	**–**	–	2,274
		6,620	10,178	13,181	**2,530**	2,711	5,078
Non-current assets							
Trade and other receivables	6	**2,400**	60	66	**2,400**	1,965	1,134
Investments in subsidiaries	10	**–**	–	–	**2,151**	4,473	4,470
Investments in an associate	11	**–**	–	–	**–**	–	–
Available-for-sale financial assets	12	**–**	1	2	**–**	–	–
Financial assets at fair value through profit or loss	9	**97**	–	–	**96**	–	–
Property, plant and equipment	13	**347**	1,592	1,211	**47**	79	64
Intangible assets	14	**–**	1,020	1,020	**–**	–	–
Deferred income tax assets	18	**1**	2	4	**–**	–	–
		2,845	2,675	2,303	**4,694**	6,517	5,668
Total assets		**9,465**	12,853	15,484	**7,224**	9,228	10,746
LIABILITIES							
Current liabilities							
Trade and other payables	15	**2,064**	3,167	5,584	**1,164**	1,532	2,465
Borrowings	16	**950**	3,997	520	**940**	3,910	514
Current income tax liabilities		**115**	236	163	**–**	–	–
Contract liabilities	17	**1,466**	322	279	**–**	–	–
		4,595	7,722	6,546	**2,104**	5,442	2,979
Non-current liabilities							
Borrowings	16	**604**	428	3,364	**537**	–	3,282
Deferred income tax liabilities	18	**22**	115	80	**–**	–	–
		626	543	3,444	**537**	–	3,282
Total liabilities		**5,221**	8,265	9,990	**2,641**	5,442	6,261
Net assets		**4,244**	4,588	5,494	**4,583**	3,786	4,485
EQUITY							
Share capital	19	**67,301**	63,274	62,924	**67,301**	63,274	62,924
Accumulated losses		**(61,243)**	(57,193)	(55,781)	**(62,768)**	(59,538)	(58,439)
Other reserves	20	**(1,824)**	(1,906)	(1,963)	**50**	50	–
Equity attributable to equity holders of the Company		**4,234**	4,175	5,180	**4,583**	3,786	4,485
Non-controlling interests		**10**	413	314	**–**	–	–
Total equity		**4,244**	4,588	5,494	**4,583**	3,786	4,485

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	2018 $'000	(Restated) 2017 $'000
Continuing operations			
Revenue	21	**6,077**	7,812
Cost of sales		**(3,986)**	(5,815)
Gross profit		**2,091**	1,997
Other income	22	**136**	739
Interest income	22	**37**	5
Selling and distribution expenses		**(282)**	(263)
Administrative and general expenses		**(5,210)**	(3,585)
Other expenses	23	**(526)**	(437)
Finance costs	24	**(163)**	(310)
Share of loss on associate		**(2)**	–
Loss before tax from continuing operations	25	**(3,919)**	(1,854)
Income tax expense	26	**(119)**	(55)
Loss from continuing operations, net of tax		**(4,038)**	(1,909)
Discontinued operation			
Profit from discontinued operation, net of tax	27	**193**	585
Loss for the financial year		**(3,845)**	(1,324)
Other comprehensive (loss)/income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(44)**	(6)
Reclassification of currency translation differences from equity on disposal of a subsidiary to profit or loss		**40**	23
Other comprehensive (loss)/income for the financial year, net of tax		**(4)**	17
Total comprehensive loss for the financial year		**(3,849)**	(1,307)
Total (loss)/profit attributable to:			
Equity holders of the Company		**(3,967)**	(1,412)
Non-controlling interests		**122**	88
		(3,845)	(1,324)
(Loss)/profit attributable to:			
Equity holders of the Company			
Loss from continuing operations, net of tax		**(4,047)**	(1,909)
Profit from discontinued operation, net of tax		**80**	497
Loss for the financial year attributable to equity holders of the Company		**(3,967)**	(1,412)

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	2018 $'000	(Restated) 2017 $'000
Profit attributable to:			
Non-controlling interests			
Profit from continuing operations, net of tax		**9**	–
Profit from discontinued operation, net of tax		**113**	88
Profit for the financial year attributable to non-controlling interests		**122**	88
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(3,968)**	(1,405)
Non-controlling interests		**119**	98
		(3,849)	(1,307)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company			
Total comprehensive loss from continuing operations, net of tax		**(4,091)**	(1,915)
Total comprehensive income from discontinued operation, net of tax		**123**	510
Total comprehensive loss for the financial year attributable to equity holders of the Company		**(3,968)**	(1,405)
Non-controlling interests			
Total comprehensive income from continuing operations, net of tax		**9**	–
Total comprehensive income from discontinued operation, net of tax		**110**	98
Total comprehensive income for the financial year attributable to non-controlling interests		**119**	98
(Loss)/profit per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted			
From continuing and discontinued operation	28	**(0.028)**	(0.012)
From continuing operations	28	**(0.029)**	(0.016)
From discontinued operation	28	**0.001**	0.004

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	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 2017	62,924	(55,781)	(1,963)	5,180	314	5,494
Conversion of shares from convertible bonds (Note 19)	350	–	–	350	–	350
Share option application monies (Note 20)	–	–	50	50	–	50
(Loss)/income for the financial year	–	(1,412)	–	(1,412)	88	(1,324)
Other comprehensive income for the financial year	–	–	7	7	10	17
Total comprehensive (loss)/income for the financial year	–	(1,412)	7	(1,405)	98	(1,307)
Changes in ownership interests in a subsidiary						
Incorporation of subsidiary	–	–	–	–	1	1
	–	–	–	–	1	1
Balance at 31 December 2017	63,274	(57,193)	(1,906)	4,175	413	4,588
Issuance of ordinary shares of the Company (Note 19)	4,027	–	–	4,027	–	4,027
Transfer to capital reserve (Note 20)	–	(83)	83	–	–	–
(Loss)/income for the financial year	–	(3,967)	–	(3,967)	122	(3,845)
Other comprehensive (loss)/income						
- Currency translation differences arising on consolidation	–	–	(41)	(41)	(3)	(44)
Reclassification of currency translation reserve upon disposal of a subsidiary	–	–	40	40	–	40
Total comprehensive (loss)/income for the financial year	–	(3,967)	(1)	(3,968)	119	(3,849)
Changes in ownership interests in a subsidiary						
Disposal of ownership interest in a subsidiary	–	–	–	–	(522)	(522)
	–	–	–	–	(522)	(522)
Balance at 31 December 2018	**67,301**	**(61,243)**	**(1,824)**	**4,234**	**10**	**4,244**

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Share capital $'000	Capital reserve $'000	Accumulated losses $'000	Total equity $'000
Company				
Balance at 1 January 2017	62,924	–	(58,439)	4,485
Conversion of shares from convertible bonds (Note 19)	350	–	–	350
Share option application monies (Note 20)	–	50	–	50
Loss and total comprehensive loss for the financial year	–	–	(1,099)	(1,099)
Balance at 31 December 2017	63,274	50	(59,538)	3,786
Issuance of ordinary shares of the Company (Note 19)	4,027	–	–	4,027
Loss and total comprehensive loss for the financial year	–	–	(3,230)	(3,230)
Balance at 31 December 2018	**67,301**	**50**	**(62,768)**	**4,583**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 $'000	(Restated) 2017 $'000
Cash flows from operating activities			
Loss before income tax from continuing operations		**(3,919)**	(1,854)
Profit before income tax from discontinued operation	27	**312**	735
		(3,607)	(1,119)
Adjustments for:			
Depreciation of property, plant and equipment		**255**	222
Fair value gain on redeemable convertible bonds	22	**(60)**	(67)
Fair value loss on financial assets at fair value through profit or loss		**13**	16
Gain on discounting of long-term trade receivables		**–**	(15)
Gain on disposal of property, plant and equipment		**(18)**	–
Impairment loss on available-for-sale financial assets		**–**	1
Interest expense		**301**	345
Interest income		**(37)**	(5)
Gain on disposal of non-current assets held-for-sale		**–**	(616)
Loss on disposal of a subsidiary	29	**432**	–
Issuance of Performance Shares	19	**1,530**	–
Write-off of redeemable convertible bonds expenses		**520**	–
Bad debt recovered		**(108)**	–
Operating cash flow before working capital changes		**(779)**	(1,238)
Changes in working capital:			
Inventories		**(591)**	169
Payables and contract liabilities		**5,356**	1,302
Receivables		**(4,616)**	(1,948)
Currency translation difference		**(60)**	(93)
Cash used in operations		**(690)**	(1,808)
Income tax paid		**(103)**	(77)
Net cash used in operating activities		**(793)**	(1,885)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 $'000	(Restated) 2017 $'000
Cash flows from investing activities			
Interest received		**37**	5
Net cash inflow from disposal of a subsidiary	29	**388**	–
Part settlement of promissory note on acquisition of non-controlling interest in a subsidiary		**–**	(100)
Net proceeds from sale of non-current assets held-for-sale		**–**	2,890
Purchases of property, plant and equipment		**(198)**	(410)
Repayment of bank overdraft of a former subsidiary		**–**	(262)
Purchase of financial assets at fair value through profit or loss		**(46)**	–
Proceeds from disposal of property, plant and equipment		**18**	–
Net cash generated from investing activities		**199**	2,123
Cash flows from financing activities			
Contribution from non-controlling interest of a subsidiary incorporated		**–***	1
Drawdown of borrowings		**–**	321
Interest paid		**(82)**	(39)
Loan from a third party		**–**	100
Net proceeds from issuance of redeemable convertible bonds		**–**	125
Receipt of share option application monies		**–**	50
Placement of deposit in cash margin account		**–**	(6)
Repayment of borrowings		**(175)**	(66)
Net cash (used in)/generated from financing activities		**(257)**	486
Net (decrease)/increase in cash and cash equivalents		**(851)**	724
Cash and cash equivalents at beginning of the financial year		**2,683**	1,911
Effects of foreign currency translation on cash and cash equivalents		**10**	48
Cash and cash equivalents at end of the financial year (Note 4)		**1,842**	2,683

* Amount is less than $1,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

1. General corporate information

The Company is incorporated and domiciled in Singapore. The address of its registered office and principal palce of business is at 100 Beach Road, #17-01 Shaw Tower, Singapore 189702.

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 are disclosed in Note 10.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, are presented in Singapore dollar ("**SGD**") (rounded to the nearest thousand ($'000) except when otherwise stated), and have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

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.

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

In December 2017, the Accounting Standards Council ("**ASC**") issued the Singapore Financial Reporting Standards (International) ("**SFRS(I)**"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("**SGX**"), the Group has adopted SFRS(I) on 1 January 2018.

These financial statements for the year ended 31 December 2018 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("**SFRS**").

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

2.1 Basis of preparation (cont'd)

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I).

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statement of financial position as at 1 January 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("**SFRS(I) INT**") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or financial position of the Group and the Company.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I), SFRS(I) 15 and SFRS(I) 9 on the Group's and the Company's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's profit or loss and other comprehensive income for the financial year ended 31 December 2017. There were no material adjustments to the Group's consolidated statement of cash flows for the financial year ended 31 December 2017 arising on transition to SFRS(I).

Consolidated statement of financial position

	31 December 2017			1 January 2018	
	FRS framework	SFRS(I) 15	SFRS(I) framework	SFRS(I) 9	SFRS(I) framework
	$'000	$'000	$'000	$'000	$'000
Current assets					
Cash and cash equivalents	2,905	–	2,905	–	2,905
Fixed deposits	271	–	271	–	271
Trade and other receivables	6,755	–	6,755	–	6,755
Inventories	226	–	226	–	226
Financial assets at fair value through profit or loss	21	–	21	–	21
	10,178	–	10,178	–	10,178
Non-current assets					
Trade and other receivables	60	–	60	–	60
Available-for-sale financial assets	1	–	1	(1)	–
Financial assets at fair value through profit or loss	–	–	–	1	1
Property, plant and equipment	1,592	–	1,592	–	1,592
Intangible assets	1,020	–	1,020	–	1,020
Deferred income tax assets	2	–	2	–	2
	2,675	–	2,675	–	2,675
Total assets	12,853	–	12,853	–	12,853

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

2.1 Basis of preparation (cont'd)

Consolidated statement of financial position (cont'd)

	Note	31 December 2017 FRS framework $'000	31 December 2017 SFRS(I) 15 $'000	31 December 2017 SFRS(I) framework $'000	1 January 2018 SFRS(I) 9 $'000	1 January 2018 SFRS(I) framework $'000
LIABILITIES						
Current liabilities						
Trade and other payables	B	3,489	(322)	3,167	–	3,167
Borrowings		3,997	–	3,997	–	3,997
Current income tax liabilities		236	–	236	–	236
Contract liabilities	B	–	322	322	–	322
		7,722	–	7,722	–	7,722
Non-current liabilities						
Borrowings		428	–	428	–	428
Deferred income tax liabilities		115	–	115	–	115
Total liabilities		543	–	543	–	543
EQUITY						
Share capital		63,274	–	63,274	–	63,274
Accumulated losses		(57,193)	–	(57,193)	–	(57,193)
Other reserves		(1,906)	–	(1,906)	–	(1,906)
Equity attributable to equity holders of the Company		4,175	–	4,175	–	4,175
Non-controlling interests		413	–	413	–	413
Total equity		4,588	–	4,588	–	4,588

	1 January 2017 FRS framework $'000	1 January 2017 SFRS(I) 15 $'000	1 January 2017 SFRS(I) framework $'000
Current assets			
Cash and cash equivalents	2,144	–	2,144
Fixed deposits	280	–	280
Trade and other receivables	8,045	–	8,045
Inventories	401	–	401
Financial assets at fair value through profit or loss	37	–	37
	10,907	–	10,907
Non-current asset classified as held-for-sale	2,274	–	2,274
	13,181	–	13,181

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

2.1 Basis of preparation (cont'd)

Consolidated statement of financial position (cont'd)

		1 January 2017		
	Note	**FRS framework**	**SFRS(I) 15**	**SFRS(I) framework**
		$'000	**$'000**	**$'000**
Non-current assets				
Trade and other receivables		66	–	66
Available-for-sale financial assets		2	–	2
Property, plant and equipment		1,211	–	1,211
Intangible assets		1,020	–	1,020
Deferred income tax assets		4	–	4
		2,303	–	2,303
Total assets		15,484	–	15,484
LIABILITIES				
Current liabilities				
Trade and other payables	B	5,863	(279)	5,584
Borrowings		520	–	520
Current income tax liabilities		163	–	163
Contract liabilities	B	–	279	279
		6,546	–	6,546
Non-current liabilities				
Borrowings		3,364	–	3,364
Deferred income tax liabilities		80	–	80
Total liabilities		3,444	–	3,444
EQUITY				
Share capital		62,924	–	62,924
Accumulated losses		(55,781)	–	(55,781)
Other reserves		(1,963)	–	(1,963)
Equity attributable to equity holders of the Company		5,180	–	5,180
Non-controlling interests		314	–	314
Total equity		5,494	–	5,494

A SFRS(I)

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The application and transition to SFRS(I) did not have any significant impact on these financial statements and statements of financial position of the Group and the Company as at 31 December 2017 and 1 January 2017.

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

2.1 Basis of preparation (cont'd)

B SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application.

At the date of initial application and 31 December 2018, the Group has assessed that the adoption of SFRS(I) 15 does not have any material impact to the financial position and results of the Group.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

Presentation of contract liabilities

Upon adoption of SFRS(I) 15, the Group has changed the presentation of deferred income. Deferred income from customers classified as trade and other payables of $322,000 as at 31 December 2017 and $279,000 as at 1 January 2017 were reclassified to contract liabilities.

C SFRS(I) 9 Financial Instruments

SFRS(I) 9 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 January 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of SFRS(I) 9 have been recognised directly in accumulated losses and other components of equity as at 1 January 2018.

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

2.1 Basis of preparation (cont'd)

C SFRS(I) 9 Financial Instruments (cont'd)

The impact upon adoption of SFRS(I) 9 as at 1 January 2018 was as follows:

(i) Classification and measurement

Under SFRS(I) 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 January 2018. The assessment of whether contractual cash flows on debt instruments solely comprised principal and interest were made based on the facts and circumstances as at the initial recognition of the assets.

The following were the changes in classification and measurement arising from adopting SFRS(I) 9:

- Loan and receivables (including trade and other receivables (excluding prepayments and tax recoverable), cash and cash equivalents and fixed deposits are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

- Equity investment classified as available-for-sale ("**AFS**") financial assets as at 31 December 2017 and continues to be measured at fair value through profit or loss, and hence no change to the measurement.

- Investment in unquoted equity shares classified as AFS financial assets at cost less impairment at 31 December 2017 are classified and measured at fair value through profit or loss beginning 1 January 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The following summarises the Group and the Company's required or elected reclassifications as at 1 January 2018 upon adoption on SFRS(I) 9:

		SFRS(I) 9 measurement category	
	Original carrying amount $'000	**Amortised cost $'000**	**FVTPL $'000**
FRS 39 measurement category			
Group			
Loans and receivables			
Trade and other receivables	5,632	5,632	–
Cash and cash equivalents	2,905	2,905	–
Fixed deposits	271	271	–
Financial assets at fair value through profit or loss	21	–	21
Available-for-sale financial assets			
- Quoted equity securities	1	–	1

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

2.1 Basis of preparation (cont'd)

C SFRS(I) 9 Financial Instruments (cont'd)

(i) Classification and measurement (cont'd)

		SFRS(I) 9 measurement category	
	Original carrying amount $'000	**Amortised cost $'000**	**FVTPL $'000**
Company			
Loans and receivables			
Trade and other receivables	3,013	3,013	–
Cash and cash equivalents	1,082	1,082	–
Financial assets at fair value through profit or loss	21	–	21

(ii) Impairment

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis. Upon adoption of SFRS(I) 9, there is no additional impairment required on the Group's financial assets at amortised cost. The accumulated losses remain unchanged as at 1 January 2018.

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing FRS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "**right-of-use**" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening retained earnings as at 1 January 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group does not expect the adoption of SFRS(I) 16 to have significant impact on its financial position and financial results for the financial year ending 31 December 2019.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. 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.

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

2.2 Basis of consolidation (cont'd)

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 2.10. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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

2.3 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.

2.4 Associates

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

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

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

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

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

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

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

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

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

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

2.5 Discontinued operation

A component of the Group is classified as "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area or operations. Results from operation qualifying as discontinued operation are presented separately as a single amount in the profit or loss and the comparative for the prior year are adjusted accordingly.

2.6 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:

Leasehold properties	28 to 50 years
Fixtures and fittings	5 to 10 years
Plant and equipment	1 to 10 years
Motor vehicles	4 to 10 years
Generator sets	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 reporting period. 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.

2.7 Financial assets

The accounting policies for financial assets before 1 January 2018 are as follows:

<u>Classification</u>

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale.

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

2.7 Financial assets (cont'd)

The accounting policies for financial assets before 1 January 2018 are as follows (cont'd):

Classification (cont'd)

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: "financial assets held for trading", and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at initial recognition are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (excluding prepayments, Goods and Services Tax ("**GST**") receivables and advance payment to supplier), "cash and cash equivalents" and "fixed deposits" on the statements of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

Recognition and derecognition

Regular 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.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less impairment.

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

2.7 Financial assets (cont'd)

The accounting policies for financial assets before 1 January 2018 are as follows (cont'd):

Subsequent measurement (cont'd)

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including effects of currency translation, are recognised in profit or loss in the financial year in which the changes in fair values arise.

Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in fair value reserve/other comprehensive income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in fair value reserve/other comprehensive income, together with the related currency translation differences.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

Impairment

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

(ii) Available-for-sale financial assets

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

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

2.7 Financial assets (cont'd)

The accounting policies for financial assets before 1 January 2018 are as follows (cont'd):

Impairment (cont'd)

(ii) Available-for-sale financial assets (cont'd)

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

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.

The accounting policies for financial assets from 1 January 2018 are as follows:

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.

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

2.7 Financial assets (cont'd)

The accounting policies for financial assets from 1 January 2018 are as follows (cont'd):

Classification and measurement (cont'd)

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

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

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

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents and trade and other receivables (excluding prepayments and GST receivable). The financial assets, depending on the Group's business model for managing the asset and cash flow characteristics of 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 "other income".

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

2.7 Financial assets (cont'd)

The accounting policies for financial assets from 1 January 2018 are as follows (cont'd):

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 a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

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

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

Offset

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

2.8 Financial liabilities

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

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

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

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

2.9 Impairment of non-financial assets

Intangible assets (other than goodwill)
Property, plant and equipment
Investments in subsidiaries and associates

At the end of the reporting period, the Group reviews the carrying amounts of intangible assets (other than goodwill), property, plant and equipment and investments in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.10 Goodwill

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

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

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

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

The Group's policy for goodwill arising on the acquisition of associate is described in Note 2.4.

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

2.11 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.

2.12 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 statement of cash flows, cash and cash equivalents also include bank overdraft that form an integral part of the Group's cash management and exclude restricted bank balances held in cash margin account.

2.13 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 the each reporting period 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.

2.14 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 reporting period, in which case they are presented as non-current liabilities.

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

Redeemable convertible bonds

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

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

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

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

2.15 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. The difference between the consideration due or received in accordance with the payment terms and revenue recognised which includes deferred income is recognised as contract liabilities. 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 final reports to customers after delivering of the promised goods to customers, the Group does not have enforceable right to payment on the remaining pre-agreed portion as the promised service has yet to be performed. Revenue is recognised only when the reports are produced and the customers have accepted in accordance with the sales contract. The Group will progressively bill its customer in accordance with the billing terms in the sales contract and customers are required to pay within 60 - 90 days from the invoice date. No element of financing is deemed present.

Rendering of services

The Group provides ad-hoc maintenance services such as equipment inspection and equipment servicing. Revenue from ad-hoc maintenance services is recognised when the maintenance service is performed and accepted by customers.

A receivable is recognised upon completion of maintenance 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.

Equipment rental income

Equipment rental income is recognised on a straight-line basis over the lease term.

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.

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

2.17 Employee compensation

Defined contribution plans

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

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.18 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 reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period 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 income tax 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 period.

2.19 Leases

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance leases is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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

2.19 Leases (cont'd)

Operating leases

As lessee

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the lease asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.15. Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Foreign currency translation and transactions

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 end of the reporting period;

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

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve within equity.

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

2.20 Foreign currency translation and transactions (cont'd)

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

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

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

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

2.21 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.

2.22 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 statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.23 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

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

2.24 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.

2.25 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.26 Segment reporting

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Going concern

During the financial year ended 31 December 2018, the Group reported net loss of $3,845,000 (2017: $1,324,000), which includes loss from continuing operations of $4,038,000 (2017: $1,909,000) and net cash used in operating activities of $793,000 (2017: $1,885,000) and the Company reported a net loss of $3,230,000 (2017: $1,099,000). 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 going concerns basis as:

(1) The review of the cash flow forecasts of the Group and of the Company for the financial year ending 31 December 2019 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) improvement in the general operating environment for the Group activities which are expected to generate positive cash flows for the Group and the Company in the next 12 months;

  (b) the Group's business segments in the Renewable Sector which are expected to register their maiden contributions during the next 12 months; and

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

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

Going concern (cont'd)

(c) the Company targets to raise proceeds from the allotment and issuance of shares under an option agreement to Mr. Lim In Chong ("**Mr. Lim**") or to his designated investors and/or nominees in the next 12 months. On 1 April 2019, the Company has received notice of transfer of 500,000,000 options by Mr. Lim to a transferee (the "**Transferred Options**"), and the transferee had notified the Company on his intention to exercise the Transferred Options as disclosed in Note 37.

(2) As at 31 December 2018, both the Group and the Company are in net current asset positions. Subsequent to the financial year, pursuant to the second supplemental agreement dated 24 December 2018 entered between Premier Equity Fund Sub Fund F and Value Capital Asset Management Private Limited, the Company had further reduced its outstanding liabilities by fully redeeming the unconverted RCBs amounting to $250,000 on 28 February 2019. In addition, the conversion and/or redemption of the balance outstanding RCBs amounting to $500,000 had also been extended to 31 March 2020 (Note 37); 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.

After considering the measures taken described above, the Directors believe that the Group and the Company have adequate resources to continue its operations as going concerns. The consolidated financial statements of the Group and the financial statements of the Company are prepared on a going concern basis.

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

Determination of functional currency

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

Investment in associated company

Management has considered the Group's representation in the board of HT Energy (S) Sdn. Bhd. ("**HTES**") and contractual terms in the shareholders agreement, and has determined that it has significant influence on HTES through the Group's shareholding of 49% but not control or joint control. Consequently, this investment has been classified as an associated company.

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

3.2 Key sources of estimation uncertainty

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

Investment in subsidiaries

The Group reviews the investment in subsidiaries at the end of the financial year to determine whether there is any indication of impairment. An impairment exists when the carrying value of an asset or cash generating units exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use.

The carrying amounts of investment in subsidiaries at the end of the financial year are disclosed in Note 10.

Impairment of non-financial assets

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 to sell and its value-in-use. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The carrying amount of property, plant and equipment is disclosed in Note 13.

Calculation of loss allowance

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

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

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying value of trade receivables at reporting date are disclosed in Note 6, Note 7 and Note 32(b).

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.

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

3.2 Key sources of estimation uncertainty (cont'd)

<u>Income taxes and deferred tax liabilities (cont'd)</u>

The carrying amount of the Group's tax payable, deferred income tax liabilities and deferred income tax assets at 31 December 2018 was $115,000 (2017: $236,000), $22,000 (2017: $115,000) and $1,000 (2017: $2,000) respectively.

Information on unabsorbed tax losses and other temporary differences for which deferred tax assets/ liabilities had not been recognised are stated in Note 26 and Note 18 respectively.

4. Cash and cash equivalents

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**1,842**	2,683	**54**	1,082
Deposit placed in cash margin account	**225**	222	**–**	–
	2,067	2,905	**54**	1,082

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

	Group	
	2018	2017
	$'000	$'000
Cash and bank balances (as above)	**2,067**	2,905
Less: Deposit placed in cash margin account	**(225)**	(222)
Cash and cash equivalents in consolidated statement of cash flows	**1,842**	2,683

5. 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 banking facilities are also secured by personal guarantee of a third party.

The fixed deposits have maturity periods ranging from 1 to 12 months (2017: 1 to 12 months) from the end of the financial period with interest rates ranging from 1.25% to 3.20% (2017: 1.50% to 5.90%) per annum.

6. Trade and other receivables

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables:				
Non-related parties	**2,488**	6,204	**–**	–
Less: Allowance for impairment	**(772)**	(1,197)	**–**	–
	1,716	5,007	**–**	–
Amounts due from subsidiaries	**–**	–	**27**	257
Other receivables	**10**	5	**2**	2
Amount due from a former subsidiary (GPE)	**300**	–	**300**	–
	310	5	**329**	259
Loan to a third party	**–**	274	**–**	–
Less: Allowance for impairment	**–**	(274)	**–**	–
	–	–	**–**	–
Loan to a former corporate shareholder of a subsidiary	**24**	24	**–**	–
GST receivable	**39**	49	**5**	11
Other recoverable	**150**	150	**150**	150
Less: Allowance for impairment	**(150)**	(150)	**(150)**	(150)
	–	–	**–**	–
Other current assets (Note 7)	**2,098**	1,670	**2,134**	1,338
	4,187	6,755	**2,468**	1,608
Non-current				
Trade receivables from a non-related party	**–**	56	**–**	–
Less: Allowance for impairment	**–**	(41)	**–**	–
	–	15	**–**	–
Other non-current assets (Note 7)	**2,400**	45	**2,400**	1,965
	2,400	60	**2,400**	1,965
	6,587	6,815	**4,868**	3,573

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.

Amounts due from subsidiaries/ a former subsidiary

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

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

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.

6. Trade and other receivables (cont'd)

Non-current trade receivables from a non-related party

The amount is unsecured and payable in accordance with a repayment schedule.

During the financial year ended 31 December 2017, the fair value of non-current trade receivables amounting to $15,000 is computed based on cash flows discounted at market borrowing rate of 3.14% per annum. The fair value measurement was categorised within Level 3 of the fair value hierarchy.

7. Other assets

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Current				
Advances to subsidiaries	**–**	–	**306**	220
Less: Allowance for impairment	**–**	–	**–**	(5)
	–	–	**306**	215
Amount due from an associate	**28**	15	**18**	15
Loan to a subsidiary	**–**	–	**–**	470
Loan to a former subsidiary (GPE)	**160**	–	**160**	–
Advances to former subsidiaries	**11,171**	11,171	**11,171**	11,171
Less: Allowance for impairment	**(11,171)**	(11,171)	**(11,171)**	(11,171)
	–	–	**–**	–
Third-party payment services	**–**	11	**–**	11
Refundable deposit placed with supplier for the purchase of inventories	**106**	327	**–**	–
Due from a director of a former subsidiary	**–**	51	**–**	–
Consideration due from disposal of a subsidiary	**1,600**	–	**1,600**	–
Security deposit	**111**	133	**24**	78
Prepayments	**93**	1,133	**26**	549
	2,098	1,670	**2,134**	1,338
Non-current				
Loan to a subsidiary	**–**	–	**–**	1,920
Loan to a former subsidiary (GPE)	**2,400**	–	**2,400**	–
Advance to an associate	**–**	45	**–**	45
	2,400	45	**2,400**	1,965
	4,498	1,715	**4,534**	3,303

Advances to subsidiaries/loan to a subsidiary

Advances to subsidiaries are unsecured, interest-free and payable on demand.

Loan to a subsidiary was unsecured, payable over 3 years and bears interest rate at 8% (2017: 8%) per annum.

The carrying amount of loan to a subsidiary approximated its fair value at the end of the reporting period. The fair value measurement was categorised within Level 3 of the fair value hierarchy.

7. Other assets (cont'd)

Advance to an associate

Advance to an associate was unsecured, payable over 3 years and bears interest rate of 8% per annum. This advance has been capitalised into 290,000 Redeemable Convertible Non-Cumulative Preference Shares.

The carrying amount of advance to an associate approximates its fair value at the end of the reporting period. The fair value measurement was categorised within Level 3 of the fair value hierarchy.

Consideration due from disposal of a subsidiary

Balance consideration 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., a private limited company representing 14.58% of its entire share capital, held by a related party of purchaser, Ms. Tan Yock Chew.

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

Loan to a former subsidiary (GPE)

An amount of $2,560,000 being loan to a former subsidiary is unsecured and bears an interest rate of 8% per annum. The scheduled repayment of the restructured loan is payable over 3 years commencing in January 2019.

8. Inventories

	Group	
	2018	2017
	$'000	$'000
Trading goods	**11**	217
Goods in transit	**73**	9
	84	226

The cost of inventories recognised as an expense and included in "cost of sales" amounted to $3,680,000 (2017: $5,815,000), included under loss from continuing operations and $8,248,000 (2017: $6,443,000) included under profit from discontinued operation.

During the financial year ended 31 December 2017, inventories recognised as an expense in "other expenses" included allowance for inventories obsolescence of $30,000.

9. Financial assets at fair value through profit or loss

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Current				
Quoted equity investments on the SGX-ST	**8**	16	**8**	16
Unlisted securities Singapore redeemable participating shares	**–***	5	**–***	5
	8	21	**8**	21
Non-current				
Quoted equity investments on the SGX-ST	**1**	–	**–**	–
Unlisted securities	**96**	–	**96**	–
	97	–	**96**	–
	105	21	**104**	21

During the financial year, the Group has:

(i) recognised a net fair value loss on the quoted equity securities in profit or loss of $8,000 (2017: Nil) against the trade prices as at 31 December 2018 (2017: 31 December 2017);

(ii) recognised a net fair value loss on the unquoted securities in profit or loss of $5,000 (2017: $16,000) against the best indication of fair value as at 31 December 2018 (2017: 31 December 2017) determined by a registered fund management company.

(iii) subscribed for 290,000 Redeemable Convertible Non-Cumulative Preference Shares amounting to $96,000 (RM290,000) in a associate.

* Amount is less than $1,000

10. Investments in subsidiaries

	Company	
	2018	2017
	$'000	$'000
Unquoted equity shares, at cost		
At 1 January	**13,535**	13,532
Additions during the financial year	**–**	3
Disposal of a subsidiary	**(1,838)**	–
	11,697	13,535
Less: Allowance for impairment	**(9,546)**	(9,062)
At 31 December	**2,151**	4,473

The movements in the allowance for impairment are as follows:

At 1 January	**9,062**	9,062
Additions during the financial year	**484**	–
At 31 December	**9,546**	9,062

10. Investments in subsidiaries (cont'd)

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

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by Group	
			2018	2017
			%	%
Industrial Engineering Systems Pte. Ltd. ("**IES**")(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
GPE Power Systems (M) Sdn. Bhd. ("**GPE**")(3)	Trading, assembly and renting of power generators, pyrolysis and industrial plant and equipment and provision of related services	Malaysia	**–**	70
Cahya Suria Energy Sdn. Bhd.(4)	Investment holding	Malaysia	**100**	100
Held by Nu-Haven Incorporated:				
Avital Enterprises Limited(2)	Investment holding	British Virgin Islands	**100**	100
Held by P.J. Services Pte Ltd:				
Panah Jaya Services Sdn. Bhd.(5)(7)	Trading in oilfield parts and equipment	Malaysia	**100**	100
PT. Panah Jaya Sejahtera(6)(7)	Trading in oilfield equipment and related products	Indonesia	**100**	100
Panah Jaya Makmur Sdn. Bhd.(8)	Trading in oilfield equipment and related products	Brunei	**60**	–
Held by Cahya Suria Energy Sdn. Bhd.:				
Renosun International Sdn. Bhd. ("**Renosun**")(4)	Provision of designing, engineering, procurement, construction and commissioning of solar photovoltaic system and related products	Malaysia	**51**	51

10. Investments in subsidiaries (cont'd)

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

(1) Audited by Baker Tilly TFW LLP, Singapore
(2) Not required to be audited in the country of incorporation
(3) Disposed during the financial year (Note 29)
(4) Audited by Khoo Teng Keat & Co.
(5) Audited by Azhar Noriza Zainuddin, Malaysia
(6) Audited by Herman Doby Tanumihardja & Rekan, Indonesia
(7) To facilitate the operation of this business unit, the Group, through P.J. Services Pte Ltd, holds the shareholding interests in the subsidiary through nominees, thus, maintaining its beneficial interests and therefore has absolute and de facto control over the subsidiary.
(8) Incorporated during the financial year

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and the Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

(b) Interest in a subsidiary with material non-controlling interests ("**NCI**")

Name of subsidiaries	**Principal place of business**	**Proportion of ownership interest held by NCI**	
		2018	2017
		%	%
GPE	Malaysia	**–**	30

Set out below are the summarised financial information for GPE which has non-controlling interests that are material to the Group. The summarised financial information is presented before inter-company eliminations.

	2017
	$'000
Summarised statement of financial position	
Current	
Assets	5,055
Liabilities	(2,764)
Net current assets	2,291
Non-current	
Other assets	1,224
Liabilities	(2,143)
Net non-current liabilities	(919)
Net assets	1,372
Accumulated NCI at the end of the financial year	412

10. Investments in subsidiaries (cont'd)

(b) Interest in a subsidiary with material non-controlling interests ("**NCI**") (cont'd)

	2017
	$'000
Summarised statement of profit or loss and other comprehensive income	
Revenue	7,572
Profit before income tax	443
Income tax expense	(151)
Profit after tax and total comprehensive income	292
Profit allocated to NCI during the financial year	88
Summarised statement of cash flows	
Cash flows from operating activities	
Cash generated from operations	366
Income tax paid	(76)
Net cash generated from operating activities	290
Net cash used in investing activities	(318)
Net cash generated from financing activities	311
Net decrease in cash and cash equivalents	283
Cash and cash equivalents at beginning of financial year	14
Effect of foreign currency translation on cash and cash equivalents	7
Cash and cash equivalents at end of financial year	304

During the financial year, the Group disposed its equity interest in GPE and accordingly, there is no non-controlling interest as at 31 December 2018.

(c) Incorporation of Panah Jaya Makmur Sdn. Bhd.

On 18 August 2018, P.J. Services Pte Ltd incorporated and owned 60% of equity interest in Panah Jaya Makmur Sdn. Bhd. for a consideration of $600.

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

During the financial year, an impairment loss of $484,000 (2017: $Nil) was recognised to write down its investment in a subsidiary to its recoverable amount of $836,000.

The recoverable amounts of the CGUs were determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates were based on industry growth forecasts. Changes in selling prices and direct costs were based on past practices and expectations of future changes in the market. The Group prepared cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using terminal growth rate of 1.4%. The pre-tax rate used to discount the forecast cash flows of the Group was 17.92%.

11. Investment in an associate

	Group	
	2018	2017
	$'000	$'000
Unquoted equity shares, at cost:		
At beginning and end of financial year	**–**	–

Details of the associate is as follow:

Name of associate	Principal activities	Country of incorporation and operations	Effective equity interest held by Group 2018 %	2017 %
Held by Cahya Suria Energy Sdn. Bhd.:				
HT Energy (S) Sdn. Bhd. ("**HTES**")	Operation of generation facilities that produce electric energy, manufacturing of any fabricated metal products and construction of utility project	Malaysia	**49**	49

The associate is measured using the equity method of accounting. Management does not consider the associate to be individually and in aggregate material to the Group. Accordingly, summarised financial information of the associate is not disclosed.

The Group has not recognised its share of loss of associate amounting to $44,000 (2017: $14,000) during the financial year ended 31 December 2018 (2017: 31 December 2017) because the Group's share of loss exceeded its interest in the associate and the Group has no obligation in respect of those losses.

12. Available-for-sale financial assets

	Group	
	2018	2017
	$'000	$'000
Quoted equity securities listed on SGX-ST at fair value	**–**	1
Unquoted equity securities	**–**	4,800
Less: Allowance for impairment	**–**	(4,800)
	–	–
	–	1

Quoted equity securities

The quoted equity of carrying amount of $1,000 (under FRS 39 Measurement Category) has been reclassified to financial assets through profit or loss (under SFRS(I) 9 Measurement Category) as at 1 January 2018 upon adoption of SFRS(I) 9.

During the financial year ended 31 December 2017, the Group recognised an impairment loss of $1,000 on quoted equity securities as there was more than 50% decline in the fair value of these investments over their costs based on the trade prices as at 31 December 2017.

Determination of fair value of available-for-sale financial assets - quoted equity securities

The fair values of the quoted equity securities were determined based on quoted market prices at the end of the respective financial year. These instruments were included in Level 1 of the fair value hierarchy.

12. Available-for-sale financial assets (cont'd)

Unquoted equity securities

The unquoted equity securities are stated at cost and have been fully impaired since 31 December 2012.

13. Property, plant and equipment

	Leasehold properties $'000	Fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Generator sets $'000	Total $'000
Group						
2018						
Cost						
At 1 January 2018	253	220	424	451	1,264	2,612
Additions	–	34	4	316	720	1,074
Disposals	–	–	–	(109)	–	(109)
Translation differences	–	–	(1)	–	–	(1)
Disposal of a subsidiary (Note 29)	–	(29)	(142)	(376)	(1,984)	(2,531)
At 31 December 2018	253	225	285	282	–	1,045
Accumulated depreciation						
At 1 January 2018	26	124	313	395	162	1,020
Charge for the financial year	5	34	32	59	125	255
Disposals	–	–	–	(109)	–	(109)
Translation differences	–	–	(1)	–	–	(1)
Disposal of a subsidiary (Note 29)	–	(12)	(104)	(64)	(287)	(467)
At 31 December 2018	31	146	240	281	–	698
Net carrying value						
At 31 December 2018	**222**	**79**	**45**	**1**	**–**	**347**
2017						
Cost						
At 1 January 2017	247	151	335	390	821	1,944
Additions	–	62	34	59	412	567
Translation differences	6	7	55	2	31	101
At 31 December 2017	253	220	424	451	1,264	2,612
Accumulated depreciation						
At 1 January 2017	20	107	221	330	55	733
Charge for the financial year	5	11	38	65	103	222
Translation differences	1	6	54	–	4	65
At 31 December 2017	26	124	313	395	162	1,020
Net carrying value						
At 31 December 2017	227	96	111	56	1,102	1,592

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

	Fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Company				
2018				
Cost				
At 1 January 2018	60	21	388	469
Additions	4	–	–	4
Disposals	–	–	(109)	(109)
At 31 December 2018	64	21	279	364
Accumulated depreciation				
At 1 January 2018	4	3	383	390
Charge for the financial year	24	7	5	36
Disposals	–	–	(109)	(109)
At 31 December 2018	28	10	279	317
Net carrying value				
At 31 December 2018	**36**	**11**	**–**	**47**
2017				
Cost				
At 1 January 2017	–	4	388	392
Additions	60	17	–	77
At 31 December 2017	60	21	388	469
Accumulated depreciation				
At 1 January 2017	–	1	327	328
Charge for the financial year	4	2	56	62
At 31 December 2017	4	3	383	390
Net carrying value				
At 31 December 2017	56	18	5	79

Leasehold properties of the Group as at 31 December 2018 and 31 December 2017 are two leasehold shop units at Kelana Centre Point, Malaysia. The lease is for 99 years from 1995.

Leasehold properties of the Group with carrying amounts of $222,000 (2017: $227,000) are provided as security for the Group's borrowings (Note 16).

<u>Assets held under finance leases</u>

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,074,000 (2017: $567,000) of which $198,000 (2017: $410,000) was paid out by cash and $876,000 (2017: $157,000) was financed under finance lease arrangement.

During the financial year ended 31 December 2017, the carrying amount of motor vehicles and generator sets for rental held under finance leases was $33,000 and $134,000 respectively.

14. Intangible assets

	2018 $'000	2017 $'000
Goodwill arising on consolidation		
At 1 January	**1,020**	1,020
Disposal of a subsidiary (Note 29)	**(1,020)**	–
At 31 December	**–**	1,020

Key assumptions used in value-in-use calculation

The recoverable amount of GPE, which is presented in the energy services segment is determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the forecast revenue, forecast gross profit margin, forecast expenditures, discount rates, and terminal growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past performances and expectations developments in the market.

During the financial year ended 31 December 2017, the Group's value-in-use calculations used cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using terminal growth rate of 4.8% for the energy services segment. This rate does not exceed the average long-term growth rate for the relevant markets. The pre-tax rate used to discount the forecast cash flows from the energy services segment was 16.2%.

Sensitivity to change in assumptions

With regards to the assessment of value-in-use for the energy services segment, management believes that the change in the estimated recoverable amount from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amount to be materially lower than the carrying value of the CGU.

15. Trade and other payables

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Trade payables	**522**	1,582	**–**	–
Amount due to subsidiaries	**–**	–	**112**	887
Other payables	**569**	876	**467**	280
Former corporate shareholder of a subsidiary	**20**	20	**–**	–
Accrued operating expenses	**953**	689	**585**	365
	2,064	3,167	**1,164**	1,532

The amounts due to subsidiaries are non-trade in nature, unsecured, repayable on demand and interest-free except for an amount of $112,000 (2017: $291,000), which bears interest at 8.75% (2017: 8.00% to 8.75%) per annum.

The amount due to former corporate shareholder of a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

Included in accrued operating expenses is an amount of $108,000 (2017: $90,000) being outstanding Directors' fees for the financial years ended 31 December 2018 (2017: 31 December 2017) approved by the Company's shareholders. In addition, an amount of $123,000 (2017: $103,000) is due to a law firm where one of the director is an equity partner.

16. Borrowings

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Current				
Term-loan	**10**	40	**–**	–
Finance lease liabilities	**–**	47	**–**	–
Derivative liability conversion component on redeemable convertible bonds	**23**	132	**23**	132
Advances from the subscriber of redeemable convertible bonds	**100**	100	**100**	100
Loans from holding company of a former corporate shareholder of IPT	**568**	3,034	**568**	3,034
Redeemable convertible bonds	**249**	644	**249**	644
	950	3,997	**940**	3,910
Non-current				
Term-loan	**67**	344	**–**	–
Finance lease liabilities	**–**	84	**–**	–
Derivative liability conversion component on redeemable convertible bonds	**49**	–	**49**	–
Redeemable convertible bonds	**488**	–	**488**	–
	604	428	**537**	–
Total	**1,554**	4,425	**1,477**	3,910

Term-loan

The term-loan bears interest of 5.1% (2017: 5.1% to 6.7%) per annum and is secured on the Group's fixed deposits, leasehold property in Malaysia and personal guarantee of directors of subsidiaries.

Finance lease liabilities

The Group leases motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the respective lease term.

	Minimum lease payments		Present value of payments	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Group				
Amounts payable under finance lease:				
Less than one year	**–**	54	**–**	47
Between 2 to 5 years	**–**	96	**–**	84
	–	150	**–**	131
Less: Future finance charges	**–**	(19)	**–**	–
	–	131	**–**	131

During the financial year ended 31 December 2017, the effective rates of interest for finance lease ranges from 3.70% to 3.95% per annum.

16. Borrowings (cont'd)

Loans from holding company of a former corporate shareholder of IPT

The loans are from Liongold Corp Ltd ("**LionGold**"), the holding company of a former corporate shareholder of IPT. The Company has disposed its equity interest in IPT in the financial year ended 31 December 2016. The loans arose during the financial year ended 31 December 2015 from a customer of IPT which had made claims totaling to $5,200,000 from the Company and LionGold, as guarantors of performance securities in respect of the contract entered into between the customer and IPT together with its 49% owned associate, Industrial Power (Thailand) Co., Ltd, on grounds of project delays. Pursuant to the claims, LionGold provided the Company with a loan of $3,505,000 to repay the Company's share of the claims and for IPT's working capital purposes.

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

During the financial year, the principal loan amount of $2,505,000 were fully converted into ordinary shares of the Company.

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

	Group and Company	
	2018	2017
	$'000	$'000
Liability component at the beginning of the financial year	**644**	448
Face value, net of transaction cost	**–**	467
Derivative liability conversion component on initial recognition	**–**	(116)
Liability component on initial recognition	**–**	351
Amortisation of interest expense	**93**	106
Conversion of RCBs into ordinary shares of the Company	**–**	(261)
Liability component at end of financial year	**737**	644
Derivative liability at the beginning of the financial year	**132**	164
Derivative liability conversion component on initial recognition	**–**	116
Conversion of RCBs into ordinary shares of the Company	**–**	(87)
Gain on fair value of liability conversion component	**(60)**	(61)
Derivative liability conversion option at end of financial year	**72**	132
Representing:		
Current	**23**	132
Non-current	**49**	–
	72	132

16. Borrowings (cont'd)

*Redeemable convertible bonds ("**RCBs**") (cont'd)*

(i) During the financial year ended 31 December 2017, the Company issued the sixteenth sub-tranche of the Tranche 1 RCBs, with an aggregate principal amount of $500,000. The RCBs had expired on 24 December 2018. As at 24 December 2018, the Company had issued RCBs representing a total of 16 sub-tranche of the Tranche 1 RCBs with an aggregate sum of $8,000,000; and

(ii) As at 31 December 2017, the subscribers of the RCBs exercised its rights to convert RCBs with an aggregate principal value of $7,250,000 into a total of 8,963,235,291 ordinary shares of the Company. There is no conversion of RCBs in FY2018. As at 31 December 2018, the principal value of RCBs that has been issued which are yet to be converted into the Company's shares amounted to $750,000.

The RCBs carry interest of 2% (2017: 2%) per annum, the $250,000 was extended to 28 February 2019 and the $500,000 was extended to 31 March 2020. The RCBs are convertible into ordinary shares of the Company at the holder's option at the share conversion price valued at 90% of the average of the traded volume weighted average price per share of the Company for any 3 consecutive market days immediately preceding the relevant conversion date.

Derivative liability conversion component on the RCBs

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

Advances from the subscriber of RCBs

Advances from the subscriber of RCBs of $100,000 (2017: $100,000) is unsecured and interest-free.

Determination of fair value of borrowings

The carrying amount of borrowings approximates 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 expects would be available to the Group at the end of the respective financial year, the fair value of the non-current borrowings at the end of the respective financial year approximates its carrying value as there are no significant changes in the interest rate available to the Group at the end of the respective financial year. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

16. Borrowings (cont'd)

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

	Term loan	Finance lease liabilities	Loans from holding company of a former corporate shareholder of IPT	Redeemable convertible bonds ("RCBs")	Advances from the subscriber of RCBs	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2018	384	131	3,034	776	100	4,425
Change from financing cash flows:						
- Proceeds	–	876	–	–	–	876
- Repayment	(37)	(138)	–	–	–	(175)
- Interest paid	(32)	(50)	–	–	–	(82)
- Disposal of a subsidiary	(270)	(928)	–	–	–	(1,198)
Non-cash changes:						
- Interest expense	32	109	39	93	–	273
- Fair value adjustment	–	–	–	(60)	–	(60)
- Conversion of shares	–	–	(2,505)	–	–	(2,505)
Effect of changes in foreign exchange rates	–*	–*	–	–	–	–*
At 31 December 2018	**77**	**–**	**568**	**809**	**100**	**1,554**
At 1 January 2017	88	–	2,834	612	350	3,884
Change from financing cash flows:						
- Proceeds	321	–	–	125	100	546
- Repayment	(36)	(30)	–	–	–	(66)
- Interest paid	(35)	(4)	–	–	–	(39)
Non-cash changes:						
- Interest expense	35	4	200	106	–	345
- Finance lease	–	161	–	–	–	161
- Fair value adjustment	–	–	–	(67)	–	(67)
- Issuance of RCBs	–	–	–	350	(350)	–
- RCB conversion shares	–	–	–	(350)	–	(350)
Effect of changes in foreign exchange rates	11	–	–	–	–	11
At 31 December 2017	384	131	3,034	776	100	4,425

* Amount is less than $1,000

17. 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	
	2018	2017
	$'000	$'000
Contract liabilities	**1,466**	322

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

Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**322**	279
Revenue recognised during the year	**(322)**	(279)
Increases due to advances received and deferred income, excluding amounts recognised as revenue during the year	**1,466**	322
	1,466	322

18. Deferred income tax (assets)/liabilities

	Group	
	2018	2017
	$'000	$'000
At beginning of financial year	**113**	76
Transfer to profit or loss (Note 26)	**3**	37
Disposal of a subsidiary (Note 29)	**(92)**	–
Translation difference	**(3)**	–
At end of financial year	**21**	113
Representing:		
Non-current		
Deferred income tax assets	**(1)**	(2)
Deferred income tax liabilities	**22**	115
At end of financial year	**21**	113

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

Accelerated tax depreciation	**22**	93
Other temporary differences	**–**	22
	22	115

Deferred income tax liabilities of $19,000 (2017: $21,000) 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 $119,000 (2017: $176,000) at the end of the financial year.

19. Share capital

	Group and Company			
	2018		2017	
	Number of shares ’000	**Issued share capital $’000**	Number of shares ’000	Issued share capital $’000
Issued and fully paid				
At beginning of financial year	**12,140,221**	**63,924**	11,728,456	63,574
Issuance of ordinary shares of the Company	**4,034,546**	**4,035**	411,765	350
At end of financial year	**16,174,767**	**67,959**	12,140,221	63,924
Less:				
Share issue expenses				
At beginning of financial year	**–**	**(650)**	–	(650)
Share issuance cost	**–**	**(8)**	–	–
At end of financial year	**–**	**(658)**	–	(650)
Net	**16,174,767**	**67,301**	12,140,221	63,274

<u>The Company has only one class of shares</u>

The equity holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction. The ordinary shares have no par value.

Details of ordinary shares of the Company issued during the financial year are as follows:

	Group and Company			
	2018		2017	
	Number of shares ’000	**Issued share capital $’000**	Number of shares ’000	Issued share capital $’000
RCB Conversion Shares (Note (i))	**–**	**–**	411,765	350
Debt Conversion Shares (Note (ii))	**2,504,879**	**2,505**	–	–
Performance Share Plan Shares (Note (iii))	**1,529,667**	**1,530**	–	–
	4,034,546	**4,035**	411,765	350

<u>Note (i) - RCB Conversion Shares</u>

During the financial year ended 31 December 2017, the holder of the RCBs exercised its rights to convert RCBs with principal value of $350,000 into 411,764,705 ordinary shares of the Company (“**RCB Conversion Shares**”) at the price of $0.00085 per RCB Conversion Share.

<u>Note (ii) - Debt Conversion Shares</u>

During the financial year ended 31 December 2016, the Company entered into a debt conversion agreement with a third-party investor whereby the Company agreed to grant an option to the investor to convert the loan of $3,505,000, upon assignment from LionGold to the investor (Note 16), into 3,504,878,770 Debt Conversion Shares of the Company. As at 31 December 2016, the investor exercised the debt conversion option after the loan of $1,000,000 was being assigned by LionGold to the investor and accordingly, the Company allotted and issued 1,000,000,000 Debt Conversion Shares of the Company at the price of $0.001 per Debt Conversion Share to the investor.

During the financial year ended 31 December 2018, the Company issued 2,504,879,000 ordinary shares of the Company (“**Debt Conversion Shares**”) at the price of $0.001 per Debt Conversion Share to the investor by converting a debt of $2,505,000 owing to the investor.

19. Share capital (cont'd)

Note (iii) - Performance Share Plan Shares

During the financial year, the Company issued 1,529,667,000 ordinary shares at the price of $0.001 to the directors of the Company and key management personnel.

There are no 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:

	2018		2017	
	Number of shares	**Share capital**	Number of shares	Share capital
	'000	**$'000**	'000	$'000
RCB Conversion Shares (Note 16)				
New RCB Conversion Shares to be allotted and issued upon conversion of RCBs issued as at the end of the financial year, assuming conversion at the minimum price of $0.0009 (2017: $0.00085) per RCB Conversion Share	**833,333**	**750**	882,353	750
New RCB Conversion Shares to be allotted and issued upon conversion of RCBs which have yet to be issued as at the end of the financial year, assuming conversion at the minimum price of $0.00085 per RCB Conversion Share	**–**	**–**	14,154,412	12,031
	833,333	**750**	15,036,765	12,781

Option Shares

During the financial year ended 31 December 2016, the Company entered into an option agreement with the investor whereby the Company will issue an aggregate of 5,000,000,000 transferable share options with each option carrying the right to subscribe for one (1) new ordinary share of the Company ("**Option Shares**") at a minimum exercise price of $0.001 per Option Share to raise an amount of up to $5,000,000. None of these Option Shares has been issued as at the end of the financial year.

The Company received share option application monies of $50,000 from the investor during the financial year ended 31 December 2017.

*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 options under Annica Employee Share Option Scheme. The option granted has a life span of ten years (28 December 2019 to 27 December 2028). None of the option was exercised as at the end of the financial year.

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

19. Share capital (cont'd)

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

20. Other reserves

	Group		**Company**	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Composition				
Capital reserve	**(1,373)**	(1,456)	**50**	50
Foreign currency translation reserve	**(451)**	(450)	**–**	–
	(1,824)	(1,906)	**50**	50
Movements				
Capital reserve				
At beginning of financial year	**(1,456)**	(1,506)	**50**	–
Bonus issue shares	**83**	–	**–**	–
Share option application monies	**–**	50	**–**	50
At end of financial year	**(1,373)**	(1,456)	**50**	50
Foreign currency translation reserve				
At beginning of financial year	**(450)**	(457)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**(1)**	7	**–**	–
At end of financial year	**(451)**	(450)	**–**	–

Capital reserve as at 31 December 2018 represents 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) share option application monies of $50,000; and (iv) capitalisation of accumulated profits for the issue of bonus shares of $83,000.

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

Other reserves are non-distributable.

21. Revenue

	Group 2018 $'000	Group (Restated) 2017 $'000
Sales of goods	**5,964**	7,622
Service rendered	**113**	190
	6,077	7,812

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

	Engineering Services $'000	Oil and gas equipment $'000	Investments and others $'000	Total $'000
Group				
2018				
Primary geographical markets				
Singapore	19	–	–	19
Malaysia	–	2,636	–	2,636
Indonesia	–	1,552	–	1,552
Thailand	–	969	–	969
Vietnam	–	72	–	72
Brunei & Myanmar	–	828	–	828
Others	–	1	–	1
	19	**6,058**	**–**	**6,077**
2017				
Primary geographical markets				
Singapore	17	154	–	171
Malaysia	–	3,754	–	3,754
Indonesia	–	1,255	–	1,255
Thailand	–	1,543	–	1,543
Vietnam	–	66	–	66
Brunei & Myanmar	–	980	–	980
Others	–	43	–	43
	17	7,795	–	7,812

All revenue are recognised at a point in time when the Group transfers the control of the goods and when the maintenance services is performed and accepted by customers.

21. Revenue (cont'd)

Revenue recognised during the financial year from:

	Group	
		(Restated)
	2018	2017
	$'000	$'000
Amount included in contract liabilities at the beginning of the financial year	**322**	279

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.

22. Other income and interest income

	Group	
		(Restated)
	2018	2017
	$'000	$'000
Other income		
Gain on disposal of property, plant and equipment	**18**	–
Gain on discounting of long term trade receivables	**–**	15
Government grants	**–**	23
Commission income	**1**	3
Miscellaneous	**57**	15
Gain on disposal of non-current assets held for sale	**–**	616
Fair value gain on redeemable convertible bonds (Note 16)	**60**	67
	136	739
Interest income		
Interest income from bank and deposits	**3**	5
Interest income from a third party	**29**	–
Interest income from an associate	**5**	–
	37	5

23. Other expenses

	Group	
		(Restated)
	2018	2017
	$'000	$'000
Allowance for impairment of doubtful trade receivables (Note 32)	**–**	47
Fair value loss on financial assets at fair value through profit or loss (Note 9)	**13**	16
Foreign currency exchange (gain)/loss	**(33)**	198
Write-off of redeemable convertible bonds expenses	**520**	–
Impairment loss on available-for-sale financial assets (Note 12)	**–**	1
Write-back of advances to former subsidiaries (Note 32)	**–**	(4)
Miscellaneous	**26**	–
Write-back of allowance for doubtful trade receivables (Note 32)	**–**	(1)
Allowance for inventories obsolescence (Note 8)	**–**	30
Impairment loss on other recoverables (Note 32)	**–**	150
	526	437

24. Finance costs

	Group	
		(Restated)
	2018	2017
	$'000	$'000
Amortisation expenses on redeemable convertible bonds (Note 16)	**93**	106
Interest on finance lease liabilities	**–**	4
Interest on loans from holding company of a former corporate shareholder of IPT	**39**	200
Interest expense on redeemable convertible bonds	**28**	–
Interest on bank loans	**3**	–
	163	310

25. Loss before income tax from continuing operations

Loss before income tax is determined after charging the following:

	Group	
		(Restated)
	2018	2017
	$'000	$'000
Depreciation expense on property, plant and equipment	**59**	87
Directors' fees		
- Company	**127**	116
- Subsidiaries	**12**	12
Fees on audit services paid/payable to:		
- Auditor of the Company	**163**	155
- Other auditors	**15**	5
Fees on non-audit services paid/payable to:		
- Auditor of the Company	**18**	12
Rental of office premises	**210**	164
Staff costs (Note A)	**3,595**	1,731

Note A- Staff costs

	Group	
		(Restated)
	2018	2017
	$'000	$'000
Key management personnel*		
Wages, salaries and other related costs	**2,169**	597
Employer's contribution to defined contribution plans including Central Provident Fund	**26**	26
	2,195	623
Other staff		
Wages, salaries and other related costs	**1,308**	1,026
Employer's contribution to defined contribution plans including Central Provident Fund	**92**	82
	3,595	1,731
* Comprise amounts paid to:		
Directors of the Company	**1,975**	431
Other key management personnel	**220**	192
	2,195	623

26. Income tax expense

	Group	
	2018	2017
	$'000	$'000
Income tax expense for the financial year consist of:		
From continuing operations		
Current income tax	**116**	18
Deferred income tax (Note 18)	**3**	37
	119	55
From discontinued operation		
Current income tax	**119**	129
Under provision in previous financial years	**–**	21
Tax equity attributable to discontinued operation (Note 27)	**119**	150
	238	205

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2017: 17%) to loss before income tax as a result of the following differences:

	Group	
	2018	2017
	$'000	$'000
(Loss)/profit before income tax from:		
- continuing operations	**(3,919)**	(1,854)
- discontinued operation (Note 27)	**312**	735
	(3,607)	(1,119)
Tax at statutory rate of 17%	**(613)**	(190)
Effect of different tax rates in other countries	**133**	33
Non-deductible expenses	**158**	158
Income not subject to tax	**(46)**	(139)
Tax incentive	**(10)**	–
Deferred tax assets not recognised	**616**	343
Under provision in previous financial years	**–**	21
Benefits from previously unrecognised deferred tax assets	**–**	(6)
Others	**–**	(15)
	238	205

As at 31 December 2018, the Group has unabsorbed tax losses of $19,514,000 (2017: $15,945,000) which are available to offset against future taxable income. The potential deferred tax asset has not been recognised in the statement of financial position in respect of unabsorbed tax losses and unutilised capital allowance due to the unpredictability of future profit streams.

The income tax benefits from the unabsorbed tax losses and unutilised capital allowance carried forward are available for an unlimited period subject to the conditions imposed by law.

The corporate tax rates applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2017: 17%) and 24% to 25% (2017: 24% to 25%) respectively for the year of assessment 2018.

27. Discontinued operation

During the financial year, the Group has disposed its entire shareholding interest in GPE for a cash consideration of $2,000,000 to a director of GPE.

In accordance with SFRS(I) 5 "Non-current Assets Held for Sale and Discontinued Operations", the results and cash flows for the Group for the current financial year are presented separately as continuing operations and discontinued operation following the sale of GPE.

The result for the immediate preceding financial year for the Group are restated to conform to the presentation of the results for the current financial year.

(a) An analysis of the results of discontinued operation is as follows:

	Group	
	2018	2017
	$'000	$'000
Revenue	**9,330**	7,572
Cost of sales	**(8,248)**	(6,443)
Gross profit	**1,082**	1,129
Expenses	**(338)**	(394)
Profit before tax from discontinued operation	**744**	735
Income tax expense	**(119)**	(150)
Profit after tax from discontinued operation	**625**	585
Loss on disposal of the discontinued operation (Note 29)	**(432)**	–
Profit from discontinued operation, net of tax	**193**	585

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

	Group	
	2018	2017
	$'000	$'000
Operating cash flows	**(386)**	295
Financing cash flows	**(271)**	317
Total cash (outflows)/inflows	**(657)**	612

The carrying amounts of the assets and liabilities of the Disposal Group at the date of disposal are disclosed in Note 29.

27. Discontinued operation (cont'd)

(c) Loss before income tax of the Disposal Group

Loss before income tax of the Disposal Group was arrived at after charging:

	Group	
	2018	2017
	$'000	$'000
Interest expenses on borrowings	**138**	35
Depreciation of property, plant and equipment	**196**	135
Allowance for impairment of doubtful trade receivables	**–**	82

28. 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	
	2018	2017
Loss from continuing operations, net of tax ($'000)	**(4,047)**	(1,909)
Profit from discontinued operation, net of tax ($'000)	**80**	497
Loss for the year attributable to equity holders of the Company ($'000)	**(3,967)**	(1,412)
Weighted average number of ordinary shares on issue ('000)	**14,171,941**	12,049,971
Basic and diluted loss per share (cents)		
- Continuing operations	**(0.029)**	(0.016)
- Discontinued operation	**0.001**	0.004
Total continuing and discontinued operations	**(0.028)**	(0.012)

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 2018 and 31 December 2017.

29. Disposal of a subsidiary

As disclosed in Note 27 to the financial statements, the Company completed the disposal of the Disposal Group during the financial year ended 31 December 2018.

Effect of disposal of a subsidiary on the consolidated statement of cash flows are:

	2018
	$'000
Non-current asset	
Property, plant and equipment	2,064
Current assets	
Inventories	731
Trade and other receivables	5,929
Cash and bank balances	12
Total current assets	6,672
Non-current liabilities	
Trade and other payables	1,696
Borrowings	964
Deferred tax liabilities	92
Total non-current liabilities	2,752
Current liabilities	
Trade and other payables	3,600
Borrowings	234
Tax payable	256
Total current liabilities	4,090
Foreign currency reserve	40
Net assets derecognised	1,934
Loss on disposal of subsidiary	
Consideration received	2,000
Net assets derecognised	(1,934)
Non-controlling interests derecognised	522
Goodwill arising on consolidation	(1,020)
Loss on disposal of a subsidiary (Note 27)	(432)

29. Disposal of a subsidiary (cont'd)

	2018
	$'000
Net cash inflow arising on disposal:	
Cash consideration received	**2,000**
Consideration receivable from disposal (Note 7)	**(1,600)**
Cash and bank balances disposed of	**(12)**
	388

The impact of disposal of the Disposal Group on the Group's results and cash flows are disclosed in Note 27.

30. Significant related party transactions

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

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

	Group	
	2018	2017
	$'000	$'000
Associate		
Payment made on behalf of	**13**	15
Advance to	**46**	45
Fees payable/paid to a firm in which a director is an equity partner		
Professional fee		
- current year	**(89)**	(96)
- write-back of prior year's over accrual	**–**	51
Former subsidiary		
Part settlement of bank overdraft facility	**–**	(4)

31. Segment information

Management has determined that the Group's reportable segments are its business segments.

Business Segments

	Engineering services $'000	Oil and gas equipment $'000	Investments and others $'000	Elimination $'000	Continuing operations $'000	Discontinued operation $'000	Total $'000
For the financial year ended 31 December 2018							
Revenue							
External sales	19	6,715	–	(657)	6,077	9,330	15,407
Inter-segment sales	–	(657)	–	657	–	–	–
Total revenue	19	6,058	–	–	6,077	9,330	15,407
Results							
Segment results	(389)	270	(3,250)	(424)	(3,793)	450	(3,343)
Interest income	17	3	176	(159)	37	–	37
Interest expense	–	(3)	(176)	16	(163)	(138)	(301)
(Loss)/profit before income tax	(372)	270	(3,250)	(567)	(3,919)	312	(3,607)
Income tax	–	(119)	–	–	(119)	(119)	(238)
(Loss)/profit for the financial year	(372)	151	(3,250)	(567)	(4,038)	193	(3,845)
Other information							
Capital expenditure	–	36	4	–	40	1,034	1,074
Depreciation	–	23	36	–	59	196	255
Fair value loss of financial assets at fair value through profit or loss					13	–	13
Fair value gain on redeemable convertible bonds					(60)	–	(60)
Bad debt recovered					(24)	(84)	(108)
Issuance of Performance Shares					1,530	–	1,530
Write-off of redeemable convertible bonds expenses					520	–	520
					2,038	112	2,150

31. Segment information (cont'd)

Business Segments (cont'd)

	Engineering services $'000	Oil and gas equipment $'000	Investments and others $'000	Elimination $'000	Continuing operations $'000	Discontinued operation $'000	Total $'000
For the financial year ended 31 December 2018							
Assets							
Non-current assets	–	300	47	–	347	–	347
Other segment assets	877	3,443	7,408	(2,610)	9,118	–	9,118
Consolidated total assets					9,465	–	9,465
Liabilities							
Segment liabilities	550	1,996	1,441	(457)	3,530	–	3,530
Borrowings	–	77	1,477	–	1,554	–	1,554
Current income tax liabilities	–	115	–	–	115	–	115
Deferred tax liabilities	–	22	–	–	22	–	22
Consolidated total liabilities					5,221	–	5,221
For the financial year ended 31 December 2017							
Revenue							
External sales	17	8,793	–	(998)	7,812	7,572	15,384
Inter-segment sales	–	(998)	–	998	–	–	–
Total revenue	17	7,795	–	–	7,812	7,572	15,384
Results							
Segment results	(644)	(30)	(942)	67	(1,549)	770	(779)
Interest income	25	5	165	(190)	5	–	5
Interest expense	–	(4)	(331)	25	(310)	(35)	(345)
(Loss)/profit before income tax	(619)	(29)	(1,108)	(98)	(1,854)	735	(1,119)
Income tax	–	(55)	–	–	(55)	(150)	(205)
(Loss)/profit for the financial year	(619)	(84)	(1,108)	(98)	(1,909)	585	(1,324)

31. Segment information (cont'd)

Business Segments (cont'd)

	Engineering services $'000	Oil and gas equipment $'000	Investments and others $'000	Elimination $'000	Continuing operations $'000	Discontinued operation $'000	Total $'000
For the financial year ended 31 December 2017							
Other information							
Capital expenditure	–	15	77	–	92	475	567
Depreciation	–	24	63	–	87	135	222
Allowance for impairment of doubtful receivables					47	82	129
Fair value loss of financial assets at fair value through profit or loss					16	–	16
Fair value gain on redeemable convertible bonds					(67)	–	(67)
Impairment loss on available-for-sale financial assets					1	–	1
Impairment loss on other recoverable					150	–	150
					234	217	451
Assets							
Non-current assets	–	502	6,470	(5,585)	1,387	1,225	2,612
Other segment assets	1,067	3,283	3,424	(2,638)	5,136	5,105	10,241
Consolidated total assets					6,523	6,330	12,853
Liabilities							
Segment liabilities	368	2,027	1,712	(2,023)	2,084	1,537	3,621
Borrowings	–	85	3,778	–	3,863	430	4,293
Current income tax liabilities	–	28	–	–	28	208	236
Deferred tax liabilities	–	22	–	–	22	93	115
Consolidated total liabilities					5,997	2,268	8,265

31. Segment information (cont'd)

Geographical information

The following table shows the revenue, the carrying amounts of segment assets and additions to property, plant and equipment, analysed by geographical information:

	Revenue		Segment assets		Capital additions	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Continuing operations						
Singapore	**2,105**	3,796	**6,901**	4,947	**4**	77
Malaysia	**3,213**	3,739	**2,156**	1,544	**1**	12
Indonesia	**534**	277	**152**	32	**35**	3
Brunei	**225**	–	**256**	–	**–**	–
	6,077	7,812	**9,465**	6,523	**40**	92
Discontinued operation						
Malaysia	**9,330**	7,572	**–**	6,330	**1,034**	475
	15,407	15,384	**9,465**	12,853	**1,074**	567

Information about major customer

Revenue of approximately $1,597,000 (2017: $1,738,000) are derived from 2 (2017: 1) external customers who individually contributed 10% or more of the Group's revenue reported under continuing operations. The details are as follows:

	Attributable segments	**2018 $'000**	2017 $'000
Customer 1	Oil and gas equipment	**678**	–
Customer 2	Oil and gas equipment	**919**	1,738
		1,597	1,738

32. Financial instruments

Categories of financial instruments

Financial instruments at the end of the reporting period are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Financial assets at fair value through profit or loss	**105**	21	**104**	21
Available-for-sale financial assets - quoted equity securities listed on SGX-ST	**–**	1	**–**	–
Loans and receivables (including cash and cash equivalents)	**–**	8,808	**–**	4,095
Financial assets at amortised costs	**8,790**	–	**4,891**	–
	8,895	8,830	**4,995**	4,116
Financial liabilities, at amortised cost				
- Payables and borrowings	**3,445**	7,383	**2,508**	5,284
Derivatives liabilities conversion component on redeemable convertible bonds	**72**	132	**72**	132
	3,517	7,515	**2,580**	5,416

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 and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("**foreign currencies**") such as the United States Dollar ("**USD**"), Malaysian Ringgit ("**RM**") 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.

32. Financial instruments (cont'd)

Financial risk management (cont'd)

(a) Market risk (cont'd)

Foreign exchange risk (cont'd)

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	RM $'000	SGD $'000
Group			
2018			
Financial assets			
Cash and cash equivalents and fixed deposits	830	–	18
Trade and other receivables	1,210	–	2
	2,040	–	20
Financial liabilities			
Trade and other payables and borrowings	(307)	(8)	(273)
Net financial assets/(liabilities) and net currency exposure	**1,733**	**(8)**	**(253)**
2017			
Financial assets			
Cash and cash equivalents and fixed deposits	804	–	29
Trade and other receivables	1,155	34	–
	1,959	34	29
Financial liabilities			
Trade and other payables and borrowings	(549)	–	–
Net financial assets and net currency exposure	**1,410**	**34**	**29**

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.

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for foreign exchange risk is not disclosed as the effect on the loss after tax is considered not significant if the foreign currencies changes against the SGD by 5% (2017: 5%) with all other variables including tax rate being held constant.

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 statement of financial position as at 31 December 2018. These securities are listed on the Singapore Exchange. 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% (2017: 10%) with all other variables including tax being held constant, as the effect on profit or loss is considered not significant.

32. 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 term-loan from bank, loans from the holding company of a former corporate shareholder of a subsidiary, finance lease liabilities and redeemable convertible bonds are at fixed rates. The bank overdraft is at variable rate. 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 (2017: 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

32. Financial instruments (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 reporting period. 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.

32. Financial instruments (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 (2017: 1 debtors) that individually represented 11% and 16% (2017: 51%) of the trade receivables respectively.

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

As the Group and Company do not hold any collateral for trade and other receivables, except for the consideration due from disposal of a subsidiary as disclosed in Note 7, the maximum exposure to credit risk is the carrying amount of the respective class of financial instruments presented on the statement of financial position.

The credit loss for cash and cash equivalents and other receivables are immaterial as at 31 December 2018.

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

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.

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. The Group has recognised a loss allowance of 100% against all the trade receivables over 3 years past due because of the historical experience has indicated that these receivables are generally not recoverable. 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 2018, an allowance for impairment amounting to $772,000 was recognised for credit-impaired receivables as a result of occurrence of credit impairment events.

32. Financial instruments (cont'd)

(b) Credit risk (cont'd)

Other financial assets at amortised cost

Other financial assets at amortised costs include other receivables, loan to a former corporate shareholder of a subsidiary, other recoverable, amount due from an associate, loan to a former subsidiary, advances to former subsidiaries, consideration due from disposal of a subsidiary cash and cash equivalents and fixed deposits.

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

	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group				
Other receivables, security deposit and refundable deposit	12-month ECL	221	–	221
Amount due from a former subsidiary	12-month ECL	300	–	300
Loan to a former corporate shareholder of a subsidiary	12-month ECL	24	–	24
Other recoverable	Lifetime ECL -credit-impaired	150	(150)	–
Amount due from an associate	12-month ECL	28	–	28
Loan to a former subsidiary	12-month ECL	2,560	–	2,560
Advances to former subsidiaries	Lifetime ECL -credit-impaired	11,171	(11,171)	–
Consideration due from disposal of a subsidiary	Lifetime ECL	1,600	–	1,600
Cash and cash equivalents	N.A. Exposure Limited	2,067	–	2,067
Fixed deposits	N.A. Exposure Limited	274	–	274

32. Financial instruments (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:

	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Company				
Other receivables and security deposit	12-month ECL	26	–	26
Amount due from a former subsidiary	12-month ECL	300	–	300
Amount due from subsidiaries	12-month ECL	27	–	27
Advances to subsidiaries	12-month ECL	306	–	306
Other recoverable	Lifetime ECL -credit-impaired	150	(150)	–
Amount due from an associate	12-month ECL	18	–	18
Loan to a former subsidiary	12-month ECL	2,560	–	2,560
Advances to former subsidiaries	Lifetime ECL -credit-impaired	11,171	(11,171)	–
Consideration due from disposal of a subsidiary	Lifetime ECL	1,600	–	1,600
Cash and cash equivalents	N.A. Exposure Limited	54	–	54

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:

	Group		Company
	Loan to a third party (Note 6) $'000	Trade receivables (Note 6) $'000	Advances to subsidiaries (Note 7) $'000
Balance at 1 January 2018 under FRS 39 and SFRS(I) 9	274	1,197	5
Receivables written off as uncollectable	(274)	(425)	(5)
Balance at 31 December 2018	**–**	**772**	**–**

32. Financial instruments (cont'd)

(b) Credit risk (cont'd)

Previous accounting policy for impairment of financial assets

Financial assets that are either past due or impaired

An analysis of the age of trade and other receivables past due as at the end of the financial year but not impaired is as follows:

	Group
	2017
	$'000
Past due 1-30 days	349
Past due 31-60 days	216
Past due 61-90 days	98
More than 90 days	2,837
	3,500

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group
	2017
	$'000
Gross amount:	
Past due more than 90 days	1,311
Less: Allowance for impairment	(1,238)
	73

The movements in the allowance for impairment of doubtful trade receivables are as follows:

	Group
	2017
	$'000
At beginning of financial year	1,108
Translation differences	2
Charge during the financial year	129
Write-back of allowance	(1)
At end of financial year	1,238

Trade receivables that are individually determined to be impaired at the end of financial year relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

32. Financial instruments (cont'd)

(b) Credit risk (cont'd)

Previous accounting policy for impairment of financial assets (cont'd)

Financial assets that are either past due or impaired (cont'd)

The movement in the allowance for impairment of loan to a third party is as follows:

	Group
	2017
	$'000
At beginning and end of financial year	274

The movement in the allowance for impairment of other recoverable is as follows:

	Group
	2017
	$'000
At beginning of financial year	–
Charge during the financial year	150
At end of financial year	150

The movement in the allowance for impairment of advances to subsidiaries is as follows:

	Company
	2017
	$'000
At beginning and end of financial year	5

The movements in the allowance for impairment loss on advances to former subsidiaries are as follow:

	Group	**Company**
	2017	2017
	$'000	$'000
At beginning of financial year	11,175	11,175
Write-back during the financial year	(4)	(4)
At end of financial year	11,171	11,171

32. Financial instruments (cont'd)

(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 after considering the measures to preserve cash and secure additional financing 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	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Less than one year:				
Trade and other payables	**2,064**	3,091	**1,164**	1,505
Borrowings	**961**	4,162	**951**	4,066
	3,025	7,253	**2,115**	5,571
Between 2 to 5 years:				
Borrowings	**582**	295	**539**	–
More than 5 years:				
Borrowings	**27**	244	**–**	–
	3,634	7,792	**2,654**	5,571

(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 total debt divided by equity.

32. Financial instruments (cont'd)

(d) Capital management (cont'd)

The capital structure of the Group consists of net equity of the Group comprising share capital, other reserves, accumulated losses and borrowings, less derivative liability conversion component on RCBs. The Group's overall strategy remains unchanged from 2017.

	Group	
	2018	2017
	$'000	$'000
Borrowings (Note 16)	**1,554**	4,425
Less: Derivative liability conversion component on RCBs	**(72)**	(132)
	1,482	4,293
Net equity of the Group	**5,716**	8,468
Gearing ratio	**0.26**	0.51

As disclosed in Note 3.1, the Directors believe that the Group has adequate resources to continue its operations as a going concern and the Group will continue to be guided by prudent financial policies of which gearing is monitored.

The Group is in compliance with all externally imposed capital requirements for the respective financial years. The Company is not subject to externally imposed capital requirements for the respective financial years.

33. Fair value of assets and liabilities

(a) Fair value hierarchy

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

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

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

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

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

(a) Fair value hierarchy (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Group				
2018				
Financial assets				
Financial assets at fair value through profit or loss	**9**	**–**	**96**	**105**
Financial liabilities				
Derivative liability conversion component on redeemable convertible bonds	**–**	**–**	**72**	**72**
2017				
Financial assets				
Financial assets at fair value through profit or loss	16	–	5	21
Available-for-sale financial assets	1	–	–	1
Financial liabilities				
Derivative liability conversion component on redeemable convertible bonds	–	–	132	132

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Company				
2018				
Financial assets				
Financial assets at fair value through profit or loss	**8**	**–**	**96**	**104**
Financial liabilities				
Derivative liability conversion component on redeemable convertible bonds	**–**	**–**	**72**	**72**
2017				
Financial assets				
Financial assets at fair value through profit or loss	16	–	5	21
Financial liabilities				
Derivative liability conversion component on redeemable convertible bonds	–	–	132	132

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

(a) Fair value hierarchy (cont'd)

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 and adjusted for unobservable inputs.

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

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

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

34. Operating lease commitments

As lessee

At the end of the financial year, the commitments in respect of non-cancellable operating leases with terms from 1 to 4 years (2017: 1 to 2 years) for the rental of office premises and photocopying machines from non-related parties were as follows:

	Group		**Company**	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Not later than one financial year	**88**	164	**69**	118
Later than one financial year but not later than five financial years	**50**	115	**50**	112
	138	279	**119**	230

As lessor

Group

During the financial year ended 31 December 2017, the Group has entered into commercial leases on the rental of generators. These non-cancellable leases have tenures of 1 year and the leases include a clause to enable renewal of leases annually. Future minimum rental receivable under non-cancellable operating leases at the end of the financial year amounted to $409,000.

35. Other Matters

Matters with Commercial Affairs Department

As announced by the Company on 4 April 2015 and 29 April 2015, the Company and certain of its subsidiaries, P.J. Services Pte Ltd, Nu-Haven Incorporated and IPT (which was disposed during the financial year ended 31 December 2016), were served with notices to provide certain information and documents for the period from 1 January 2011 to 3 April 2015 to the Commercial Affairs Department (the "**CAD**") in relation to its investigations into an offence under the Securities and Futures Act (Cap. 289). Since then, the Company has been co-operating fully with CAD in its investigations. On 24 January 2019, the CAD confirmed to the Company's external auditor that certain persons were charged in the State Courts for offences under the Securities and Futures Act, the Penal Code and Companies Act and its investigations against persons who may have facilitated the offences are still on-going. The CAD has not provided the Company with any further details or updates of its investigations.

The Company subsidiary's former employee is assisting the CAD with its investigations.

The Company had been informed that two of the Company's current directors and three ex-directors had received notices from CAD to seek their assistance in the investigations as set forth in the Company's announcement dated 26 July 2018 and 1 March 2019.

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

36. Contingent liabilities

On 22 February 2019, the Company received a demand letter from the Company subsidiary's former employee represented by his solicitors for the sum of $416,784, made up of several items, being wages, medical and expenses claims and a payment for a non-compete undertaking claim arises out of his cessation of employment with the Company.

The Company has provided for the amount of $124,155 in accordance with a service agreement entered between the Company and its subsidiary's former employee. The Company has discussed with its solicitor and is of the view that no further provision is necessary.

37. Events after the financial year

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

a) The Company had on 15 February 2019 entered into a supplemental letter agreement with Ms. Chong Shin Mun, the purchaser of GPE to amend and supplement the conditional sale and purchase agreement that the due date for the payment of $600,000 ("**Third Tranche Consideration**") be extended for another four months from the original due date of 31 December 2018, up to 30 April 2019. The remaining balance to be received on or before 29 October 2019 (first anniversary of the completion date).

   In consideration of the extension set out above, the purchaser agrees to pay interest on the Third Tranche Consideration outstanding for the period beginning on the day following the original due date of 1 January 2019 and ending on the date the Company receives it, at a rate of 6% per annum, accruing on a daily basis. Interest accrued shall be immediately payable by the purchaser on demand by the Company.

b) On 28 February 2019, pursuant to the second supplemental agreement dated 24 December 2018 entered between the Company with Premier Equity Fund Sub Fund F and Value Capital Asset Management Private Limited, the Company has fully redeemed the unconverted RCBs amounting to $250,000 in full. In addition, the conversion and/or redemption of the balance outstanding RCBs amounting to $500,000 had also been extended to 31 March 2020.

37. Events after the financial year (cont'd)

c) On 27 March 2019, the Group received $60,000 from GPE being the scheduled payment specified under the loan restructuring agreement.

d) Pursuant to the option agreement dated 12 July 2016 (the "**Option Agreement**") in relation to, *inter alia*, the proposed new share issue and the option agreement, the Company had on 1 April 2019 received notice of the transfer of 500,000,000 Options (the "**Transferred Options**") by Mr Lim In Chong to Shamsol Jeffri Bin Zainal Abidin (the "**Transferee**").

On 1 April 2019, the Company received notice from the Transferee on his intention to exercise the Transferred Options for the total sum of $500,000. The Company will allot and issue to the Transferee 500,000,000 new shares for a total consideration of $500,000 on the terms and subject to the conditions set out in the Option Agreement and an agreement entered into between the Company and the Transferee dated 1 April 2019. The Transferee has paid a non-refundable deposit of $100,000 upon the execution of the Agreement.

38. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 8 April 2019.

STATISTICS OF SHAREHOLDINGS

As at 1 April 2019

Issue and fully paid-up share capital	:	$67,959,351
Number of issued Shares	:	16,174,767,048
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	4.32	110,799	0.00
1,001 - 10,000	504	13.97	3,740,592	0.02
10,001 - 1,000,000	2,554	70.77	521,758,310	3.23
1,000,001 and above	392	10.86	15,649,157,326	96.75
Total	3,609	100.00	16,174,767,048	100.00

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders as at 1 April 2019)

	Direct Interest		Deemed Interest	
	Number of Shares held	%	Number of Shares held	%
Lim In Chong	3,504,878,770	21.67	4,500,000,000[(2)]	21.77[(3)]
Sandra Liz Hon Ai Ling	1,092,619,845	6.76	–	–
Chong Shin Mun[(1)]	974,500,000	6.02	–	–

Notes:

(1) 460,500,000 shares are held by RHB Securities Singapore Pte. Ltd. as nominee of Chong Shin Mun.

(2) Pursuant to the Option Agreement dated 11 February 2016 and the grant of 5,000,000,000 transferable Share Options to Lim In Chong on 25 April 2017, and subsequent to the transfer of 500,000,000 Options to a third party transferee as announced on 1 April 2019, Lim In Chong is an option holder of up to an aggregate of 4,500,000,000 Share Options.

(3) The percentage of deemed interest is based on an enlarged share capital of the Company of 20,674,767,048 shares, assuming the exercise of all the 4,500,000,000 Options held by Lim In Chong.

STATISTICS OF SHAREHOLDINGS

As at 1 April 2019

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of Shares	%
1.	Lim In Chong	3,504,878,770	21.67
2.	Phillip Securities Pte Ltd	1,446,017,000	8.94
3.	RHB Securities Singapore Pte Ltd	1,145,198,000	7.08
4.	Sandra Liz Hon Ai Ling	1,092,619,845	6.76
5.	Citibank Nominees Singapore Pte Ltd	698,664,000	4.32
6.	DBS Vickers Securities (Singapore) Pte Ltd	619,558,191	3.83
7.	OCBC Securities Private Ltd	533,705,682	3.30
8.	Chong Shin Mun	514,000,000	3.18
9.	Ipco International Limited	500,000,000	3.09
10.	UOB Kay Hian Pte Ltd	388,125,000	2.40
11.	DBSN Services Pte Ltd	370,000,000	2.29
12.	CGS-CIMB Securities (Singapore) Pte Ltd	352,693,100	2.18
13.	Ong Siow Fong	309,000,000	1.91
14.	HSBC (Singapore) Nominees Pte Ltd	300,000,000	1.85
15.	DBS Nominees Pte Ltd	288,825,105	1.79
16.	Lim Sze Chia	248,578,900	1.54
17.	Raffles Nominees Pte Ltd	129,141,000	0.80
18.	Low Koon Min	100,000,000	0.62
19.	Wong Chin Yong	100,000,000	0.62
20.	Keith Tan Junjie	95,000,000	0.59
	Total	12,736,004,593	78.76

SHAREHOLDINGS HELD BY PUBLIC

Based on the information provided to the Company as at 1 April 2019, there were 10,165,720,497 Shares held in the hands of the public, representing 62.85% of the total number of issued Shares of the Company. Accordingly, Rule 723 of the Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of Annica Holdings Limited (the "**Company**") will be held at the Village Hotel Katong, Level 4 The Galangal, 25 Marine Parade, Singapore 449536 on Monday, 29 April 2019 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 2018, together with the Directors' Statement and Independent Auditors' Report. **[Resolution 1]**

2. To re-elect Mr. Adnan Bin Mansor who is retiring by rotation pursuant to Article 104 of the Company's articles of association (the "**Constitution**") and who, being eligible, offers himself for re-election as a Director.

   [See Explanatory Note (a)] **[Resolution 2(i)]**

3. To re-elect Mr. Lim In Chong who is retiring by rotation pursuant to Article 104 of the Constitution and who, being eligible, offers himself for re-election as a Director.

   [see Explanatory Note (b)] **[Resolution 2(ii)]**

4. To approve the payment of Directors' fees of $179,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears (31 December 2018: $116,000). **[Resolution 3(i)]**

5. To approve the payment of Director's fee of $11,250 payable to Mr. Lim In Chong for the financial year ended 31 December 2018.

   [see Explanatory Note (c)] **[Resolution 3(ii)]**

6. To re-appoint Baker Tilly TFW LLP as the Independent Auditor of the Company and to authorise the Directors to fix its remuneration. **[Resolution 4]**

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

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

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

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

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

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

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

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

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

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

(3) in exercising the authority conferred by this Resolution 5, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and

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

[See Explanatory Note (d)] **[Resolution 5]**

By Order of the Board

Allan Tan
Company Secretary
12 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) In relation to Ordinary Resolution 2(i), Mr. Adnan Bin Mansor will, upon re-election as a Director, remain as a Non-Executive Director and he is considered to be independent for the purposes of Rule 704(7) of the Catalist Rules. He will continue to serve as a member of the Remuneration Committee, a member of the Audit Committee and the Chairman of the Nominating Committee.

(b) In relation to Ordinary Resolution 2(ii), Mr. Lim In Chong will, upon re-election as a Director, remain as Non-Executive Director and will not be considered as an Independent Director.

(c) Mr. Lim In Chong was appointed Non-Executive Director in July 2018. A total of $11,250 in director's fee has been accrued but not paid out to Mr. Lim for the period from July 2018 to 31 December 2018. Shareholders are asked to approve the sum of $11,250 in director's fee to Mr. Lim.

(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 5, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

Notes on AGM:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at 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.

2. Pursuant to Section 181(1C) of the Companies Act, any member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

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

4. The duly executed instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not later than forty-eight (48) hours before the time set for the AGM.

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

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

Personal Data Privacy Terms:

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

ANNICA HOLDINGS LIMITED

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

IMPORTANT:

1. Relevant Intermediaries (as defined in Section 181 (6) of the Companies Act, Chapter 50 of Singapore) may appoint more than two (2) proxies to attend, speak and vote at the AGM.
2. For investors who have used their Central Provident Fund monies to buy Shares in the Company (the "**CPF 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.
3. CPF Investors are requested to contact their CPF Approved Nominees if they have any queries regarding their appointment as proxies.

PERSONAL DATA PRIVACY TERMS:

By By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2019.

PROXY FORM

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

of ____ (Address)

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

Name	Address	NRIC/ Passport Number	Proportion of shareholding (%)

*and/or

Name	Address	NRIC/ Passport Number	Proportion of shareholding (%)

or failing *him/them, the Chairman of the Annual General Meeting (the "**AGM**") as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the AGM to be convened on Monday, 29 April 2019 at 10.00 a.m. at the Village Hotel Katong, Level 4, 25 Marine Parade, Singapore 449536, and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/ they will on any other matter arising at the AGM and at any adjournment thereof.

Please indicate with a "√" in the space provided to exercise your vote "For" or "Against" the Resolutions as set out in the Notice of AGM dated 12 April 2019. Alternatively, please indicate the number of Shares as appropriate.

No.	Resolutions relating to:	FOR	AGAINST
As Ordinary Business			
1.	Adoption of the Company's audited financial statements for the financial year ended 31 December 2018 together with the he Directors' Statement and Independent Auditors' Report.		
2(i).	Re-election of Mr. Adnan Bin Mansor as a Director.		
2(ii).	Re-election of Mr. Lim In Chong as a Director.		
3(i).	Approval of Directors' fees of $179,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears.		
3(ii).	To approve payment of director's fee of $11,250 to Mr. Lim In Chong		
4.	Re-appoint Baker Tilly TFW LLP as the Independent Auditor and to authorise the Directors to fix its remuneration.		
As Special Business			
5.	Authority to allot and issue Shares and convertible securities		

Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM dated 12 April 2019 for the full purpose and intent of the Resolutions to be passed.

Dated this ________ day ________________ of 2019

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

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

*please delete as appropriate

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES: -

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at 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.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
4. A proxy need not be a member of the Company.
5. The duly executed instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not later than forty-eight (48) hours before the time set for the AGM.
6. Completion and return of the instrument appointing a proxy or proxies by a member shall not preclude him from attending and voting at the AGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

Affix Postage Stamp here

ANNICA HOLDINGS LIMITED

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

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.
10. CPF Investors who buy Shares in the Company may attend and cast their vote at the AGM in person. CPF Investors who are unable to attend the AGM but would like to vote, may inform CPF Approved Nominees to appoint Chairman of the AGM to act as their proxy, in which case, the CPF Investor shall be precluded from attending the AGM.

GENERAL:

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

ANNICA HOLDINGS LIMITED
(COMPANY REGISTRATION NO: 198304025N)

100 Beach Road
#17-01 Shaw Tower
Singapore 189702