

ANNICA HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198304025N)

RESPONSE TO SGX-ST'S QUERIES IN RELATION TO: (A) THE PILOT PROJECT; AND (B) THE DISPOSAL OF GPE AND THE PROPOSED DEFERMENT OF THE PAYMENT TIMELINE FOR THE THIRD TRANCHE CONSIDERATION

1. RESPONSE TO SGX-ST'S QUERY IN RELATION TO THE PILOT PROJECT

1.1 Introduction

The board of directors (the "**Board**") of Annica Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the announcements dated 5 June 2018, 24 September 2018 (the "**Prior Announcements**") in relation to the Pilot Project entered between the Company's associate company, HT Energy (S) Sdn. Bhd. ("**HTES**") and Sarawak State Health Department ("**SSHD**") under the Ministry of Health, Malaysia.

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

The Board wishes to update the shareholders on the progress of the Pilot Project, based on SGX-ST's query to the Company on 21 January 2019.

1.2 **SGX-ST's Query and Company's Response**

SGX-ST's Query

Please provide us with the timeline of milestones in respect of the Pilot Project as agreed between the Company and the Ministry of Health (of Malaysia) and indicate the status of the milestones (i.e. whether they are/have been met/achieved, postponed, pending, etc.).

Company's Response

The Project Team for the Pilot Project (the "**Project Team**") has conducted the Factory Acceptance Test ("**FAT**") for the Power Module on 23 October 2018. Based on the results of the FAT, additional time will be required by the Manufacturer of the Power Module to address certain technical issues. The Project Team has updated the Engineering Team of the SSHD (under the Ministry of Health, Malaysia) at a progress update meeting on 5 November 2018. The Project Team therefore revised the target roll out date of the Pilot Project to March – April 2019 to avoid the wet weather conditions at the Pilot Project site in the preceding months.

Following completion of the live run test in December 2018, the Project Team was informed that rectification of the electrolyser plate component is also required. The rectification is expected to take approximately 6 weeks and as such, the next FAT will be delayed to March 2019. Following

a successful FAT, the new timeline to implement and rollout the Pilot Project would be between April - May 2019.

SSHD has been updated on the new developments above. Appended with this announcement is the revised implementation and rollout timeline.

2. RESPONSE TO SGX-ST'S QUERIES IN RELATION TO THE DISPOSAL OF GPE AND THE PROPOSED DEFERMENT OF THE PAYMENT TIMELINE FOR THE THIRD TRANCHE CONSIDERATION

2.1 Introduction

The Board further refers to the following announcements:

- (a) the announcement made on 26 July 2018 in relation to the Company's entry into a conditional sale and purchase agreement 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 announcement made on 29 October 2018 in relation to the Completion of the Disposal and payment of the second tranche of the Consideration for the Disposal; and
- (c) the announcement made on 15 January 2019 in relation to the proposed deferment of payment timeline for the Third Tranche Consideration,

(collectively, the "**Prior GPE Announcements**").

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

The Board wishes to update the shareholders on the proposed deferment of the payment timeline for the Third Tranche Consideration, following SGX's queries to the Company on 21 January 2019.

2.2 SGX-ST's Queries and Company's Responses

(a) SGX-ST's Query 1

The disposal of GPE was completed on 29 Oct 2018 ("Completion Date"). First tranche payment of S\$200,000 and second tranche payment of S\$200,000 were received. What are the reasons for the proposed deferment of payment for the third tranche of S\$600,000?

Company's Response

Following the Company's communication with the Purchaser, the Company came to understand that due to a slowdown in activities of the Purchaser's major customer, the Purchaser is currently experiencing weaker revenues and cash flow than expected. As such, she was not able to meet her payment obligations for the Third Tranche Consideration by the due date.

Nevertheless, the Purchaser expects business orders to resume after Chinese New Year and her cash flow to normalise after March 2019. The Company is still in negotiations with the Purchaser on the conditions and timeline for such deferment.

(b) SGX-ST's Query 2

Fourth tranche consideration being S\$1,000,000 will be due on or before the 1st anniversary of the Completion Date. Potentially, are there recoverability issues and/or will the recovery date for this amount be delayed too?

Company's Response

The Company is mindful that the deferment could delay the payment of the Fourth Tranche Consideration. The Company is monitoring and will update the shareholders closer to the payment due date.

(c) SGX-ST's Query 3

It was provided for in the GPE disposal that as continuing security for the remaining payments, the Purchaser procured Tan Yock Chew ("Guarantor") to provide the Company with:

- (i) Share charge over 14.58% shareholding of Seri Beskaya Sdn Bhd ("SBSB") held by the Guarantor; and*
- (ii) Personal guarantee in favor of the Company.*

Subsequent to the revised timeline for the repayment of the 3rd tranche payment, at which point will the Company consider to enforce the security?

Company's Response

The Company is still in negotiations with the Purchaser on the conditions and timeline for the repayment. Once the parties have reached an agreement on the revised timeline, the Company will consider enforcing the security if the Purchaser is still unable to meet her revised payment obligation.

However, if the parties are still unable to come to an agreement on the conditions and revised timeline by 15 February 2019, the Company will consider enforcing the security at that time.

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 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

31 January 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. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**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 accuracy, completeness or correctness of any of the statements or opinions made or reports contained in this announcement.

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