Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Annica Holdings Limited

Stock code: 5AL

Meeting details:
Date: 29 April 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the financial review, the group recognised revenue of $10.9 million for FY2020, which was 20% higher than the revenue from the preceding year.

The primary business segments of Oil and Gas Equipment and Engineering Services contributed 93% and 7% of the revenue respectively. The group also has plans to develop in the renewable energy and green technology segment. In particular, the group entered into a framework agreement with a partner in June 2020 to collaborate on the development of large scale solar photovoltaic projects in the State of Perak.

(i) **PLIDCO®:** The group established PLIDCO® Authorised Refurbishment Services Centres in Brunei and Indonesia in February 2019 and July 2020 respectively to provide refurbishment services to its customers. **Can management elaborate further on the PLIDCO® operations, including the major customers and the main services/products offered? How is management growing the business? What is the total addressable market?**

(ii) **Solar H-2 Power System: For the benefit of new shareholders, can management help shareholders understand who developed and own the IP of the solar and hydrogen-based Power Module?** It would appear that the group first started the pilot project in 2017. **What is the group's expertise in this area? How long will it take the group to reach the commercialisation stage?**

(iii) **Large Scale Solar Photovoltaic: What are the opportunities envisaged by the group in the area of large scale solar photovoltaic farms?**

Q2. In the Report on the audit of the financial statements (pages 56 to 59), the independent auditor has included a qualified opinion in relation to the group's audited financial statements and company's statement of financial position and statement of changes in equity for the financial year ended 31 December 2020.

The bases for qualified opinion were:

- Consideration due from Ms Chong Shin Mun for disposal of a former subsidiary, GPE
- Loan to a former subsidiary (GPE) and amount due from a former subsidiary (GPE)

The independent auditor was unable to obtain sufficient appropriate audit evidence to satisfy themselves that no further allowance for impairment loss is required with respect to the remaining consideration receivable of $140,000. In addition, management has assessed that no allowance for impairment loss is required on the outstanding balances even though GPE defaulted on 3 instalment payments in FY2020. The independent auditor was unable to obtain sufficient appropriate audit evidence to satisfy themselves that no allowance for impairment loss is required with respect to the above receivables as the latest financial information of GPE is not available to the independent auditor.

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(i) **Can the board provide shareholders with an update on the financial status of the purchaser (Ms Chong Shin Mun)?**

(ii) **Who is leading the negotiation with the purchaser to recover the monies owned to the company?**

In addition, the independent auditor also highlighted a material uncertainty related to going concern with respect to the group's and the company's ability to continue as going concerns. As at 31 December 2020, the company's current liabilities exceeded its current assets by $152,000 (2019: $625,000).

(iii) **Has the board evaluated the options available to the company to strengthen the financial position?**

(iv) **How will the group be able to fund any new solar/major projects which are likely to be capital intensive?**

Q3. On 14 April 2021, the company announced that there are variances between the unaudited results (first announced by the company on 1 March 2021) and the audited financial statements for FY2020 after the finalisation of audit.

The announcement of variances came more than 6 weeks after the company first announced its unaudited results. There were 12 reclassifications and adjustments in the audited financial statements.

In fact, the company had to report variances between the unaudited and the audited full year financial statements for the past 5 financial years, i.e. for the financial years ended 31 December 20**20**, 31 December 20**19**, 31 December 20**18**, 31 December 20**17** and 31 December 20**16**.

For the FY2018 and FY2017 audited financial statements, there were more than 19 changes (including sub-bullets) following the finalisation of the audit and the explanatory notes for FY2017 took up almost two pages. It is clear that the company has not improved on its financial reporting.

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14 Apr 2021 11:38 PM	ANNICA HOLDINGS LIMITED	ANNICA HOLDINGS LIMITED	Financial Statements and Related Announcement::Auditor's Comments of Accounts	Financial Statements
14 Apr 2021 11:31 PM	ANNICA HOLDINGS LIMITED	ANNICA HOLDINGS LIMITED	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements
14 Apr 2020 12:49 AM	ANNICA HOLDINGS LIMITED	ANNICA HOLDINGS LIMITED	Financial Statements and Related Announcement::Auditor's Comments of Accounts	Financial Statements
14 Apr 2020 12:47 AM	ANNICA HOLDINGS LIMITED	ANNICA HOLDINGS LIMITED	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements
08 Apr 2019 11:49 PM	ANNICA HOLDINGS LIMITED	ANNICA HOLDINGS LIMITED	Financial Statements and Related Announcement::Auditor's Comments of Accounts	Financial Statements
08 Apr 2019 11:48 PM	ANNICA HOLDINGS LIMITED	ANNICA HOLDINGS LIMITED	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements
12 Apr 2018 12:04 AM	ANNICA HOLDINGS LIMITED	ANNICA HOLDINGS LIMITED	Financial Statements and Related Announcement::Auditor's Comments of Accounts	Financial Statements
12 Apr 2018 12:03 AM	ANNICA HOLDINGS LIMITED	ANNICA HOLDINGS LIMITED	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements
11 Apr 2017 09:38 PM	ANNICA HOLDINGS LIMITED	ANNICA HOLDINGS LIMITED	Financial Statements and Related Announcement::Auditor's Comments of Accounts	Financial Statements
11 Apr 2017 09:38 PM	ANNICA HOLDINGS LIMITED	ANNICA HOLDINGS LIMITED	Financial Statements and Related Announcement::Discrepancies between unaudited and audited accounts	Financial Statements

(Source: www.sgx.com)

(i) **How can shareholders get assurance from management that the financial statements are prepared in accordance with the relevant Act and financial reporting standards?**

(ii) **Has the audit committee (AC) evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements? Will the AC be looking to appoint a CFO for the group?**

(iii) **Is the company (and its officers) familiar with the Singapore Financial Reporting Standards (International) ("SFRS(I)")?**

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(iv) **Would the members of the AC help shareholders understand their personal recent and relevant accounting or related financial management expertise or experience that would make them appropriately qualified to discharge their responsibilities?**

(v) **Specifically, what was the level of involvement by the AC chairman and each of the AC members in the preparation of the financial statements?** The AC comprises Su Jun Ming (chairman), Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin and Adnan Bin Mansor.

(vi) **Can the AC update shareholders on the improvements made/to be made to the group's financial reporting systems and processes?**

(vii) **What guidance has the sponsor given to the company to improve on its financial reporting? Is the sponsor satisfied that the company has the human resources and the proper systems and controls in place to meet its financial reporting obligations?**

(viii) **Given the disclaimer of opinion and the material uncertainty related to going concern, has the board considered if it would be necessary to suspend the trading of the securities of the company on SGX-ST in the interest of maintaining a fair, orderly and transparent market?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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