

# ANNICA HOLDINGS LIMITED

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

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## 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

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### 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;
- (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 and 3 October 2019; and
- (c) The Company’s announcement made on 5 November 2019 in relation to, *inter alia*, the default by the Purchaser in meeting her payment obligation for the Fourth Tranche Consideration under the SPA (the “**5 November 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 6 November 2019 and 7 November 2019 in relation to *inter alia*, the 5 November Announcement and is providing its responses to these queries in this announcement.

### 2. THE QUERIES

#### 2.1 SGX-ST’s Query 1:

*It was announced on 19 Jul 2019 that the physical scripts for all 697,330,000 Controlled Shares have been delivered to the Company. The Controlled Shares to the Company with an aggregate value of S\$697,330 will allow the Company to recover the Third Tranche Consideration (with interest) upon the sale of the Controlled Shares. Is the sale of these shares completed? As of now, is payment for Third Tranche recovered in full, with interest?*

**Company's Response:**

As of the date hereof, we have sold 320,000,000 Controlled Shares and have recovered S\$320,000 (out of the total outstanding amount of S\$619,726). There is an outstanding 377,330,000 Controlled Shares.

As such, an amount of S\$299,726 from the Third Tranche Consideration (including interest) is still outstanding. The company is in various discussions to sell the outstanding Controlled Shares and will make the necessary announcement to update the shareholders on any material development.

**2.2 SGX-ST's Query 2:**

*In the responses to SGX RegCo's queries announced on 9 Jun 2019, it was stated that "the AC is of the view that the Fourth Tranche Consideration is also adequately secured by the other securities pledged by the Guarantor", and that the Company had received securities in the form of (1) 21,875 SBSB Shares held in escrow and a power of attorney in relation to the SBSB Shares ("Share Charge"), and (2) Personal Guarantee from the Guarantor by way of a Guarantee and Indemnity Agreement dated 3 Oct 2018, and that "In the event that the Purchaser fails to make payment of the Fourth Tranche Consideration on the due date as set out under the SPA, the Company will enforce the securities provided by the Guarantor at that time.":*

**(a) SGX-ST's Query 2 (a)**

*How long does the Company envisage it will take to seek legal advice on the enforcement of the Personal Guarantee and the Share Charge over 21,875 SBSB Shares held by the Guarantor? When will the Company make the decision?*

**Company's Response:**

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.

**(b) SGX-ST's Query 2 (b)**

*Does the Company envisage any issues enforcing the Personal Guarantee and the Share Charge? Are these securities perfected?*

**Company's Response:**

The Company does not at present envisage any issues in the enforcement of the securities. If the Guarantor refuses or is unable to pay the amount outstanding, the Company will initiate legal action against the Guarantor and apply for an execution order against the assets of the Guarantor to recover the amount outstanding under the SPA and/ or enforce on the Share Charge.

In relation to the Share Charge, relevant soft securities (including the share transfer form pre-signed by the Chargor and the share certificates in relation to the 21,875 SBSB Shares) are currently in the possession of the Company. Further, the Share Charge and the Power of Attorney have been duly stamped and registered with the High Court of Malaya respectively.

**(c) SGX-ST's Query 2 (c)**

*How material is the outstanding Fourth Tranche Consideration vis-à-vis the financials of the Company?*

**Company's Response:**

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.

**(d) SGX-ST's Query 2 (d)**

*What is the status of the negotiation with Purchaser? On the delay in receipt of the Fourth Tranche Consideration, will there be any interest levied upon this amount?*

**Company's Response:**

The Company is in the midst negotiating with the Purchaser, but there are no firm terms of settlement reached between the Company and the Purchaser to date. There is no interest levied on late payment under the SPA. However, the Company will only consider or accept a settlement or deferred payment plan proposed by the Purchaser if default interest is levied as a consideration for the settlement or deferment under a settlement agreement.

**(e) SGX-ST's Query 2 (e)**

*Given that the Company received a Qualified Opinion for its FY2018 annual report as a result of the outstanding amounts due from the Purchaser and the existence of material uncertainty related to going concern of the Company, please provide the Board of Directors' assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment.*

**Company's Response:**

The review of the cash flow forecasts of the Group and of the Company for the financial year ending 31 December 2019 showed that the Group and the Company have adequate resources and will be able to generate sufficient cash flows in the next 12 months to meet their financial obligations as and when they fall due taking into consideration:

- (1) improvement in the general operating environment for the Group activities by its operating subsidiaries and associated companies, which are expected to generate positive cash flows for the Group and the Company;
- (2) the Group's business segments in the renewable sector which are expected to register their maiden contributions. The Company expects the maiden contribution from the renewable sector to commence upon the completion of the Pilot Project at the Long Loyang Clinic in April to June 2020 ("Q2 2020") which had experienced some delays in the rollout. Meanwhile, the Group is also concurrently in the process of negotiating several other private energy storage projects for off-grid communities in Malaysia targeted for year 2020. The Company shall keep shareholders informed on any material developments on this front; and
- (3) Under the option agreement between Mr. Lim and the Company dated 11 February 2016, there is an outstanding amount of unexercised options equivalent to S\$4.5m upon full exercise on or before the expiry date of 24 April 2020. Mr Lim has demonstrated his financial commitment to the Company in the past through his role in the debt conversion exercise which had significantly improved the financial position of the Company. Owing to his continuing interest in the Company, he is cognizant of the Company's requirements and has assured the Company that he and/or his designated nominees would continue to provide the requisite funding for the Company's current projects through the exercise the said options on or before the expiry date.

In view of the above, the Board confirms that that the Group has sufficient working capital to meet its present requirements for the next 12 months and is able to continue operating as a going concern.

**(f) SGX-ST's Query 2 (f)**

*Please provide the Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3), and basis for such opinion.*

**Company's Response:**

In view that there is no going concern issue, the Board is of the view that suspension of the Company's shares is not necessary.

**(g) SGX-ST's Query 2 (g)**

*Please provide the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.*

**Company's Response:**

Yes, the Board of Directors is of the view that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner. The Company will make further announcements when there are significant updates to this matter.

### 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

11 November 2019

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*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](mailto:bernard.lui@morganlewis.com)*