

ANNICA HOLDINGS LIMITED

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

RESPONSE TO QUERIES FROM THE SGX-ST

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

The board of directors (the “**Board**”) of Annica Holdings Limited (the “**Company**”), and together with its subsidiaries, (the “**Group**”), refers to its announcement dated 22 June 2015 in relation to the (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 (the “**Previous Announcement**”).

The Company has received queries from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in relation to the Previous Announcement and have responded accordingly. Details of the queries and the corresponding responses are as follows:

1) SGX-ST Query:

We understand that the Co-guarantor is a shareholder of Industrial Power Technology Pte Ltd, 60%-owned subsidiary of the Company (“**Industrial Power**”). Please advise who is the Co-guarantor?

Company’s Response:

The Co-guarantor is LionGold Corp Ltd (“**LionGold**”) and the Company understands that this is also reflected in their past annual reports.

2) SGX-ST Query:

Please advise if the Co-guarantor is able to fund its share of the Claim and has the financial strength to act in this capacity.

Company’s Response:

The Co-guarantor, LionGold, has informed the Company that they are able to fund its share of the Claim and has funded its share of the Claim on 9 June 2015.

3) SGX-ST Query:

Please provide details on the intended use of the proceeds, in particular the S\$60 million redeemable convertible bonds.

Company’s Response:

The Company intends to use 30% of the proceeds for acquisition of new businesses and 70% for working capital purposes. Such working capital for the Group’s operations may include payment of suppliers’ invoices, payment of operating expenses and settlement of any liabilities arising from operating subsidiaries’ contractual obligations.

As stated in paragraph 5.4 of the Previous Announcement, the Company will make further announcements on the proposed Bond Issue upon execution of definitive documentation.

4) SGX-ST Query:

Please advise if Premier Equity Fund Sub Fund F (“**PEFF**”) will have board representation?

Company’s Response:

The Company has received confirmation and undertaking from Value Capital Asset Management Pte Ltd (“**Value Cap**”), the fund manager to PEFF, that PEFF will not (directly or through Value Cap) be in a position of control in so far as the Company is concerned and PEFF will be a passive investor. Value Cap has also confirmed for and on behalf of PEFF and itself that neither PEFF nor Value Cap will have or request to have any board representation in the Company.

5) SGX-ST Query:

Would the Bond Issue result in a change in control? Please provide the basis that the Bond Issue will not effect a transfer of controlling interest.

Company’s Response:

According to the terms of the proposed bond issue to PEFF (the “**Bond Issue**”), the Bond Issue may result in PEFF holding 15% or more of the Company’s shares should it choose to subscribe to and convert the Bonds into such number of Shares. The Company intends to obtain the relevant shareholders’ approval in this regard.

As stated in the response to SGX-ST Query No. 4 above, PEFF and its fund manager Value Cap will be passive investors. The Company will be requiring PEFF to provide an undertaking not to hold 30% or more of the voting rights in the Company at any point in time.

6) SGX-ST Query:

To provide the Board’s view and justify on why the Bond Issue is in the interest of the Company and minimum shareholders.

Company’s Response:

The Board is of the view that the proposed Bond Issue will strengthen the Group’s financial position and capital base and it is in the interest of the Company.

As stated in paragraph 5.4 of the Previous Announcement, the Company will make further announcements on the proposed Bond Issue upon execution of definitive documentation.

7) SGX-ST Query:

Please advise if the present bank facilities and net proceeds of the issue, the working capital of the group is sufficient to meet its present requirements.

Company’s Response:

The Board is of the view that taking into consideration its present facilities and the net proceeds from the proposed Bond Issue, the working capital of the Group is sufficient to meet its present requirements.

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
2 July 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 Singapore Exchange Securities Trading Limited ("**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.

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