

ANNICA HOLDINGS LIMITED

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

FRAMEWORK AGREEMENT BETWEEN H2 ENERGY SDN BHD AND H2U POWER TECH PTY LTD

1. INTRODUCTION

1.1 Background

Reference is made to the announcements made by Annica Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) on 8 March 2021 (the “**8 March 2021 Announcement**”), 16 December 2021 and 31 October 2022 in relation to, *inter alia*, the term sheet between H2U Power Tech Pty Ltd and H2 Energy Sdn Bhd (the “**Licensor**”) dated 8 March 2021 (the “**H2U Term Sheet**”) (which had since been terminated), the Framework Agreement between the Licensor and Hydro X Gen Pty Ltd (“**Hydro X**”) dated 16 December 2021 (the “**Hydro X Framework Agreement**”), and the later termination of the Hydro X Framework Agreement on 31 October 2022.

The board of directors (the “**Board**” or “**Directors**”) of the Company wishes to update shareholders that following the termination of the Hydro X Framework Agreement on 31 October 2022, the Licensor has, on 11 November 2022, entered into a new framework agreement with H2U Power Tech Pty Ltd (hereinafter, “**H2U**” or the “**Licensee**”) on 11 November 2022 (the “**H2U Framework Agreement**”).

Further details of the Licensee and the key terms of the H2U Framework Agreement are set out in paragraphs 1.2 and 2 of this announcement respectively.

1.2 The Licensee

The Licensee is an Australian corporation incorporated for the purposes of acquiring, developing and commercialising green hydrogen production projects and technologies in Australia for the global market, and is a sister company of Hydro X. H2UP’s sole director, Mr. Tim Walker, is an experienced investment banker and corporate advisor who has numerous years of experience working with private companies and companies listed on the Australian Securities Exchange (“**ASX**”) with respect to a range of corporate transactions including initial public offerings, reverse takeovers and capital raisings.

A company listed on the ASX (the “**ASX Listco**”) has the intention of acquiring all of the issued share capital of the Licensee from its current shareholders (the “**Proposed Transaction**”). Following completion of the Proposed Transaction, the Licensee would be a fully owned subsidiary of the ASX Listco and intends to carry out, *inter alia*, the licensed activities contemplated under the H2U Framework Agreement.

As such, following the termination of the Hydro X Framework Agreement, the Licensor recommenced negotiations with the Licensee on the licensing arrangement envisaged under the H2U Term Sheet and subsequently entered into the H2U Framework Agreement.

The information on the Licensee in this section was provided by the Licensee. 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.

1.3 Grant of Licence

Pursuant to the H2U Framework Agreement, the Licensor has agreed to grant the Licensee a perpetual, sole licence under the Licensed Know-how (as defined below) (the “**Licence**”) to assemble, install, distribute, market and sell, the Solar H-2 Power System (“**SH2PS**” or the “**Licensed Product**”) worldwide except the excluded territories (the “**Territory**”). The excluded territories include the MENA countries (Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates and Yemen), Africa, South East Asian countries (Brunei, Burma, Cambodia, Timor-Leste, Indonesia, Iran, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Community of Portuguese Language Countries (Mozambique, Angola and Brazil), United Kingdom, Portugal and Spain (collectively, the “**Excluded Territories**”).

“**Licensed Know-how**” under the H2U Framework Agreement refers to all practical information of the Licensor, including knowledge, experience, data, materials, processes and know-how, patentable or otherwise, that relate to the assembly, installation, distribution, marketing and sale of the Licensed Product, that are immediately prior to the date of the H2U Framework Agreement, owned or controlled by the Licensor, as identified at Annex A to the H2U Framework Agreement.

1.4 The SH2PS

The SH2PS is the Group’s 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

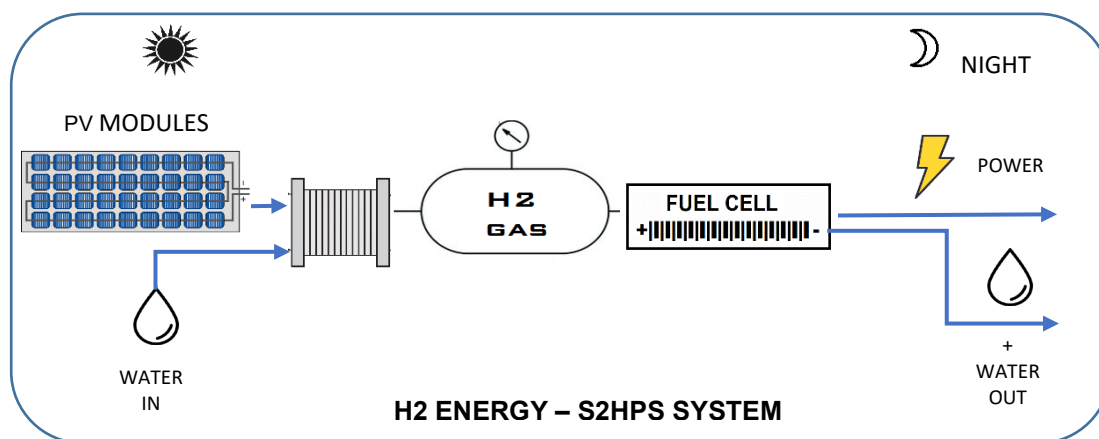
In 2020, the Company won in the Energy category of Singapore Business Review’s Listed Companies Awards 2020 (which recognises innovative projects and best practices with significant business impact) for the development of the SH2PS. Please refer to the Company’s announcement on 13 August 2020 for further 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 As disclosed in the Company’s annual report dated 13 June 2022 for the financial year ended 31 December 2021, on 7 June 2022 the Company won first place in the Malaysia Board of Technologists (“**MBOT**”) Technology & Innovation Expo (MTeX) 2021 under Category A (MBOT Professional Member). This award is a testament of the recognition and appreciation accorded by MBOT and the Malaysian Ministry of Science, Technology and Innovation with regard to the SH2PS.

As announced by the Company on 8 August 2022, the Company had on 8 August 2022, officially launched the SH2PS (also known as “Solar-Hydrogen Module model H2E1”) at the Long Loyang Clinic, Sarawak which was attended and officiated by YB Datuk Haji Narawi, Minister of Utilities and Telecommunications Sarawak.

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>

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. MATERIAL TERMS UNDER THE H2U FRAMEWORK AGREEMENT

2.1 Definitive Agreement

Following the Effective Date of the H2U Framework Agreement, the parties shall enter into definitive agreement(s) (each a “**Definitive Agreement**”), which:

- (a) shall set forth a complete description of the scope of the Licence as well as a more detailed description of the commercial terms and obligations between the parties in relation to the Licence, including without limitation, any minimum royalty payable or target sales to be achieved by the Licensee; and
- (b) may contain additional terms and conditions, including terms expressly modifying the terms of the H2U Framework Agreement which, for the purposes of the Definitive Agreement, shall supersede any conflicting provisions set forth in the H2U Framework Agreement.

2.2 Retention of right by Licensor in the Excluded Territories

Under the H2U Framework Agreement, the Licensee undertakes not to:

- (a) use or exploit the Licensed Know-how in any of the Excluded Territories;
- (b) distribute, market or sell the Licensed Products in any of the Excluded Territories; and
- (c) grant to any other person a right or license to carry out all or any of the activities set out in (a) and (b) above.

2.3 Retention of rights by Licensor in the Territory

The Licensor and its Group Companies shall retain the right, whether in its sole name or in collaboration with third parties, to:

- (a) use and/or exploit the Licensed Know-how in the Territory; and
- (b) distribute, market and/or sell the Licensed Products in the Territory.

2.4 Restriction of Licensor rights in the Territory

- (a) However, the Licensor undertakes not to grant to any other person (save for its Group Companies) a right or licence to carry out all or any of the activities set out in paragraph 2.3 above. “**Group**” under the H2U Framework Agreement refers to, in relation to a company, that company, any subsidiary or holding company from time to time of that company, and any subsidiary from time to time of a holding company of that company, and “**Group Company**” refers to, in relation to a company, any member of its Group.
- (b) For the avoidance of doubt, the Licensor shall be free to commence bona fide negotiations with, and grant the right and licence to, any person (each a “**Third Party Grantee**”) to carry out all or any of the activities set out in sub-paragraphs 2.3 (a) and (b) before the Effective Date and, notwithstanding sub-paragraph 2.4(a) above, to continue to negotiate with, and grant such rights to, these specific Third Party Grantees, after the Effective Date.

2.5 Purchase of Licensed Products

With regard to the purchase of Licensed Products:

- (a) The Licensee undertakes to purchase the Licensed Products (and/or any components or parts thereof) only from the Licensor, and shall not for the duration of the H2U Framework Agreement, market or sell any products which compete with the Licensed Products.
- (b) The prices to be paid by the Licensee to the Licensor for the Licensed Products (and/or any components or parts thereof) and the Pilot System (as defined below) are to be the Licensor’s list prices as established by the Licensor from time to time, and such sale shall be subject to the Licensor’s standard terms and conditions of sale.
- (c) The Licensee shall purchase one (1) pilot Solar H-2 Power System (“**Pilot System**”) for no more than A\$250,000 from the Licensor within six (6) months from the Effective Date for parties to jointly evaluate, analyse and interpret, *inter alia*, the information, findings, data or analysis derived from the Pilot System.
- (d) For the avoidance of doubt, the Licensor does not warrant or guarantee any specific level of performance, full operation or results of the Pilot System, save that the Pilot System shall meet certain limited functionality to be agreed between the parties, at the designated site of operation.

2.6 Effective Date

Save for *inter alia*, the provisions set out under paragraphs 2.8 of this announcement, the H2U Framework Agreement shall take effect from the date of the completion of the Proposed Transaction (the “**Effective Date**”).

2.7 Up-front Fees

In consideration for the Licence granted by the Licensor to the Licensee under the H2U Framework Agreement, the Licensee shall pay, issue or transfer, or procure the payment, issuance or transfer of, the following non-refundable up-front licence fee ("**Up-front Fees**") to the Licensor:

- (a) A\$250,000 cash within five (5) business days from the Effective Date; and
- (b) such number of immediately tradeable, unrestricted shares in ASX Listco worth A\$125,000 within five (5) business days from the Effective Date,

and such Up-front Fees shall not be returnable nor available for credit against royalties or any other sums payable by the Licensee under the H2U Framework Agreement, nor as an advance against royalties payable under the H2U Framework Agreement.

2.8 Royalties

The Licensee shall further pay to the Licensor a royalty of 1.5% of the Gross Revenue of the Licensed Product that is in the Territory:

- (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 otherwise than in sub-paragraph (a) or sub-paragraph (b) above; or
- (d) put into use by the Licensee,

provided always that the royalty accrues on the date when the Licensed Product is used or supplied, and the date it is supplied shall be the earliest of when it is invoiced, paid for, installed or delivered. "**Gross Revenue**" under the H2U Framework Agreement refers to the actual invoiced price for the Licensed Products (less any trade discounts) being:

- (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.

2.9 Termination

The Licensor may terminate the H2U Framework Agreement and the Licence immediately by giving written notice to the Licensee if any of the following circumstances occurs:

- (a) the parties to the Proposed Transaction fail to obtain written approval from the ASX for the Proposed Transaction within six (6) months from the date of the H2U Framework Agreement;
- (b) the Proposed Transaction is not completed within six (6) months from the date the parties to the Proposed Transaction obtain written approval from the ASX for the Proposed Transaction;

- (c) a Definitive Agreement is not entered into within three (3) months from the Effective Date;
- (d) the Licensee fails to pay any amount due under the H2U Framework Agreement or under any Definitive Agreement on the due date for payment and remains in default not less than 30 days after being notified in writing to make such payment;
- (e) the Licensee commits a breach of any other term of the H2U Framework Agreement or under any Definitive 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 in writing to do so;
- (f) 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;
- (g) 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;
- (h) the Licensee suspends or ceases, or threatens to suspend or cease, carrying on all or a substantial part of its business; or
- (i) the Licensee contests the secret or substantial nature of the Licensed Know-how.

2.10 Consequences of termination

On expiry or termination of the H2U Framework Agreement for any reason and subject to any express provisions set out elsewhere in the H2U Framework Agreement:

- (a) all outstanding sums payable by the Licensee to the Licensor shall immediately become due and payable;
- (b) all Definitive Agreement(s) then in effect shall terminate;
- (c) all rights and licences granted pursuant to the H2U Framework Agreement or under any Definitive Agreement shall cease;
- (d) the Licensee shall cease all exploitation of the Licensed Know-how and any other know-how provided by the Licensor to the Licensee, except insofar as such Licensed Know-how and other know-how ceases or has ceased to be confidential, unless this is or was as a consequence of the default of the Licensee;
- (e) the Licensee shall be released from any liability to make further payments to the Licensor except as provided by sub-paragraph (a) above and paragraph 2.10 below; and
- (f) the Licensee shall co-operate with the Licensor in the cancellation of any licences registered pursuant to the H2U Framework Agreement and shall execute such documents and do all acts and things as may be necessary to effect such cancellation.

2.11 On expiry or termination of the H2U Framework Agreement for any reason the Licensee shall have the right to dispose of the Licensed Products in its possession, provided that any royalty

payable under the provisions of the H2U Framework Agreement is paid to the Licensor within 180 days after termination.

3. FINANCIAL EFFECTS OF THE H2U FRAMEWORK AGREEMENT

The H2U Framework Agreement is not expected to have any material effects on the earnings per share and net tangible assets of the Group for the financial year ending 31 December 2022.

4. 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 H2U Framework Agreement other than through their respective shareholding interests in the Company (if any).

5. FURTHER UPDATES

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 shareholders of any updates or developments in due course, if any, including the entering into the Definitive Agreement(s), if any.

6. 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 Agreement(s) 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

11 November 2022

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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