

ANNICA HOLDINGS LIMITED

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

RESPONSE TO SPONSOR'S QUERIES IN RELATION TO THE SUBSCRIPTION OF REDEEMABLE CONVERTIBLE NON-CUMULATIVE PREFERENCE SHARES IN HT ENERGY (S) SDN BHD

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**") of Annica Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the announcements dated 26 February 2019 and 26 March 2019 (the "**Prior Announcements**") in relation to the subscription of non-cumulative preference shares ("**RCNCPS**") in HT Energy (S) Sdn. Bhd. ("**HTES**").

All capitalised terms used and not defined herein shall have the same meanings given to them in the Prior Announcements.

1.2 Sponsor's Queries and Company's Responses

Following the appointment of Mr Adnan Bin Mansor, a non-executive and independent director of the Company, as a director of HTES (as announced by the Company on 26 June 2019), the Company assumed control over the financial and operating policies of HTES through the Company's control over HTES's board of directors.

The following queries regarding advances to HTES were raised by the Company's Sponsor:

(a) Sponsor's Query 1

Please explain the rationale as to why further funds / payments / contributions were made/given to HTES (aside from the RCNCPS).

Company's Response:

To reiterate, our investment into HTES is a commercial decision, which is in line with the Group's strategy to invest and acquire rights in projects in the Renewable Sector. The business arrangement has always been that initial start-up contributions to operating expenses would be made by the Group, premised on Mr Muhammad Hatta Bin Sukarni's ("**Hatta**") material or in-kind contribution, such as the provision of his time and introduction to contacts and projects. We also wish to emphasise that as at the end of 2018, the total outlay by the Group was only RM374,600 (representing RM290,000 by way of subscription in the RCNCPS and a further RM84,600 by way of advances to HTES). Hatta did not take a salary acting as the managing director of HTES and in fact paid for some of the expenses. Further, as explained before, the RCNCPS is convertible at the Company's discretion.

(b) Sponsor's Query 2

Please confirm whether such funds / payments / contributions were made/given pro-rata with the 51% Majority Shareholder, Muhammad Hatta Bin Sukarni, and, if not, please explain why.

Company's Response:

The operating expenses have not been contributed by Hatta pro-rata. As announced on 26 March 2019, an undertaking has been given by Hatta on 18 March 2019 to subscribe for his pro-rata share of ordinary shares in HTES in order to preserve the existing ordinary shareholding percentage in the event the Company decides to convert the RCNCPS into new ordinary shares.

The rationale for contributing to the operating expenses of HTES in cash by the Company is a commercial decision made by the Company, albeit via shareholder advances which was necessary to ensure the normal operations of HTES. As stated above, Hatta's contribution has been the bringing of contacts and opportunities to HTES. In connection to this, the Board also wishes to emphasise that through Hatta's efforts, the Group is able to work with the Sarawak State Health Department under the auspices of the Malaysian Ministry of Health for the Long Loyang Pilot Project. The Board believes that Hatta will be able to introduce future contracts and opportunities to the Company.

(c) Sponsor's Query 3

Will this arrangement of the Company unilaterally providing advances to HTES extend beyond the duration of the Pilot Project?

Company's Response:

To clarify, the Group has not unilaterally provided advances either in the past or will be in the future. All contributions or advances provided by the Group in the past has been premised on Hatta's in-kind contributions by way of bringing his contacts and opportunities to HTES.

The Group will continue to advance operating expenses required for HTES (as agreed between the Board and Hatta) up to the financial year ended 31 December 2020 but this is capped at RM150,000 (or approximately S\$50,000 per financial year). The Company's Board has to approve the budget presented by HTES' management/ board prior to the commencement of the financial year. The amounts advanced by the Group since 2017 to August 2019 is as follows:

FY2017 – RM45,150
FY2018 – RM39,450
FY2019 to August 2019 – RM40,000
Total to August 2019 – RM124,600

Translated to SGD, the total amount is approximately S\$41,500. To put this in perspective, the outlay for this project is 0.98% of the Group's net asset, 0.68% of its revenue and 5.32% of its net cash used based on the audited financial statements for the financial year ended 31 December 2018.

2. 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 projects will be completed. The Company will make the necessary announcements when there are further developments on the projects.

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

17 September 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.

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