

ANNICA HOLDINGS LIMITED

(Company Registration No.: 198304025N)

(Incorporated in the Republic of Singapore)

SET-OFF OF THE LOAN FROM PREMIER EQUITY FUND SUB FUND F AGAINST ISSUANCE OF RCBs

1. INTRODUCTION

1.1 The board of directors (the “**Directors**” or the “**Board**”) of Annica Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), refers to the following announcements (the “**Previous Announcements**”):

- a. announcement dated 22 June 2015 in respect of, amongst others, the entry by the Company into a loan agreement (the “**Loan Agreement**”) with Premier Equity Fund Sub Fund F (the “**Subscriber and Lender**”) and Value Capital Asset Management Private Limited (the “**Manager**”) pursuant to which the Subscriber and Lender extended a term loan in the aggregate sum of one million six hundred thousand Singapore Dollars (S\$1,600,000) to the Company (the “**Loan**”) at an interest rate of fifteen per cent (15%) per annum; and
- b. announcement dated 31 July 2015 in respect of, amongst others, the entry by the Company into a subscription agreement with the Subscriber and Lender and the Manager (the “**Subscription Agreement**”) pursuant to which the Company agreed to issue and the Subscriber and Lender agreed to subscribe for two per cent (2.0%) redeemable convertible bonds due in 2018 in the aggregate principal amount of up to sixty million Singapore Dollars (S\$60,000,000) (the “**RCBs**”). The Company has announced yesterday that it has obtained approval of its shareholders in respect of the RCBs at an extraordinary general meeting convened on 29 December 2015.

Unless otherwise defined herein or the context otherwise requires, all terms used herein have the same meanings as defined in the Previous Announcements.

- 1.2 Pursuant to the terms of the Loan Agreement, the Loan is due and payable on 31 December 2015. As at the date of this announcement, accrued interest on the Loan is S\$98,795 and together with the principal amount of the Loan of S\$1,600,000, the total outstanding amount as at 30 December 2015 arising from the Loan Agreement is S\$1,698,795 (the “**Total Outstanding**”).
- 1.3 Under the Subscription Agreement, the RCBs are to be issued in registered form, in denominations of fifty thousand Singapore Dollars (S\$50,000) each and shall comprise four (4) separate tranches. The first tranche of the RCBs is of an aggregate principal amount of fifteen million Singapore Dollars (S\$15,000,000), comprising thirty (30) equal sub-tranches of five hundred thousand Singapore Dollars (S\$500,000) each (each a “**Sub-Tranche**”). While the first Sub-Tranche is due within five (5) Business Days from 29 December 2015 (being the date of the approval of the RCBs by the shareholders of the Company) at the discretion of the Subscriber and Lender, each subsequent Sub-Tranche is issuable at the option of the Subscriber and Lender.

- 1.4 The Company wishes to announce that the Company has today entered into a set-off and termination agreement with the Subscriber and Lender and the Manager (the “**Set-off and Termination Agreement**”) pursuant to which the Subscriber and Lender has agreed to exercise its right to call for the issuance of three (3) more Sub-Tranches along with the first Sub-Tranche (collectively the “**Relevant Sub-Tranches**”), upon issuance of which the Subscriber and Lender will hold RCBs in the aggregate principal amount of two million Singapore Dollars (S\$2,000,000) (the “**Relevant Subscription Price**”) and the parties have agreed to partially set-off the Relevant Subscription Price against the Total Outstanding pursuant to the terms of the Set-off and Termination Agreement.

2. SALIENT TERMS OF THE SET-OFF AND TERMINATION AGREEMENT

- 2.1 Pursuant to the terms of the Set-off and Termination Agreement:
- a. the Subscriber and Lender will exercise its rights under the Subscription Agreement to call for the Relevant Sub-Tranches for the Relevant Subscription Price; and
 - b. the Relevant Subscription Price will be satisfied as follows:
 - (i) the amount of S\$1,698,795 will be satisfied by setting-off against the Total Outstanding in full; and
 - (ii) the remaining S\$301,205 will be satisfied in cash by the Subscriber and Lender in accordance with the terms of the Subscription Agreement.
- 2.2 It is expected that the completion of the issuance of the Relevant Sub-Tranches will take place on 30 December 2015. Upon issuance of the Relevant Sub-Tranches, the Loan Agreement will be terminated and the Subscriber and Lender and the Manager will have no rights, claims or cause of action (whether actual or contingent and whether past, present or future, incurred or owing) against the Company under or in connection with the Loan Agreement.
- 2.3 Except as provided above, all other provisions of the Subscription Agreement shall apply to the RCBs, including the issuance procedure.

3. RATIONALE

- 3.1 The Directors are of the view that the Set-off and Termination Agreement is in the best interest of the Company as it will decrease the debt burden of the Company without the need for the Company to deplete its existing cash reserve. This is also consistent with the use of proceeds for the RCBs as announced on 31 July 2015 and as disclosed in the Company's circular dated 11 December 2015, whereby fifteen per cent (15%) net proceeds from the issuance of the first tranche of the RCBs is to be utilised for repayment of the Loan and interest.
- 3.2 The Directors also wish to highlight that under the Subscription Agreement, the Company is liable to pay a sum of one hundred thousand Singapore Dollars (S\$100,000) as arranger's fee to the Subscriber and Lender in respect of the Relevant Sub-Tranches. Under the Set-off and Termination Agreement, the Subscriber and Lender has also agreed to postpone the payment of the arranger's fee for the Relevant Sub-Tranches to such time as the Subscriber and Lender decides to subscribe to the next Sub-Tranche. This will assist the Company in preserving its cash reserve for other purposes.
- 3.3 The Directors wish to reiterate that taking into consideration the net proceeds from the issuance of the RCBs and the present facilities, the working capital of the Group is sufficient to meet its present requirements.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, none of the Directors or substantial shareholders of the Company has any interest (other than their respective shareholding in the Company), direct or indirect, in the transactions set out in this announcement or in the Subscriber and Lender or the Manager

5. DOCUMENTS FOR INSPECTION

Copies of the Subscription Agreement, the Loan Agreement and the Set-off and Termination Agreement may be inspected at the registered office of the Company in Singapore at 9 Temasek Boulevard #41-01, Suntec Tower 2, Singapore 038989 during normal business hours for a period of three (3) months from the date of this announcement.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the transactions set out in this announcement and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

7. CAUTION IN TRADING

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Edwin Sugiarto
Chairman and Executive Director
30 December 2015

*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. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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