

**ANNICA HOLDINGS LIMITED**  
(Company Registration No. 198304025N)  
(Incorporated in the Republic of Singapore)

---

**ANNOUNCEMENTS IN RELATION TO:**

- (A) **UPDATE ON RECEIPT OF NOTICE OF DEFAULT BY INDUSTRIAL POWER TECHNOLOGY PTE. LTD.;**
  - (B) **TERMINATION OF THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE;**
  - (C) **ENTRY INTO LOAN AGREEMENT FOR A TERM LOAN OF S\$1,600,000; AND**
  - (D) **NON-BINDING TERM SHEET FOR THE PROPOSED ISSUE OF 2.0% REDEEMABLE CONVERTIBLE BONDS DUE 2018 WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S\$60,000,000.**
- 

*Unless otherwise defined herein or the context otherwise requires, all terms used herein have the same meanings as defined in the Previous Announcements (as defined herein).*

**1. INTRODUCTION**

- 1.1. The board of directors (the “**Directors**”) of Annica Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), refers to its previous announcements:
  - 1.1.1. the announcements dated 13 May 2015 and 15 May 2015 in relation to the SKB Project (as defined herein);
  - 1.1.2. the announcements dated 1 April 2015, 13 April 2015, 15 April 2015, 5 May 2015 and 13 May 2015 in relation to the proposed renounceable non-underwritten rights cum warrants issue (the “**Rights cum Warrants Issue**”); and
  - 1.1.3. the circular to shareholders of the Company dated 15 April 2015 in relation to the Rights cum Warrants Issue,(collectively, the “**Previous Announcements**”).
- 1.2. The Directors wish to:
  - 1.2.1. update Shareholders in relation to the SKB Project;
  - 1.2.2. announce that the proposed Rights cum Warrants Issue will be terminated with immediate effect;
  - 1.2.3. announce that the Company has on 19 June 2015 entered into a loan agreement (the “**Loan Agreement**”) with Premier Equity Fund Sub Fund F (“**PEFF**”) (managed by Value Capital Asset Management Pte Ltd (the “**Manager**”)) and the Manager whereby PEFF has agreed to extend a term loan of an aggregate sum of S\$1,600,000 to the Company (the “**Loan**”); and
  - 1.2.4. announce that the Company has also on 19 June 2015 entered into a non-binding term sheet (the “**Term Sheet**”) with PEFF and the Manager (acting for and on behalf of PEFF) for the proposed issue to PEFF (the “**Bond Issue**”) of 2.0% redeemable convertible bonds due 2018 in the aggregate principal amount of S\$60,000,000 (the “**Bonds**”).
- 1.3. Further information on PEFF and the Manager is set out in paragraph 7 of this Announcement.

## 2. UPDATE ON RECEIPT OF NOTICE OF DEFAULT BY INDUSTRIAL POWER TECHNOLOGY PTE. LTD.

- 2.1 As announced by the Company on 13 May 2015, the Company was notified on 12 May 2015 by Industrial Power, its 60%-owned subsidiary, that Industrial Power had received a notification of default letter in respect of the Design, Detailed Engineering, Supply, Construction, Commissioning and Testing of a Rubber Wood Fired Power Plant Contract (the “**SKB Project**”) between Industrial Power, together with its 49%-owned associated company, Industrial Power (Thailand) Co., Ltd, and Songkhla Biomass Company Limited (“**Songkhla**”) on the delay in the completion of the SKB Project.
- 2.2 In respect of the SKB Project, Industrial Power had procured that the following performance security be provided by a bank in favour of Songkhla:
- (i) a Performance Bond (“**PB**”) for the sum of S\$2,600,000; and
  - (ii) an Advance Payment Bond (“**APB**”) for the sum of S\$2,600,000.

Industrial Power also procured an insurance company to provide a counter indemnity in favour the bank for providing the PB and APB.

The counter indemnity is secured by a joint and several guarantee (the “**Guarantee**”) by Industrial Power, the Company and another shareholder of Industrial Power (the “**Co-guarantor**”).

- 2.3 Songkhla had made a claim under the PB on the basis of a delay in the completion of the SKB Project by Industrial Power and its associated company, Industrial Power (Thailand) Co., Ltd and the bank paid the amount of S\$2,600,000 to Songkhla. The bank in turn made a claim under the counter indemnity and the insurance company made a claim of the said amount of S\$2,600,000 against the Company on the basis of the Guarantee (the “**Claim**”).
- 2.4 The Company and the Co-guarantor have agreed with the insurance company that the settlement of the Claim will be by way of an initial upfront payment of S\$1,600,000 with the remaining S\$1,000,000 repayable in four (4) equal instalments of S\$250,000 each (from July 2015 to October 2015), and with interest accruing at the rate of 7.5% per annum to the date of full and final payment.
- 2.5 The Company had on, 19 June 2015, entered into a settlement of claim deed (the “**Deed of Settlement**”) with its Co-guarantor whereby parties agreed to share the amount under the Claim and Company agreed to be liable to make a payment of S\$1,600,000 to the insurance company under the Claim. The initial upfront payment of S\$1,600,000 has already been made to the insurance company with the Company’s share being S\$600,000. The Company intends to fund its obligations under the Deed of Settlement from its internal resources.
- 2.6 Currently, the Company requires additional working capital to be provided to Industrial Power in order to enable Industrial Power to complete the projects on hand as well as to forestall Songkhla calling on the APB. Please refer to paragraph 4 of this Announcement for further details on the Loan.

## 3. TERMINATION OF RIGHTS CUM WARRANTS ISSUE

The Directors are of the opinion that taking into consideration: (i) the Group’s working capital needs in light of the changing operational funding requirements of Industrial Power; (ii) recent volatility in the price of shares of the Company (the “**Shares**”) and (iii) the rationale for the Loan and the Bond Issue discussed in paragraph 6 below, it is in the best interests of the Company and its shareholders not to proceed with the Rights cum Warrants Issue. As such, the Rights cum Warrants Issue is terminated with immediate effect.

**4. ENTRY INTO LOAN AGREEMENT FOR A TERM LOAN OF S\$1,600,000**

4.1. As stated above, pursuant to the terms of the Loan Agreement, PEFF has agreed to extend a term loan in the aggregate sum of S\$1,600,000 to the Company.

4.2. A summary of the key terms of the Loan Agreement is set out below:

<b>Loan Amount</b>	:	Total amount of S\$1,600,000 to be disbursed as follows: <ol style="list-style-type: none"><li>1. an amount of S\$1,100,000 on the third (3<sup>rd</sup>) business day immediately following the date on which the Conditions Precedent (as defined below) have been fulfilled or waived (the "<b>First Disbursement Date</b>"); and</li><li>2. an amount of S\$500,000 on the date falling 30 business days from the First Disbursement Date (the "<b>Second Disbursement Date</b>").</li></ol>
<b>Interest Rate</b>	:	15% per annum.
<b>Repayment</b>	:	The outstanding principal amount of the Loan shall be repaid on the Repayment Date (as defined below) together with all other payments (including interest payments) due and owing to PEFF under the Loan Agreement.
<b>Repayment Date</b>	:	31 December 2015.
<b>Fees</b>	:	<ol style="list-style-type: none"><li>1. The Company shall pay to the Manager a finder's fee equivalent to 5% of the amount of S\$1,500,000 and this shall be deducted directly from the principal amount of S\$1,100,000 disbursed on the First Disbursement Date.</li><li>2. The Company shall pay PEFF all reasonable costs and expenses (including legal fees) incurred by PEFF in connection with the completion of transactions contemplated by the Loan Agreement.</li></ol>
<b>Conditions Precedent</b>	:	The conditions precedent to disbursements are: <ol style="list-style-type: none"><li>1. there being no material adverse changes in the financial, business conditions of the Company since the date of the Loan Agreement and there being no change of law which may adversely affect the Company's ability to perform any of its obligations or which may have a material adverse impact on the Loan or which may make the grant or disbursement of the Loan illegal;</li><li>2. the delivery to PEFF of the resolutions of the board of directors of the Company approving the entry into, execution and performance of the Loan Agreement; and</li><li>3. the execution and delivery of the Term Sheet for the Bond Issue.</li></ol>

## 5. PROPOSED ISSUE OF S\$60,000,000 REDEEMABLE CONVERTIBLE BONDS

5.1. In conjunction with the Loan Agreement, the Company has also entered into the Term Sheet for the Bond Issue.

5.2. A summary of the key terms of the Term Sheet is set out below:

<b>Principal Amount of the Bonds</b>	:	Up to S\$60,000,000 in aggregate principal amount.
<b>Issue Size of the Bonds</b>	:	To be issued in four (4) tranches as follows: <ol style="list-style-type: none"><li><u>Tranche 1</u>: S\$15 million To be issued in 30 equal sub-tranches of S\$500,000 each.</li><li><u>Tranche 2</u>: S\$15 million To be issued in 15 equal sub-tranches of S\$1,000,000 each.</li><li><u>Tranche 3</u>: S\$15 million To be issued in 15 equal sub-tranches of S\$1,000,000 each.</li><li><u>Tranche 4</u>: S\$15 million To be issued in 15 equal sub-tranches of S\$1,000,000 each.</li></ol>
<b>Maturity Date</b>	:	Three (3) years after the issue of the first sub-tranche of the Bonds in Tranche 1.
<b>Interest Rate</b>	:	2.0% per annum.
<b>Conversion</b>	:	<p>Bonds are convertible into new shares of the Company (the "<b>Conversion Shares</b>"). The price at which each Conversion Share is to be issued upon conversion of the Bonds (the "<b>Conversion Price</b>"), will be 85% of the average of the traded volume weighted average price per share for any three (3) consecutive trading days determined at the sole and absolute discretion of the holder of the Bond at the relevant time, on which trades are done during the thirty (30) trading days immediately preceding the relevant conversion date of the Bonds.</p> <p>Notwithstanding the Conversion Price, the maximum aggregate number of Conversion Shares issued and allotted to PEFF pursuant to the conversion of the Bonds will not be more than 24,000,000,000.</p>
<b>Fees</b>	:	<ol style="list-style-type: none"><li>The Company will pay PEFF a fee of S\$150,000 for every S\$1,000,000 in aggregate principal amount of Bonds (each payment of S\$150,000, an "<b>Initial Fee Payment Tranche</b>") subscribed by PEFF, subject to a cap of S\$600,000 (or a maximum of four (4) Initial Fee Payment Tranches). Each Initial Fee Payment Tranche will be satisfied by the issue of new Shares (the "<b>Initial Fee Shares</b>") upon the relevant subscription of S\$1,000,000 in aggregate principal amount of Bonds by PEFF, such Initial Fee Shares to be issued at (i) 50% of the last traded price per Share as at the date of the subscription agreement to be entered into or (ii) a price equal to 15% discount to the volume weighted average price per Share for the full trading day immediately prior to the date of issuance of such Initial Fee Shares, whichever is higher.</li><li>The Company will pay to the Manager an arranger fee equal to 5% of the aggregate principal amounts of the Bonds issued from time to time.</li></ol>

**Conditions Precedent** : The Bond Issue will be subject to the following conditions (amongst others):

1. approval in-principle from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing and quotation of the Conversion Shares and Initial Fee Shares on the Catalist board of the SGX-ST; and
2. approval of shareholders of the Company being obtained for the Bond Issue and the allotment and issue of any Conversion Shares and Initial Fee Shares.

**Cancellation Fee** : If, following the signing of the Term Sheet, the Bond Issue cannot be completed due to:

1. any party deciding not to proceed with the Bond Issue for any reason attributable to such party, other than due to non-fulfilment of the conditions precedent; or
2. the refusal in bad faith by any party to negotiate, finalise or execute the definitive documentation in relation to the Bond Issue,

then the defaulting party shall pay the other party a cancellation fee of S\$500,000 in cash.

5.3. The Bond Issue is subject to the parties entering into definitive agreements. There is no assurance that the parties will be able to agree on and execute the definitive agreements.

5.4. The Company will make an announcement to disclose further details of the proposed Bond Issue upon execution of the definitive documentation and/or appropriate update announcement(s) on the proposed Bond Issue from time to time.

## **6. RATIONALE AND USE OF PROCEEDS**

The Company has decided to enter into the Loan Agreement and Term Sheet for the proposed Bond Issue so as to strengthen the Group’s financial position and capital base. In particular, the amount of S\$1,600,000 from the Loan is for the purpose of financing Industrial Power’s operations as stated in paragraph 2.6 above.

## **7. INFORMATION ON PEFF AND THE MANAGER**

7.1. PEFF is a sub fund of Premier Equity Fund managed by the Manager. The Manager is a fund management company incorporated in Singapore and registered with the Monetary Authority of Singapore. The Manager has been appointed and acts as the investment manager for PEFF. PEFF was identified and introduced to the Company through mutual and informal contacts in the industry, and no fees or commissions were paid to such persons.

7.2. Neither PEFF nor the Manager has business dealings with the Company other than the proposed Bond Issue and the Loan Agreement.

## **8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed herein, none of the Directors or substantial shareholders of the Company has any interest (other than their respective shareholding in the Company), direct or indirect, in the transactions set out in this Announcement or in PEFF or the Manager.

## **9. DOCUMENTS FOR INSPECTION**

Copies of the Loan Agreement and the Term Sheet may be inspected at the registered office of the Company in Singapore at 9 Temasek Boulevard #41-01 Suntec Tower 2 Singapore 038989 during normal business hours for a period of three (3) months from the date of this Announcement.

## **10. CAUTION IN TRADING**

**Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.**

## **BY ORDER OF THE BOARD**

Edwin Sugiarto  
Chairman and Executive Director  
22 June 2015

---

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd ("**Sponsor**"), for compliance with the relevant rules of SGX-ST.*

*The Company's Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by SGX-ST and SGX-ST assumes no responsibility for the contents of this document, 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@stamfordlaw.com.sg](mailto:bernard.lui@stamfordlaw.com.sg)*