

ANNICA HOLDINGS LIMITED

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

RESPONSES TO SGX-ST'S QUERIES IN RELATION TO THE DISPOSAL OF 350,000 ISSUED AND PAID UP ORDINARY SHARES IN THE SHARE CAPITAL OF GPE POWER SYSTEMS (M) SDN. BHD. – FOURTH TRANCHE CONSIDERATION

1. INTRODUCTION

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

- (a) The Company's announcement made on 26 July 2018 in relation to the conditional sale and purchase agreement (“**SPA**”) entered into between the Company and Chong Shin Mun (the “**Purchaser**”) on the proposed disposal (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; and
- (b) The Company's announcements made on 29 October 2018, 15 January 2019, 15 February 2019, 2 May 2019, 20 May 2019, 31 May 2019, 9 June 2019, 27 June 2019, 19 July 2019, 13 August 2019, 27 August 2019, 3 October 2019, 5 October 2019, 11 November 2019, 12 November 2019 and 15 December 2019; and
- (c) The Company's announcement made on 9 December 2019 in relation to, *inter alia*, the Second Supplemental Agreement which the Company has entered with the Purchaser to amend and supplement the SPA (the “**9 December Announcement**”),

(collectively, the “**Earlier Announcements**”).

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

The Board wishes to inform shareholders that the Company has received queries from the SGX-ST on 10 December 2019 in relation to, *inter alia*, the 9 December Announcement and is providing its responses to these queries in this announcement.

2. THE QUERIES

2.1 SGX-ST's Query 1:

We refer to the Company's responses to query 2(a) announced on SGXNet on 11 Nov 2019.

The Company responded that “The Company has already obtained preliminary advice from its legal counsel on its rights under the securities and has instructed legal counsel to draft letters of demand to both the Purchaser and the Guarantor, under which the Company will provide them with a 14-days payment deadline for the Fourth Tranche Consideration. If payment is not made by the deadline stipulated under the letters, the Company will commence enforcement of the Personal Guarantee and/or Share Charge, as the case may be.”

What is the Board and AC's consideration and basis for entering into a Second Supplemental Agreement to allow the Purchaser up to 4 February 2020 to propose a final settlement plan for acceptance by the Company, instead of the following:

- (a) *enforcing the Personal Guarantee and/or Share Charge at this point in time – as per the Company's responses announced on 11 Nov 2019, or*
- (b) *to require the Purchaser to make immediate payment by 4 February 2020.*

Company's Response:

The Board has considered and weighed the various options available, one of which is to enforce the Personal Guarantee and the Share Charge.

However, the Board has been in close discussion with the Purchaser and has been informed that the Purchaser is in the process of finalising the sale of certain assets, which would put her in the position to come up with a settlement plan for the Fourth Tranche Consideration.

The Board has also taken into consideration that although the Purchaser has defaulted in the payments in the past, she has, thus far, provided and performed her part in the settlement of the Third Tranche Consideration. As of the date hereof, the Company has sold 420,000,000 Controlled Shares and have recovered S\$420,000 (out of the total outstanding amount of the Third Tranche Consideration of S\$619,726). There is a balance of 277,330,000 Controlled Shares remaining.

The Board has therefore deliberated and had decided to grant the Purchaser's request for some time to conclude the transaction and to come up with a viable settlement plan, rather than seek enforcement on the Personal Guarantee and the Share Charge at this juncture. This is on the condition that 50,000,000 Further Controlled Shares are delivered to the Company for payment of the interest on the outstanding Fourth Tranche Consideration.

The Board wishes to emphasise that the grant of the extension shall not be construed as a waiver or limitation of the Company's rights under *inter alia*, the Second Supplemental Agreement, the SPA and the Security Documents, which remain expressly reserved.

2.2 SGX-ST's Query 2:

What is the aggregate percentage shareholding of all Controlled Shares and Further Controlled Shares held/to be held by the Company?

Company's Response:

Controlled Shares (for Third Tranche Consideration)

	Number of Shares	% *	S\$
Total Controlled Shares	697,330,000	4.18%	697,330
Controlled Shares sold	(420,000,000)	2.52%	(420,000)
Balance of Controlled Shares as at the date of this announcement	277,330,000	1.66%	277,330
Balance of Third Tranche Consideration (S\$)			199,726
Surplus of Controlled Shares over Third Tranche Consideration			77,604

Further Controlled Shares (for the interest of Fourth Tranche Consideration)

	Number of Shares	% *	S\$
Further Controlled Shares	50,000,000	0.30%	50,000

** Based on the total issued shares of 16,674,767,048 as of the date hereof.*

The Interest for the Fourth Tranche Consideration up to 4 February 2020 is approximately S\$16,000, which will be sufficiently covered by the Further Controlled Shares.

2.3 SGX-ST's Query 3:

Further, it is noted that the interest to be accrued between Original Due Date and the date of receipt of outstanding debt can potentially be added to the unpaid balance of the Fourth Tranche Consideration, which will continue to grow and accrue.

How material is the outstanding 4th tranche consideration with regards the current financials of the Company? Can the Board and AC please justify how the interests of the Company are safeguarded by the current plans?

Company's Response:

We would like to refer to our response to the SGX-ST's Query 2.2(c) (as announced on 11 November 2019):

"In the context of the Group's financials as disclosed in the Company's financial statements for the financial period ended 30 June 2019, the Fourth Tranche Consideration is 11.2% of the Group's total assets and 21.4% of the Group's net assets.

The Company targets to raise proceeds from the allotment and issuance of shares under an option agreement to Mr. Lim In Chong ("Mr Lim") and/or to his designated investors and/or nominees."

As mentioned in our response to Query 1 above, the Company will be paid interest on the Fourth Tranche Consideration by way of the sale of the Further Controlled Shares. In this regard, as announced by the Company on 15 December 2019, the Further Definitive Agreements have been entered into between the parties.

As for the principal amount of the outstanding balance consideration, if the Purchaser is unable to come up with a viable settlement plan by 4 February 2020, the Company can still enforce the Share Charge and the Personal Guarantee at that time.

In addition, as mentioned in our response to the SGX-ST's Query 2.2(b) (as announced on 11 November 2019), relevant soft securities (including the share transfer form pre-signed by the Chargor/Guarantor and the share certificates in relation to the 21,875 SBSB Shares) are currently in the possession of the Company. Further, the Share Charge in respect of the 21,875 SBSB Shares and the Power of Attorney have been duly stamped and registered with the High Court of Malaya respectively.

2.4 SGX-ST's Query 4:

What is the Company's plans with regards the Controlled Shares and Further Controlled Shares?

Company's Response:

The Company will continue to actively engage with various potential investors/stakeholders to monetise the Controlled Shares and Further Controlled Shares on a best efforts basis.

3. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that all or any of the abovementioned projects will be completed. The Company will make the necessary announcements when there are further developments on the above.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

16 December 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. It 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 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@morganlewis.com*