

ANNICA HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198304025N)

THE PROPOSED DISPOSAL OF 350,000 ISSUED AND PAID UP ORDINARY SHARES IN THE SHARE CAPITAL OF GPE POWER SYSTEMS (M) SDN. BHD.

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**") of Annica Holdings Limited (the "**Company**" and together with its subsidiaries, collectively the "**Group**") wishes to announce that the Company had on 26 July 2018, entered into a conditional sale and purchase agreement (the "**SPA**") with Chong Shin Mun (the "**Purchaser**") (together with the Company, the "**Parties**") for the proposed disposal (the "**Proposed Disposal**") by the Company of its entire shareholding interest of 350,000 ordinary shares in the share capital of GPE Power Systems (M) Sdn. Bhd. ("**GPE**"), representing 70.0% of the total number of issued shares in GPE (the "**Sale Shares**") for an aggregate consideration of S\$2,000,000 (the "**Consideration**"), upon the terms and subject to the conditions of the SPA (the "**Proposed Disposal**").
- 1.2 As the Sale Shares represent the entire interest of the Company in GPE, the Company will cease to have any interest in GPE and GPE will cease to be a subsidiary of the Company following the completion of the Proposed Disposal.

2. INFORMATION ON GPE

- 2.1 GPE was incorporated in Malaysia on 10 August 1999. It has an issued and paid-up share capital of Ringgit Malaysia ("**RM**") 500,000 divided into 500,000 ordinary shares of RM1.00 each. Prior to the Proposed Disposal, the Company and the Purchaser held 70.0% and 30.0% shareholding interest in GPE respectively.
- 2.2 GPE provides complete power generation solutions from sales and rental of power generators and a wide range of services support such as factory performance tests, reconditioning and repairing of generators and sales of related components, spare parts and accessories.

3. INFORMATION ON THE PURCHASER

- 3.1 The Purchaser is the legal and beneficial owner of the remaining 30.0% shareholding interest in GPE prior to the Proposed Disposal and is also a director of GPE. The Purchaser is also a substantial shareholder of the Company and holds 6.66% of the total issued share capital of the Company.
- 3.2 Save as set out above, there is no relationship between the Purchaser, the Company and the Company's Directors or, to the best of the Company's knowledge, the Company's substantial shareholders.

4. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

- 4.1 The disposal of GPE would enable the Group to focus its resources and time in developing its new diversified business segments in, *inter alia*, the renewable energy and recycling businesses. As an investment holding company, the disposal of GPE is a good opportunity for the Group to realise its investment and increase the Group's cash resources for new investment opportunities in these new business segments.

- 4.2 As the business carried on by GPE is not the core business of the Group, the Proposed Disposal will not materially change the nature and risk profile of the Group's business.
- 4.3 Having considered the terms of the Proposed Disposal and based on the benefits of the Proposed Disposal above, the Board believes that the Proposed Disposal is in the best interests of the Company.

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1 Consideration

The aggregate consideration for the purchase of the Sale Shares shall be the sum of S\$2,000,000.00 (the "**Consideration**"), which shall be satisfied in full in the following manner:

- 5.1.1 S\$200,000.00, to be paid to the Company by 31 July 2018 ("**First Tranche Consideration**");
- 5.1.2 S\$200,000.00, to be paid to the Company on Completion (as defined below);
- 5.1.3 S\$600,000.00, to be paid to the Company on or before 31 December 2018 (the "**Third Tranche Consideration**"); and
- 5.1.4 S\$1,000,000.00, to be paid to the Company on or before the first (1st) anniversary of the Completion Date (the "Fourth Tranche Consideration"),

(the Third Tranche Consideration and the Fourth Tranche Consideration shall together be referred to as the "**Balance Consideration**").

The Consideration of S\$2,000,000 represents a 108.3% premium above GPE's attributable NTA of RM2,906,381 or approximately S\$960,091 as at FY2017. The Consideration is also 8.8% above the Company initial investment cost of S\$1,837,500. The Consideration has been derived based on willing-buyer-willing-seller negotiations between the Purchaser and the Company.

The proceeds from the proposed disposal of GPE will be redirected to funding of the renewable energy business. Any unutilized proceeds can be directed towards the working capital of the Company and may be deployed for other purposes i.e. the proposed recycling business acquisition.

- 5.2 As continuing security for the payment of the Balance Consideration, the Purchaser shall procure Tan Yock Chew (the "**Guarantor**") to provide the Company with:
- 5.2.1 a charge over 21,875 ordinary shares, fully paid, of Seri Beskaya Sdn. Bhd. (Company Registration Number 1161812-D), a company incorporated under the laws of Malaysia and having its registered office at 19-3, Jalan Tasik Selatan 3, Bandar Tasik Selatan, Kuala Lumpur, Wilayah Persekutuan, representing 14.58% of its entire issued share capital, held the Guarantor (the "**Share Charge**"); and
- 5.2.2 a personal guarantee in favour of the Company ("**Personal Guarantee**").

5.3 Completion

Completion of the Proposed Disposal ("**Completion**" and the date of Completion, the "**Completion Date**") shall take place not later than fourteen (14) Business Days after all the conditions precedent set out in the SPA (to the extent not waived by the relevant party), are fulfilled.

5.4 Conditions Precedent

The Completion of the Proposed Disposal is conditional upon, *inter alia*, the following matters being fulfilled on or before the date of Completion ("**Conditions**"):

5.4.1 the Purchaser's and Vendor's warranties under the SPA being true in all material respects on and as of the Completion Date with the same force and effect as though made on and as of the Completion Date;

5.4.2 the Purchaser having procured the Share Charge and the Personal Guarantee in a form and on such terms satisfactory to the Company in its sole and absolute discretion;

5.4.3 all the following being obtained and being in full force and effect:

(a) all necessary approvals, consents and waivers of the sponsor of the Company, Stamford Corporate Services Pte. Ltd. ("**Sponsor**"), and/ or the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), including approval for the circular to be issued by the Vendor in relation to the Proposed Disposal, necessary to complete the Proposed Disposal and all transactions contemplated under the SPA being obtained, and if such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect the Vendor, such conditions being acceptable to the Vendor, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion; and

(b) the approval of the Vendor's shareholders at a general meeting being obtained, if required, to complete the Proposed Disposal and all transactions contemplated under the SPA;

5.4.4 the parties having procured all consents, approvals and waivers from third parties, necessary for all transactions contemplated under the SPA, including without limitation, from government bodies, stock exchange and other relevant authorities having jurisdiction over the transactions contemplated under the SPA ("**Consents**") within the responsibility of the relevant party to procure, and such Consents are not being withdrawn or revoked, and if such Consents are obtained subject to any conditions and where such conditions affect a party, such conditions being acceptable to the affected party, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion; and

5.4.5 the delivery to the Company in full of the First Tranche Consideration by the Purchaser.

6. **FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

6.1 Financial Effects

For the purposes of illustration only, the pro forma financial effects of the Proposed Disposal taken as a whole are set out below. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31

December 2017 and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Disposal.

6.1.1 Net Tangible Assets (“NTA”)

Assuming that the Proposed Disposal was completed on 31 December 2017 and based on the Group’s audited consolidated financial statements for the financial year ended 31 December 2017, the pro forma financial effects of the Proposed Disposal on the consolidated NTA of the Group are as follows:

	As at 31 December 2017	
	NTA of the Group (S\$’000)	NTA per share ⁽¹⁾ (S\$ cents)
Before the Proposed Disposal	4,176	0.029
After the Proposed Disposal	4,341	0.030

Note:

(1) Based on the current number of shares in the Company i.e. 14,645,099,267 shares.

6.1.2 Loss Per Share (“LPS”)

Assuming that the Proposed Disposal had been completed on 1 January 2017 and based on the Group’s audited consolidated financial statements for the financial year ended 31 December 2017, the pro forma financial effects of the Proposed Disposal on the consolidated LPS of the Group are as follows:

	As at 31 December 2017	
	Losses of the Group (S\$’000)	LPS per share ⁽¹⁾ (S\$ cents)
Before the Proposed Disposal	(1,413)	(0.012)
After the Proposed Disposal	(1,453)	(0.012)

Note:

(1) Based on weighted average number of shares as at 1 January 2017, assuming any issue of shares in the Company from 1 January 2017 to the date hereof has been included.

6.2 Other Financial Information

6.2.1 Based on the latest announced audited financial statements of the Group for the period ending 31 December 2017 (“FY2017”), the net asset value and net tangible asset value attributable to the Sale Shares is RM2,906,381 (approximately S\$960,091⁽¹⁾). No valuation was done in respect of the Sale Shares to be disposed under the SPA.

6.2.2 The book value of the Sale Shares as at FY2017 amounts to S\$1,835,000. The excess of the proceeds from the Proposed Disposal over the book value of the Sale Shares is approximately S\$165,000.

6.2.3 The net profit attributable to the Sale Shares as at FY2017 is S\$204,441. Assuming the Proposed Disposal had been completed on 31 December 2017, the Group would recognize a gain on disposal of approximately S\$165,000 at the Group level based on the net book value represented by the Sale Shares as at 31 December 2017.

Note:

(1) Based on an exchange rate of RM3.027: S\$1.

6.3 Share Capital

The Proposed Disposal has no impact to the Company's issued share capital.

7. RELATIVE FIGURES CALCULATED UNDER RULE 1006

7.1 Based on the latest announced audited consolidated financial statement of the Group for the six-month financial period ended 31 December 2017 ("FY2017"), the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules are calculated as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value ⁽¹⁾	23.0
Rule 1006(b)	Net profits ⁽²⁾ attributable to the assets acquired or disposed of, compared with the Group's net loss ⁽³⁾	(21.9)
Rule 1006(c)	Consideration received for the Proposed Disposal compared with the Company's market capitalisation ⁽⁴⁾	13.7
Rule 1006(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁵⁾
Rule 1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable ⁽⁶⁾

Notes:

(1) Based on GPE's attributable net asset value of approximately S\$960,091 compared with the Group's net asset value of S\$4,176,068.

(2) Under Rule 1002(3) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(3) Based on GPE's attributable net profit of approximately S\$309,520, compared with the Group's net loss of S\$734,000.

(4) Based on the Consideration of S\$2,000,000 and the Group's market capitalisation of S\$14,645.099. The market capitalisation of the Company was determined by multiplying the number of total issued Shares, being 14,645,099,267 Shares (excluding treasury shares) by S\$0.001 (being the volume-weighted average traded price of such Shares on 25 July 2018, being the weighted average price per share traded on a market day preceding the date of the SPA) (Source: www.shareinvestor.com).

(5) This is not applicable to a disposal of assets.

(6) This is not applicable as the Company is not a mineral, oil and gas company

7.2 On the basis of Rule 1006 above, the Proposed Disposal is a "discloseable transaction" as defined in Rule 1010 of Section: Rules of Catalist of the SGX-ST Listing Manual ("**Catalist Rules**"). However, pursuant to Rule 1007 of the Catalist Rules of the SGX-ST (which provides that if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Catalist Rules may still be applicable at the discretion of SGX-ST, and that issuers should consult SGXST). In light of the relative figure computed for Rule 1006(b) being a negative figure, the Company has, through its Sponsor, sought guidance from the SGX-ST on whether shareholder's approval will be required for the Proposed Disposal. SGX-ST has confirmed to the Company, through its Sponsor, that the Proposed Disposal is subject to the approval of shareholders at an extraordinary meeting ("**EGM**") of the Company to be convened. A circular setting out amongst other things, details of the Proposed Disposal and enclosing the notice of EGM will be despatched to shareholders in due course.

8. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal,

9. DETAILS OF ANY SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the Company's registered office at 1 Raffles Place, #18-61 Tower 2, Singapore 048616 for a period of three (3) months commencing from the date of this announcement.

11. 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 Proposed Disposal 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.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Disposal as appropriate or when there are further developments on the same.

13. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will proceed to Completion, as the Completion is subject to, *inter alia*, fulfillment of all the conditions precedent in the SPA. Shareholders are advised to read this announcement and any further announcements and the Circular by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

By Order of the Board

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

26 July 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the statements or opinions made or reports contained in this announcement.

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