

ANNICA HOLDINGS LIMITED
(Company Registration Number 198304025N)
(Incorporated in the Republic of Singapore)

**PROPOSED ACQUISITION OF REMAINING SHAREHOLDING INTERESTS IN A SUBSIDIARY
– INDUSTRIAL ENGINEERING SYSTEMS PTE LTD**

1 INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or the “**Directors**”) of Annica Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it, has on 7 April 2016, entered into conditional sale and purchase agreements (the “**Agreements**” and each, an “**Agreement**”) with (i) Pek Seck Wei (“**PSW**”) and (ii) IPCO International Limited (“**IPCO**”), who are the other shareholders of the Company’s subsidiary, Industrial Engineering Systems Pte Ltd (Company Registration Number: 200307191D) (“**IES**”) to acquire the remaining 218,900 IES Shares (as defined below) (the “**Sale Shares**”), representing 21.89% of the issued and paid-up share capital of IES (the “**Proposed Acquisitions**”).
- 1.2 Upon completion of the Proposed Acquisitions, IES will become a wholly-owned subsidiary of the Company.

2 INFORMATION ON IES, IPCO and PSW

- 2.1 IES is incorporated in Singapore and is in the business of designing industrial plant engineering services systems and general wholesaling and trading. IES has a paid-up and issued capital of S\$1,000,000 made up of 1,000,000 ordinary shares (the “**IES Shares**”). The Company is currently the legal and beneficial owner of 781,100 IES Shares, representing 78.11% of the issued and paid-up share capital of IES.
- 2.2 IPCO is incorporated in Singapore, and is the legal and beneficial owner of 200,000 IES Shares representing 20% of the issued and paid-up share capital of IES.
- 2.3 PSW, a Singaporean, is the legal and beneficial owner of 18,900 IES Shares, representing 1.89% of the issued and paid-up share capital of IES.
- 2.4 IPCO and PSW have no connection (including any business relationship) with any of the Directors. To the best information, belief and knowledge of the Company and its Directors, IPCO and PSW have no connection (including any business relationship) with substantial shareholders of the Company and none of IPCO and PSW is a person who falls within the categories set out under Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Section B: Rules of Catalist (the “**Catalist Rules**”).

3 RATIONALE FOR THE PROPOSED ACQUISITION

- 3.1 The Company is currently embarking on a restructuring of its business activities. The Proposed Acquisitions will allow the Company to make IES its wholly-owned subsidiary and will assist in the more efficient allocation of the Company’s available resources.
- 3.2 The Directors are of the opinion that the Proposed Acquisitions could enhance shareholders’ value in the long term. In view of the above, the Directors consider the Proposed Acquisitions to be in the interest of and beneficial to the Group.

4 PRINCIPAL TERMS OF THE PROPOSED ACQUISITIONS

4.1 The terms of the Agreements with IPCO and PSW are similar save that part of the Consideration payable to IPCO will be in Consideration Shares (as defined below), and in addition, the IPCO sale and purchase is subject to the condition described in paragraph 4.1.2(b). A summary of the principal terms of the Proposed Acquisitions as set out in the Agreements is provided below.

4.1.1 Consideration

- (a) The aggregate consideration for the Sale Shares is S\$660,000 (the “**Consideration**”) which will be satisfied in the following manner:
 - (i) the sum of S\$600,000 is payable to IPCO for its 200,000 IES Shares in the following manner:
 - (A) S\$100,000 through a promissory note with a repayment date, which is three months from the date of the completion of the sale and purchase of IPCO’s IES Shares under the relevant Agreement (or such other date as may be agreed in writing by IPCO and the Company) (“**IPCO Completion Date**”); and
 - (B) S\$500,000 by way of the allotment and issue to IPCO of newly paid up ordinary shares in the share capital of the Company (the “**Consideration Shares**” or each a “**Consideration Share**”). The price to be used in the calculation of the number of Consideration Shares to be issued shall be for each Consideration Share the weighted average price for trades done on the SGX-ST for the full market day on which the IPCO Agreement was signed. The Consideration Shares shall be allotted and issued to IPCO within three months from the IPCO Completion Date.
 - (C) the sum of S\$60,000 is payable to PSW for his 18,900 IES Shares through a promissory note with a repayment date, which is three months from the date of the completion of the sale and purchase of PSW’s IES Shares under the relevant Agreement (or such other date as may be agreed in writing by PSW and the Company) (“**PSW Completion Date**”).

The IPCO Completion Date and PSW Completion Date are collectively termed as the “**Completion Dates**”.

- (b) The Consideration was negotiated on an arms’ length basis with IPCO and PSW, and arrived at on a ‘willing-buyer, willing-seller basis’ based on S\$3,000,000, being the value of IES agreed by the Parties, which is within the range of the net asset value of IES as at FY2015 of S\$2,550,000 and the value of IES determined in an independent valuation report issued by AV Capital Pte Ltd dated 1 April 2016 (“**Independent Valuation Report**”) of S\$3,274,000. The cash portion of the Consideration will be funded through internal sources.

4.1.2 Conditions Precedent

- (a) The obligations of the Company and IPCO and PSW (as the case may be) to complete the Proposed Acquisitions (the “**Completion**”) are conditional upon certain conditions (the “**Conditions Precedent**”) as follows:
 - (i) the Company having obtained all relevant approval and consent from its continuing sponsor, Stamford Corporate Services Pte Ltd (“**Sponsor**”), the SGX-ST and/or such other persons or authorities as may be necessary or desirable; and
 - (ii) IPCO and PSW waiving their right of first refusal to purchase the Sale Shares.
- (b) In addition, the obligations of the Company and IPCO to complete the sale of IPCO’s portion of the Sale Shares are conditional upon:
 - (i) if necessary, IPCO obtaining a waiver from compliance with Rule 1014 of the Mainboard Rules of the SGX-ST to hold an extraordinary general meeting (“**EGM**”) for the disposal of its portion of the Sale Shares, or the approval for disposal of its portion of the Sale Shares is obtained from the shareholders of IPCO by EGM; and
 - (ii) there being no requirement that approval from the shareholders of the Company (the “**Shareholders**”) is required for the issuance of the Consideration Shares; and
 - (iii) approval for the listing and quotation of the Consideration Shares having been obtained by the Company from the SGX-ST, and where such approval has been given with conditions, they are reasonably acceptable to the Company.
- (c) The parties for whose benefit the relevant conditions set out above may waive the conditions. If any of these conditions are not fulfilled or otherwise waived, the relevant party may terminate the relevant Agreement.

5 CONSIDERATION SHARES

- 5.1 The Consideration Shares mentioned above will be allotted and issued pursuant to the share issue mandate (“**2015 Mandate**”) granted to the Directors by the Shareholders at the annual general meeting held on 30 April 2015 (“**2015 AGM**”).
- 5.2 As at the date of the 2015 AGM, the total number of issued and paid-up shares in the Company (excluding treasury shares) (“**AHL Shares**” or each a “**AHL Share**”) was 1,312,279,324. Under the 2015 Mandate, the aggregate number of AHL Shares to be issued other than on a pro-rata basis to the Shareholders shall not exceed 656,139,662, which represents 50% of the total number of issued AHL Shares (excluding treasury shares) as at the date of the 2015 AGM.
- 5.3 The price to be used in the calculation of the number of Consideration Shares to be issued shall be for each Consideration Share, the weighted average price for trades done on the SGX-ST for the full market day on which the IPCO Agreement was signed. The issue price

for each Consideration Share is, therefore, S\$0.001, based on the weighted average price for trades done on the SGX-ST for the full market day on which the IPCO Agreement was signed. Based on the issue price, a total of 500,000,000 Consideration Shares will be issued. This represents approximately 10.98% of the Company's issued and paid-up share capital as at the date of this announcement and approximately 9.90% of the enlarged issued and paid-up share capital of the Company following completion of the allotment and issuance of the Consideration Shares.

- 5.4 No Shares were issued under the 2015 Mandate prior to this proposed issue of the Consideration Shares and the Consideration Shares will fall within the limits of the 2015 Mandate.
- 5.5 The Consideration Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank pari passu in all respects with and carry all rights similar to existing AHL Shares.
- 5.6 The proposed allotment and issuance of the Consideration Shares will be undertaken by way of a private placement in accordance with Section 273(ca) of the Securities and Futures Act (Cap. 289). As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore.

6 RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES OF THE SGX-ST

- 6.1 The relative figures of the Proposed Acquisitions computed on the bases set out in Rule 1006(a) to (d) of the Catalist Rules based on the Group's unaudited consolidated financial statements for the financial year ended 31 December 2015 ("FY2015"), being the latest announced unaudited consolidated financial statements of the Group are as follows:

Rule 1006(a) The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable, as the transaction contemplated does not involve a disposal of assets.
Rule 1006(b) The net losses attributable to the assets acquired or disposed of, compared with the Group's net losses	0.55% ⁽¹⁾
Rule 1006(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	14.50% ⁽²⁾
Rule 1006(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	10.98% ⁽³⁾
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable, as the transaction contemplated does not involve a disposal of assets.

Notes:

- (1) The computation is based on the net loss of S\$29,000 attributable to the 218,900 IES Shares to be acquired as a percentage of the Group's net loss attributable to Shareholders of S\$5,253,000.
- (2) The computation is based on the aggregate Consideration of S\$660,000 as a percentage of the Company's market capitalisation, computed by multiplying the number of AHL Shares in issue by the volume weighted average price of AHL Shares transacted on 7 April 2016, being the last market day preceding the date of the Agreement, of S\$4,552,000.
- (3) The computation is based on the 500,000,000 AHL Shares issued as a percentage of the number of AHL Shares of 4,551,985,206 as at the date of this announcement.

6.2 Having regard to the above, as the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules exceed 5% but do not exceed 75%, the Proposed Acquisitions constitute a "discloseable transaction" under Rule 1010 of the Catalist Rules.

7 FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS

7.1 The financial effects of the Proposed Acquisitions as set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Company following the Completion.

7.2 The financial effects of the Proposed Acquisitions on (i) the consolidated net tangible assets attributable to Shareholders ("**NTA**") per AHL Share; and (ii) the consolidated net loss attributable to Shareholders per AHL Share attributable to Shareholders ("**LPS**") of the Company were prepared based on the unaudited consolidated financial statements of the Company for FY2015 and subject to the following assumptions:

7.2.1 the financial effects of the Proposed Acquisitions on the consolidated NTA per AHL Share were computed assuming that the Proposed Acquisitions were completed on 31 December 2015;

7.2.2 the financial effects of the Proposed Acquisitions on the consolidated LPS of the Company were computed assuming the Proposed Acquisitions had been effected on 1 January 2015; and

7.2.3 the expenses in connection with the Proposed Acquisitions have been disregarded.

7.3 **Financial effects on issued share capital:** When issued under the maximum issue scenario, the Consideration Shares will comprise of 500,000,000 AHL Shares and will represent approximately 10.98% of AHL Shares as at the date of this announcement, and approximately 9.90% of the enlarged issued and paid-up share capital of the Company following completion of the issuance of the Consideration Shares. Following completion of the issuance of the Consideration Shares, the Company's issued and paid-up share capital will increase from 4,551,985,206 AHL Shares as at the date of this announcement to 5,051,985,206 AHL Shares.

7.4 Financial effects on consolidated NTA:

	Before the Proposed Acquisitions	After the Proposed Acquisitions
Consolidated NTA as at FY2015 (S\$'000)	4,836	5,336
Number of AHL Shares as at FY2015 ('000)	1,488,750	1,488,750
Consolidated NTA per AHL Share as at FY2015 (cents)	0.32	0.36

7.5 Financial effects on consolidated LPS

	Before the Proposed Acquisitions	After the Proposed Acquisitions
Consolidated net loss attributable to Shareholders for FY2015 (S\$'000)	5,253	5,282
Weighted average number of AHL Shares as at FY2015 ('000)	1,313,246	1,313,246
Consolidated LPS for FY2015 (cents)	0.40	0.40

8 INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 8.1 None of the Directors has any interest, direct or indirect, in the Proposed Acquisitions other than their respective shareholdings in the Company.
- 8.2 To the best information, belief and knowledge of the Company and its Directors, no controlling Shareholder has any interest, direct or indirect, in the Proposed Acquisitions.

9 SERVICE CONTRACTS

- 9.1 The Company does not intend to appoint new Directors to the Board in connection with the Proposed Acquisitions, and no service contracts in relation thereto will be entered into by the Company.

10 RESPONSIBILITY STATEMENT

- 10.1 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 Acquisitions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.
- 10.2 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.

11 DOCUMENT FOR INSPECTION

- 11.1 A copy of the Agreements and the Independent Valuation Report 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 three (3) months from the date of this announcement.

12 CAUTION IN TRADING

- 12.1 Shareholders are advised to exercise caution in trading their AHL Shares as the Proposed Acquisitions are subject to Conditions Precedent and there is no certainty or assurance as at the date of this announcement that all of the Conditions Precedent will be satisfied (or waived, as the case may be) or that the Proposed Acquisitions will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisitions.
- 12.2 Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board
ANNICA HOLDINGS LIMITED

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

7 April 2016

This Announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the Catalist Rules.

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 correctness of any of the statements or opinions made or reports contained in this announcement.

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