

ANNICA HOLDINGS LIMITED

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

ANNOUNCEMENTS IN RELATION TO:

- (A) UPDATE ON RECEIPT OF NOTICE TO PROVIDE CASH COVER IN CONNECTION WITH GUARANTEE PROVIDED TO INDUSTRIAL POWER TECHNOLOGY PTE LTD; AND
 - (B) ENTRY INTO A LOAN AGREEMENT WITH LIONGOLD CORP LTD
-

The board of directors (the “**Board**”) of Annica Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), wishes to announce the following:

1. UPDATE ON RECEIPT OF NOTICE TO PROVIDE CASH COVER IN CONNECTION WITH GUARANTEE PROVIDED TO INDUSTRIAL POWER TECHNOLOGY PTE LTD

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

The Board refers to its previous announcements in relation to the SKB Project (as defined herein) dated 13 May 2015, 15 May 2015, 22 June 2015, 2 July 2015 and 14 August 2015 (collectively, the “**Previous Announcements**”).

The Company is a co-guarantor under two (2) corporate guarantees (the “**Guarantees**”) to The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) in favour of HSBC to secure banking facilities for S\$5,200,000 in aggregate (the “**HSBC Facilities**”) granted to the Company’s 60%-owned subsidiary, Industrial Power Technology Pte Ltd (“**Industrial Power**”). The Guarantees were jointly executed by a shareholder of Industrial Power, LionGold Corp Ltd (the “**Co-Guarantor**” or “**LionGold**”), the Company and Industrial Power.

The Guarantees were for two (2) performance securities issued in respect of the Engineering, Supply, Construction and Testing Project (the “**SKB Project**”) between Industrial Power, together with its 49%-owned associated company, Industrial Power (Thailand) Co., Ltd, and Songkhla Biomass Company Limited (“**Songkhla**”) as follows:

- (a) a Performance Bond (“**PB**”) for the sum of S\$2,600,000; and
- (b) an Advance Payment Bond (“**APB**”) for the sum of S\$2,600,000.

- 1.1 As announced by the Company on 22 June 2015, Songkhla made a claim under the PB of S\$2,600,000 (the “**PB Claim**”) through HSBC and an insurance company. The PB Claim together with interest accruing to the date of full and final payment has been settled as at the date of this announcement. Pursuant to the settlement of the PB Claim, the Company and the Co-Guarantor entered into a settlement of claim deed to share the PB Claim whereby the Company agreed to be liable for a sum of S\$1,600,000, which is equivalent to 61.5% of the PB Claim.
- 1.2 As announced by the Company on 14 August 2015, HSBC requested for a cash cover for the APB of S\$2,600,000. While the Company made effort to provide additional working capital to Industrial Power in order to enable Industrial Power to complete the SKB Project, Songkhla made a claim under the APB on the basis of a further delay in the completion of the SKB Project by Industrial Power and Industrial Power (Thailand) Co., Ltd. HSBC then paid the amount of S\$2,600,000 to Songkhla. After Industrial Power had settled S\$390,000 with HSBC, HSBC made a claim of the balance of S\$2,210,000 against the Co-Guarantor, the Company and Industrial Power, on the basis of the Guarantees (the “**APB Claim**”).
- 1.3 The Co-Guarantor, the Company and Industrial Power have agreed with HSBC on the settlement of the APB Claim and as of the date of this announcement, HSBC has been paid a sum of S\$1,560,000 towards the settlement of the APB Claim, with the remaining S\$650,000 to be paid by the Co-Guarantor on or before 15 November 2015.
- 1.4 On 22 October 2015, the Company and the Co-Guarantor entered into a settlement of claim deed (the “**APB Deed of Settlement**”) to share the APB Claim and the Company agreed to be liable for S\$1,359,150, which is equivalent to 61.5% of the APB Claim.

- 1.5 In connection with the aforesaid, the Co-Guarantor has from time to time commencing from 9 June 2015 provided the Company with loans to repay the Company's share of the PB Claim and APB Claim and for Industrial Power's working capital purposes. As at the date of this announcement, the Co-Guarantor has extended loans in the aggregate sum of S\$3,457,442.99 to the Company (the "**Disbursed Loans**").
- 1.6 In order to consolidate the terms and conditions of the Disbursed Loans and to avail further funds to the Company, the Company had on 22 October 2015 entered into a loan agreement with the Co-Guarantor, to govern the terms of an unsecured term loan facility of S\$3,557,442.99 in principal amount, of which S\$3,457,442.99 has been disbursed to the Company. Please refer to paragraph 2 of this announcement for further details on the loan agreement with the Co-Guarantor

2. ENTRY INTO A LOAN AGREEMENT WITH LIONGOLD CORP LTD

- 2.1 As stated in paragraph 1.6 above, the Company has entered into a loan agreement with LionGold (the "**Loan Agreement**") pursuant to which LionGold has agreed to grant to the Company an unsecured term loan facility of S\$3,557,442.99 in principal amount (the "**Facility**") on the terms and subject to the conditions of the Loan Agreement.

The Loan Agreement was entered into in order to:

- a) consolidate the terms and conditions of certain previous loans in principal sum of S\$3,457,442.99 extended from time to time by LionGold to the Company; and
- b) avail a facility in the aggregate principal amount of S\$100,000.00 from LionGold to the Company to fund the Company's share of any incidental cost, tax and any other expenses as may be required to be paid in respect of the APB Claim.

2.2 Principal Terms of the Loan Agreement

The principal terms of the Loan Agreement are summarised as follows:

Facility and Drawdown	:	S\$3,557,442.99 in principal amount to be disbursed as follows: <ol style="list-style-type: none">i) S\$3,457,442.99 being already disbursed prior to the Loan Agreement; andii) S\$100,000.00 to be drawn down on or before 30 November 2015.
Interest	:	The principal amount of the Facility outstanding from the time to time (the " LionGold Loan ") shall be subject to interest of 8.0% per annum and will be payable on the Maturity Date (as defined below).
Maturity Date	:	The LionGold Loan shall be due and payable on the date falling 36 months from the date of the Loan Agreement (the " Maturity Date ").
Repayment	:	The LionGold Loan shall be repaid in full, together with all accrued interest and other amounts due or owing by the Company in connection with the LionGold Loan, on the Maturity Date.
Conditions	:	The LionGold Loan is subject to the accuracy of the representations and warranties contained in the Loan Agreement.
Assignability	:	LionGold shall have the right assign to its rights, benefits or obligations under the Loan Agreement to any third party without the prior consent of the Company.

Events of Default : Upon the occurrence of an Event of Default (as defined below), LionGold may cancel all outstanding obligations of LionGold under the Loan Agreement and declare that the LionGold Loan become immediately due and payable on demand.

The events of default under the Loan Agreement are as follows (each, an “**Event of Default**”):

- i) The Company fails to pay any sum due of any principal or interest on the LionGold Loan under the Loan Agreement, whether at maturity, by acceleration or otherwise.
- ii) The Company fails to comply with any provision of the Loan Agreement, and where LionGold reasonably considers that such default is capable of remedy, such default is subsequently not remedied within 30 days of LionGold notifying the Company in writing of the default and the remedy required.
- iii) Any representation, warranty or statement made, repeated or deemed made by the Company, or pursuant to, the Loan Agreement is false or misleading in any material respect as of the time made or deemed made or furnished, which is not remedied within 30 days after LionGold has notified the Company in writing of the same.
- iv) The Company passes a resolution to dissolve, wind-up or liquidate itself.
- v) The Company stops or suspends payment of any of its debts, or is unable, or admits in writing its inability to pay its debts as they fall due.
- vi) The delisting of the Company’s shares on the Catalist of the SGX-ST or a suspension of trading for a period of 15 consecutive Market Days or more. “Market Day” means a day on which the SGX-ST is open for trading in securities.
- vii) Any action, proceedings, procedure or step is taken for:
 - a) the suspension of payments, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of the Company;
 - b) the composition, compromise, assignment or arrangement with any creditor of the Company; or
 - c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Company or any of its assets.
- viii) The Company ceases, or threatens to cease, to carry on all or a substantial part of its business.

2.3 **Rationale**

The Facility allows for the Company to meet its obligations under the Guarantees and for the working capital requirements of Industrial Power.

3. 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.

4. DOCUMENTS FOR INSPECTION

Copies of the APB Deed of Settlement and Loan 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.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Board 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 Board is not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

6. 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
22 October 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd ("**Sponsor**"), for compliance with the relevant rules of SGX-ST.*

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

*The contact person for the Sponsor is Mr Bernard Lui:
Telephone number: (65) 6389 3000
Email address: bernard.lui@stamfordlaw.com.sg*