

ANNICA HOLDINGS LIMITED

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

FRAMEWORK AGREEMENT WITH MAJUPERAK ENERGY RESOURCES SDN. BHD. FOR 'LARGE SCALE SOLAR PHOTOVOLTAIC' PROJECTS

1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Annica Holdings Limited (the "**Company**") is pleased to announce that following its announcement on 18 June 2019, its wholly-owned subsidiary, Cahya Suria Energy Sdn. Bhd ("**CSE**") has on 3 June 2020 entered into a Framework Agreement (the "**Framework Agreement**") with Majuperak Energy Resources Sdn. Bhd. ("**MERSB**"), and collectively with the Company, the "**Parties**") to collaborate on the development of 'Large Scale Solar Photovoltaic' Projects ("**LSS Projects**") in the State of Perak.

2. INFORMATION ON CSE, MAJUPERAK AND THE PKNP GROUP

2.1 CSE

CSE is a wholly-owned subsidiary of the Company which carries on the business of renewable energy in Malaysia through its 51% subsidiary, Renosun International Sdn. Bhd., and its 49% subsidiary, HT Energy (S) Sdn. Bhd.

2.2 MERSB and the Perbadanan Kemajuan Negeri Perak group of companies

MERSB is a limited liability company involved in the energy business sector in the state of Perak, Malaysia. It is a wholly-owned subsidiary of Majuperak Holdings Bhd ("**MHB**") and forms part of the Perbadanan Kemajuan Negeri Perak ("**PKNP**") group of companies (the "**PKNP Group**").

PKNP is a statutory body incorporated under the Perak State Development Corporation Enactment 1967 entrusted to spearhead the economic development and socio-economic growth in the State of Perak. Its core business areas include property development, ports & logistics operations and hospitality & tourism.

MHB is an investment holding company listed on the Main Board of Bursa Malaysia and plays a leading role in property development focusing on the housing sector and realty business within the bigger PKNP Group. MHB also owns and operates a solar farm through MERSB located in Keramat Pulai, Simpang Pulai, Perak, under the Feed In Tariff Renewable Energy Act 2011. MERSB is currently identifying suitable sites for large scale solar photovoltaic plants within the Perak state to establish a stronger foothold in the energy sector.

To the best of the Board's knowledge, MERSB, MHB, the PKNP Group, and their respective directors and substantial shareholders are not related to the Directors or substantial shareholders of the Company or their respective associates.

3. THE FRAMEWORK AGREEMENT

3.1 Purpose of the Framework Agreement

The purpose of the Framework Agreement is for the Parties to cooperate in good faith in the development, financing, construction, operation and ownership of large scale solar photovoltaic plants (the “**LSS Plants**”) at certain identified project sites in the state of Perak, Malaysia (the “**Project Sites**”), and to bring these plants into commercial operation.

Pursuant to the Framework Agreement, MERSB shall *inter alia*:

- (i) use its best endeavour to obtain and procure the approval of the registered owners of the Project Sites (hereinafter referred to as the “**Project Site Owners**”) for the site control and right to use of the Project Sites in favour of the JVC (as defined below) for implementation of the LSS Projects and shall ensure the Project Sites shall be free from any encumbrances and ready to commence the LSS Project by the target dates subject to relevant authority approvals;
- (ii) manage local relationships with city, county and local government/political officials;
- (iii) support CSE’s efforts to secure construction and long term project financing for the LSS Projects; and
- (iv) support the JVC’s applications for all approvals, licences, clearances and permits as necessary or desirable for development, financing, construction, operation and ownership of each LSS Plant.

CSE shall, *inter alia*. provide, or procure the JVC to engage firms or independent contractors to provide:

- (i) engineering, procurement and construction services (“**EPC**”) services to build the LSS Plants at the Project Sites;
- (ii) engineering, surveying, environmental assessment, accounting, and similar services necessary or desirable to support the LSS Project development; and
- (iii) services in respect of the operation and maintenance of the LSS Plants.

CSE shall also:

- (i) oversee the construction, development and operations of the LSS Plants;
- (ii) procure long term project financing for the LSS Projects (as further detailed in paragraph 3.3 of this announcement); and
- (iii) jointly conduct with MERSB inspection and evaluation on the Project Sites in order to ensure the LSS Project’s viability.

Further, pursuant to the Framework Agreement, the Parties also undertake to use reasonable endeavours to jointly promote and develop the LSS Projects to the best advantage of the JVC, including without limitation:

- (i) to negotiate and enter into a solar power purchase agreement (the “**SPPA**”) with Tenaga Nasional Berhad (“**TNB**”), the sole electric utility company in Peninsular Malaysia, pertaining to the supply of electrical energy produced by the LSS Plants to TNB; and
- (ii) to secure all legal and regulatory requirements such as approvals, licences, clearances and permits and maintaining all such approvals, licences, clearances and permits in full force and effect during the SPPA period, including any such requirements during the construction period.

The Parties shall work together effectively to manage and limit development expenses associated with the LSS Projects. The development budget in respect of the LSS Projects shall be reviewed and agreed upon before any project and site development efforts commence, and progress against such budget will be tracked and reported on a weekly basis to each of the Parties.

3.2 Commencement of the Framework Agreement

The commencement of the Framework Agreement is conditional on the satisfaction or waiver (by both Parties), as the case may be, of the conditions precedent (the “**Conditions**”) as set out therein within twelve (12) months from the date of the Framework Agreement (or such date as mutually agreed between the Parties) (the “**Expiry Date**”), including *inter alia*:

- (i) the Parties having successfully secured no less than 100MW capacity (on the computation basis of 3 acres per MW) from the Perak State Government and the PKNP Group for the development of the LSS Projects;
- (ii) the approval of the board of directors or shareholders of CSE and MERSB being obtained for the LSS Projects, if necessary; and
- (iii) the grant of the Project Sites for use by the Project Site Owners on such terms and subject to such conditions acceptable to the Parties,

failing which the Framework Agreement will be deemed terminated with immediate effect and the Parties shall have no claim whatsoever against each other in connection (directly or indirectly) with the Framework Agreement and the matters contemplated therein save and except in respect of any antecedent breach.

The Framework Agreement shall commence on the date of satisfaction or waiver (by both Parties) of all of the Conditions set out in the Framework Agreement (the “**Effective Date**”) and shall continue in full force and effect until the first of occur of the following:

- (i) when one (1) Party no longer holds any shares in the JVC(s);
- (ii) when a resolution is passed by shareholders or creditors, or an order is made by a Court or other competent body or person instituting a process that shall lead to the Party being

wound up and its assets being distributed among the Party's creditors, shareholders or other contributors;

- (iii) the incorporation of the JVC and the execution of the Shareholders Agreement (as defined in paragraph 3.3 of this announcement), which shall override and supersede this Agreement, if mutually agreed between the Parties in writing;
- (iv) upon the occurrence of an event of default and a notice of termination is issued under the terms therein;
- (v) non-fulfilment of any Conditions by the Expiry Date; or
- (vi) the Parties mutually agree in writing to terminate the Framework Agreement for whatsoever reason.

Either Party may also terminate the Framework Agreement by written notice to the other Party if the first LSS Project fails to commence construction within two (2) years from the date of the Framework Agreement.

In the event the Framework Agreement is terminated due to MERSB ceasing to hold shares in any of the JVC(s), MERSB shall use its best endeavour continue in assisting to procure the Project Site Owners in granting the JVC(s) the right to use all of the Project Sites on the same terms for the duration of the SPPA after the termination, subject to the execution of the SPPA.

Each Party shall bear its own direct and indirect costs and expenses, including internal costs and expenses, incurred in connection with the LSS Projects and the performance of such Party's obligations under the Framework Agreement.

3.3 JVC, Financing for the JVC and Shareholders Agreement

3.3.1 Formation of the JVC

The Parties further agree to incorporate one or more newly formed local companies in Malaysia for the purposes of collaboration on the LSS Projects (each a "**JVC**"), which shall, subject to the terms of the Framework Agreement, be owned by MERSB and CSE in the shareholding proportion of 51% : 49% respectively. The board of the JVC shall consist of two (2) directors nominated by CSE and two (2) directors nominated by MERSB.

The JVC shall own and control all development assets, including all development rights, permits, easements, conveyances, leases, contracts and bids, associated with the LSS Projects.

3.3.2 Financing for the JVC

Under the Framework Agreement, the Parties agree that:

- (i) the JVC shall be financed from capital contributions by both Parties ("**Capital Contributions**") and external funding sources on terms to be agreed between the board of the JVC, the Parties and any relevant third parties;
- (ii) any security required in relation to such external funding shall, if possible, be provided by the JVC;

- (iii) CSE shall use reasonable commercial efforts to arrange and/or structure third party long term project financing, term debt, equipment financing, construction financing or other financing for the LSS Projects with such other banks, funds or financial institutions as CSE deems fit (the “**Debt Financing**”);
- (iv) any funding requirements not covered by the Debt Financing shall be contributed by each Party by way of Capital Contributions on a pro-rated basis in accordance with their respective shareholding proportions;
- (v) MERSB shall be entitled to satisfy its share of the Capital Contribution (in whole or in part) through a contribution-in-kind of the Project Sites by MERSB, with such contribution at an identified and agreed value recorded in the books and records of the JVC; and
- (vi) if a Party does not contribute such Party’s entire proportionate share of any Capital Contribution within the applicable time and in the manner specified in the Shareholders Agreement (as defined below) (a “**Non-Contributing Party**”), the Party which has contributed its share in full (the “**Contributing Party**”) shall be entitled to contribute the shortfall on behalf of the Non-Contributing Party. Upon contribution of the shortfall in Capital Contribution by the Contributing Party, each Party respective shareholding interests in the JVC will be adjusted to reflect the relative total Capital Contributions of the Parties.

3.3.3 Shareholders’ Agreement

As the LSS Projects progress, the Parties agree to work together in good faith to guide their working relationship under this Agreement and to develop fair and appropriate governance structures and policies for the JVC, which shall include the entering into of a shareholders agreement in relation to the JVC (the “**Shareholders’ Agreement**”), which shall override and supersede the Framework Agreement, if mutually agreed between the Parties in writing.

3.4 **Non-competition**

CSE undertakes that during the subsistence of the Framework Agreement, it shall not either alone or jointly with other parties, directly or indirectly solicit, negotiate, enter into, collaborate, or execute any agreement or enter into any commercial relationship, transaction or agreement for any activity which it ought reasonably to know that it conflict or competes with the business conducted by MERSB or the business conducted by the JVC as envisaged under the Framework Agreement in the State of Perak, Malaysia.

4. **RATIONALE FOR THE FRAMEWORK AGREEMENT**

The Board is of the firm view that that the collaboration between the Parties under the Framework Agreement is in line with the Group’s plan to expand its business into the renewable energy sector and demonstrates the Group’s commitment to move towards being a developer and operator of renewable energy projects. In addition, by leveraging on the strong network, experience and expertise of MERSB and the bigger PKNP Group, the Group’s entry into the Framework Agreement provides a strategic platform for the Group to execute its expansion plans in the region.

5. FINANCIAL IMPACT

The Framework Agreement is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 December 2020.

6. INTERESTS OF DIRECTORS OR CONTROLLING SHAREHOLDERS

None of the directors or the controlling shareholders of the Company has any direct or indirect interest in the Framework Agreement save through their shareholding interests in the Company.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors 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 Framework Agreement and the Directors are 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 Directors 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.

8. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in trading the shares of the Company as there is no certainty or assurance as at the date of this announcement that the conditions precedent will be satisfied or if the collaboration will materialise. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

9. FURTHER ANNOUNCEMENTS

The Company will make the relevant update announcements in compliance with the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist to inform its shareholders of any updates or developments of the matters above.

By Order of the Board

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

3 June 2020

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the

"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.

Tel: 6389 3000 Email: bernard.lui@morganlewis.com