

ANNICA HOLDINGS LIMITED

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

THE DISPOSAL OF 350,000 ISSUED AND PAID UP ORDINARY SHARES IN THE SHARE CAPITAL OF GPE POWER SYSTEMS (M) SDN. BHD. – REPAYMENT OF THIRD TRANCHE CONSIDERATION

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Annica Holdings Limited (the “**Company**”), refers to the announcements made on 26 July 2018, 29 October 2018, 15 January 2019, 15 February 2019, 2 May 2019 and 20 May 2019 in relation to the sale and purchase agreement dated 26 July 2018 (the “**Sale and Purchase Agreement**”) as amended and supplemented by a supplemental agreement dated 15 February 2019 (the “**Supplemental Agreement**”) entered into between the Company and Chong Shin Mun (the “**Purchaser**”) on the disposal by the Company of its entire shareholding interest of 350,000 ordinary shares in the share capital of GPE Power Systems (M) Sdn. Bhd. (“**GPE**”), representing 70.0% of the total number of issued shares in GPE (the “**Earlier Announcements**”).

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning ascribed to them in the Earlier Announcements.

2. SALE OF SHARES HELD BY THE PURCHASER IN THE COMPANY

In an announcement dated 20 May 2019, the Board informed the shareholders of the Company (the “**Shareholders**”) that the Purchaser had failed to meet the payment deadline of 16 May 2019 set under the Letter of Demand issued by the Company to the Purchaser on 2 May 2019 in relation to the Third Tranche Consideration. To date, the amount outstanding under the Third Tranche Consideration is S\$600,000 plus accrued interest of S\$14,893.13 up to 31 May 2019 (the “**Outstanding Amounts**”). For the avoidance of doubt, the Outstanding Amounts shall include further interest which shall continue to accrue up to the date when the Definitive Agreements (as defined below) have been executed.

Following discussions between the Company and the Purchaser, the Board wishes to update the Shareholders that the parties have entered into a legally binding and enforceable letter agreement on 31 May 2019 (the “**Letter Agreement**”) to outline the headline terms of certain transactions pursuant to which the parties shall in good faith put in place for the satisfaction of the Outstanding Amounts.

Under the terms of the Letter Agreement, the Purchaser shall grant certain rights of control and sale to the Company in respect of 697,330 shares of the Company (the “**Controlled Shares**”) held by the Purchaser and/or by RHB Securities Singapore Pte. Ltd. (“**RHB**”), as nominee of the Purchaser. The Purchaser shall thereafter enter into definitive agreements (the “**Definitive Agreements**”) with the Company and if necessary, RHB, to carry out the intent and effect of the Letter Agreement. The Definitive Agreements are to be entered into within 21 days of the date of the Letter Agreement, i.e. by 21 June 2019 (the “**Long-Stop Date**”).

The Company shall be granted the following rights following the entry by the Company and the Purchaser into the Definitive Agreements:

- (a) the Company will have complete control over the Controlled Shares and the Purchaser will have no access to the Controlled Shares. For the purpose of this sub-clause (a) “**complete control**” shall include but not be limited to a CDP charge over the Controlled Shares, and/or the delivery by the Purchaser to the Company of the Controlled Shares in scripted form, together with a signed but undated share transfer form and/or CDP form 4.2 (Request for Transfer of Securities) in respect of the Controlled Shares (and such other forms as shall be deemed necessary or desirable by the Company) in favour of the Company. For the avoidance of doubt, such control by the Company shall be subject to sub-clauses (b), (c) and (d) below and shall not be deemed to be an acquisition of the Controlled Shares by the Company;
- (b) the Purchaser shall not sell, transfer or otherwise dispose of (and instruct any nominees thereof, including without limitation RHB, to sell, transfer or otherwise dispose of) all the title and interest in, under and arising out of the Controlled Shares (in whole or part);
- (c) the Company shall be entitled to sell, transfer or otherwise dispose of (and instruct any nominees thereof, including without limitation RHB, to sell, transfer or otherwise dispose of) all the title and interest in, under and arising out of the Controlled Shares (in whole or part), upon such terms and generally in such manner as the Company may in its discretion think fit; and
- (d) all amounts paid to or received or recovered by the Company or any nominees, including without limitation RHB, in exercise of their rights under the Definitive Agreements shall be applied in or towards the discharge of the Outstanding Amounts and all costs and expenses (including legal fees on a full indemnity basis) incurred by the Company in connection with the exercise of its rights thereunder, with the excess, if any, being returned to the Purchaser.

Should the Company and the Purchaser fail to enter into any of the Definitive Agreements by the Long-Stop Date (i.e. 21 June 2019), the Company has the express option to terminate the Letter Agreement. In such circumstance, the Purchaser and the Company have agreed that the Company shall be entitled to enforce all of the Company’s rights against the Purchaser under the Share Charge and the Personal Guarantee without further reference to the Purchaser, and the Purchaser shall be liable to the Company for all costs and expenses thereby incurred on an indemnity basis. The Purchaser and the Company have further agreed that none of the foregoing shall prejudice the Company’s right to receive further accrued interest up to the date of full repayment of sums due and owing under the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement).

3. FURTHER ANNOUNCEMENTS

The Company will make further announcements as appropriate or when there are further developments on the same and/ or when the Definitive Agreements have been entered into.

By Order of the Board

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

31 May 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd.

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the statements or opinions made or reports contained in this announcement.

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