

ANNICA HOLDINGS LIMITED

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

TERM SHEET BETWEEN HT ENERGY (S) SDN BHD AND H2U POWER TECH PTY LTD

1. INTRODUCTION

1.1 Background

The board of directors (the "**Board**" or "**Directors**") of Annica Holdings Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") is pleased to announce that HT Energy (S) Sdn Bhd ("**HTES**" or the "**Licensor**"), a wholly-owned subsidiary of the Company had, on 8 March 2021, entered into a binding term sheet (the "**Term Sheet**") with H2U Power Tech Pty Ltd (the "**H2UP**" or "**Licensee**"). The key terms of the Term Sheet are set out in paragraph 2 of this announcement.

1.2 Grant of Licence

Pursuant to the Term Sheet, HTES has agreed to grant the Licensee a perpetual (subject to termination for breach), sole, non-sublicensable license (the "**Licence**") under the Licensed Know-how to assemble, install, distribute, market and sell the Solar H-2 Power System (the "**SH2PS**") worldwide, save for certain excluded territories which include South East Asia (including Malaysia), Africa and selected Middle East countries including The United Arab Emirates, Saudi Arabia, Iran and Qatar.

The "**Licensed Know-how**" under the Term Sheet refers to all intellectual property rights, including but not limited to, information, materials, processes and know-how, patentable or otherwise, that relate to the SH2PS, that are immediately prior to the date of the Term Sheet, owned or controlled by the Licensor.

1.3 The Licensee

H2UP is a special purpose vehicle incorporated in Australia for the purposes of acquiring, developing and commercialising green hydrogen technologies for the global market. H2UP's shareholders are investment groups based in Australia, and H2UP intends to list on the Australian Securities Exchange ("**ASX**") in 2021. H2UP's sole director, Mr. Peter Bird, is an experienced investment banker and corporate advisor who has had years of experience working with ASX listed and private companies with respect to a range of corporate transactions including initial public offerings, reverse takeovers and capital raisings.

As at the date of this announcement, each of H2UP and its shareholders (a) do not hold any shares in the Company; and (b) are not related to any of the Directors, substantial shareholders of the Company, or their respective associates. There is also no connection (including business relationship) between H2UP and its shareholders and the Directors or substantial shareholders of the Company.

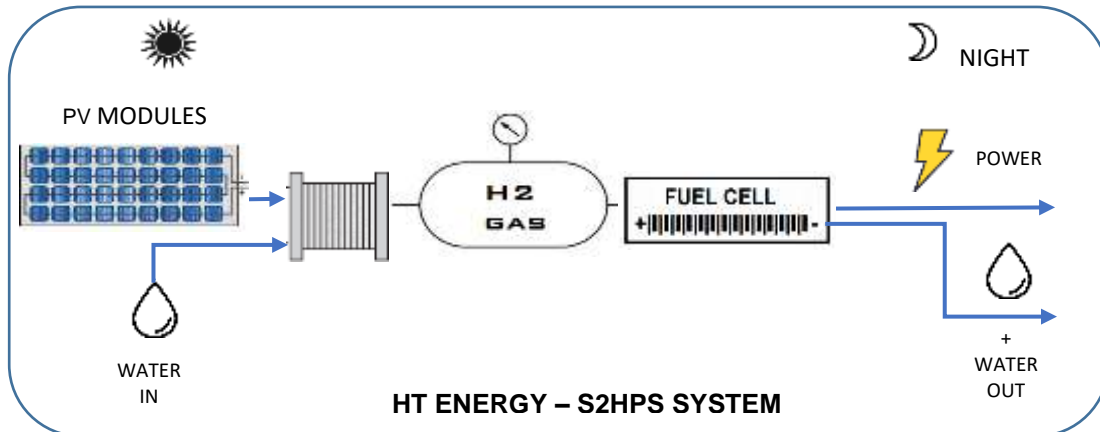
The information on H2UP in this section was provided by H2UP. In respect of such information, neither the Company nor any of its Directors has independently verified the accuracy or correctness of the same and the responsibility of the Company and the Board is limited to ensuring that such information has been properly extracted and reproduced herein in the context that the information is being disclosed in this announcement.

1.4 The SH2PS

The SH2PS is a proprietary modular hydrogen energy system that uses solar energy to power an electrolyser to produce Hydrogen ("**H₂**") from water, which is stored to be later converted back to electricity in a fuel cell. The primary application of SH2PS is in rural electrification, providing reliable and green energy to, *inter alia*, health facilities, schools, settlements, farms and mines that are located in remote or rural areas and are not connected to the electrical grid. According to the International Energy Agency, as at 2017, there were over 1 billion people without access to energy. By 2030, the number of people without access to energy is forecasted to be reduced by approximately 36% or by 390 million people, but there would still be 674 million people who would

not have access to electricity and will be requiring off-grid solutions such as the SH2PS.¹ In 2020, the Company won in the Energy category of Singapore Business Review's Listed Companies Awards 2020 (which recognises innovative projects and best practices with significant business impact) for the development of the SH2PS. Please refer to the Company's announcement on 13 August 2020 for further information. In addition, the SH2PS was recognized in the Best Practices for Electrifying Rural Health Care Facilities with Decentralised Renewables 2020 report prepared by Alliance for Rural Electrification.²

The diagram below illustrates the processes of SH2PS.



(i) DAY TIME

- Photo-voltaic (PV) modules generate direct current (DC) power which is fed into an electrolyser.
- The electrolyser splits water into Hydrogen (H₂) gas and Oxygen (O₂) gas, via polymer electrolyte membrane (PEM) electrolysis.
- Hydrogen gas produced is stored in a pressurized gas tank.

(ii) NIGHT TIME

- Hydrogen gas is drawn from the gas tank and fed into Fuel Cell.
- The Fuel Cell combines H₂ gas and O₂ gas (from atmosphere) to produce DC power.
- DC power can then be converted to alternating current (AC) via power inverter, to power up appliances such as lights, television sets, cookers, computers, etc.

2. THE TERM SHEET

2.1 Definitive Licence Agreement

The Parties shall enter into the definitive licensing agreement (“**Definitive Licence Agreement**”) within 60 days from the date of the Term Sheet, to document the full terms and conditions of the Licence.

2.2 Consideration and Royalties

In consideration of the rights granted by the Licensor under the Term Sheet and the Definitive Licence Agreement, the Licensee shall procure, pay or otherwise provide the following non-refundable consideration to the Licensor:

- (a) A\$50,000 cash consideration within five (5) business days from the date of the Term Sheet (“**Initial Payment**”);
- (b) A\$450,000 cash consideration within five (5) business days of execution of the Definitive

¹ International Energy Agency, Energy Access Outlook 2017 – World Energy Outlook Special Report, accessible at the following URL: <https://www.iea.org/reports/energy-access-outlook-2017>

² Alliance for Rural Electrification, Best Practices for Electrifying Rural Health Care Facilities with Decentralised Renewables, accessible at the following URL: <https://www.ruralelec.org/publications/best-practices-electrifying-rural-health-care-facilities-decentralised-renewables>

Licence Agreement;

- (c) A\$500,000 cash consideration within five (5) business days of the successful listing of the Licensee (or its listing vehicle) (the "**Listco**") on the ASX whether by way of an initial public offering or reverse takeover (the "**Proposed Listing**"); and
- (d) Such number of immediately tradeable, unrestricted shares in the Listco worth S\$1,000,000 upon the successful completion of the Proposed Listing.

The Licensee shall further pay to the Licensor royalties of 1.5% on the gross revenue of the SH2PS that are:

- (a) sold by the Licensee;
- (b) lent, leased, let on hire or sold on hire purchase by the Licensee;
- (c) supplied by the Licensee to any person; or
- (d) put into use by the Licensee in any way.

2.3 Termination

The Licensor may terminate the Term Sheet immediately by giving written notice to the Licensee if:

- (a) the Licensee fails to pay the Initial Payment; or
- (b) the Definitive Licence Agreement is not entered into within 60 days from the date of this Term Sheet.

The Parties may mutually agree to terminate the Term Sheet and/ or the Definitive Licence Agreement.

The Licensor may terminate the Definitive Licence Agreement immediately by giving written notice to the Licensee if any of the following circumstances occurs:

- (a) the Proposed Listing is not completed within six (6) months after the date of execution of the Definitive Licence Agreement or such other date as otherwise agreed between the Parties;
- (b) the Licensee fails to pay any amount due under the Definitive Licence Agreement on the due date for payment;
- (c) the Licensee commits a material breach of any other term of the Definitive Licence Agreement which breach is irremediable or (if such breach is remediable) fails to remedy that breach within a period of 14 days after being notified to do so;
- (d) the Licensee suspends, or threatens to suspend, payment of its debts or is unable to pay its debts as they fall due or admits inability to pay its debts;
- (e) the Licensee takes any step or action for or in connection with its entering administration, provisional liquidation or any composition or arrangement with its creditors (other than in relation to a solvent amalgamation or restructuring), being wound up (whether voluntarily or by order of the court, unless for the purpose of a solvent amalgamation or restructuring), having a receiver appointed to any of its assets or ceasing to carry on business, or, if the step or action is taken in another jurisdiction, in connection with any analogous procedure in the relevant jurisdiction; or
- (f) the Licensee suspends or ceases, or threatens to suspend or cease, carrying on all or a substantial part of its business.

2.4 Effects of termination

On termination of the Term Sheet and/ or the Definitive Licence Agreement for any reason:

- (a) all rights and licences granted pursuant to the Term Sheet and/ or the Definitive Licence Agreement shall cease;

- (b) all payments made by the Licensee to the Licensor under the Term Sheet and/ or the Definitive Licence Agreement shall be non-refundable.

2.5 The Term Sheet and Definitive Licence Agreement are expected to contribute positively to the earnings per share and net tangible assets of the Group for FY2021.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and/or their respective associates has any interest, direct or indirect, in the Term Sheet, other than through their respective shareholding interests in the Company.

4. FURTHER UPDATES

The Company will make the relevant update announcements in compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) to inform Shareholders of any updates or developments in due course, if any, including the entering into of the Definitive Licence Agreement.

5. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company should exercise caution when trading in the Company’s shares. In particular, Shareholders and potential investors of the Company should note that there is no assurance that any business activities or transactions mentioned in this announcement will materialize or that the Definitive Licence Agreement will be entered into. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

8 March 2021

*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.*

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