

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

PROPOSED DISPOSAL OF 38 KALLANG PLACE, SINGAPORE 339166

1. INTRODUCTION

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 21 September 2016, entered into an option agreement (the “**Agreement**”) with Oversea Supplies (Pte) Ltd (the “**Purchaser**”), for the sale of the property situated at 38 Kallang Place, Singapore 339166 (the “**Property**” and such proposed disposal of the Property, the “**Proposed Disposal**”). On the same day, the Purchaser has also exercised the option to purchase the Property.

2. INFORMATION ON THE PROPERTY

The Property is a leasehold property with a 60-year lease granted by JTC Corporation Ltd (“**JTC**”) commencing from 20 June 1981. The Property occupies a land area of approximately 1,034 square meters and is a single-storey intermediate terrace factory with mezzanine level.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The Property was previously occupied by Industrial Power Technology Pte Ltd (“**IPT**”), for IPT’s operational use. Since the Company’s disposal of its 60% shareholding interest in IPT (as announced by the Company on 14 March 2016 and 17 March 2016), IPT has vacated the Property and is no longer operating at the Property. As the Company does not need to conduct any operations at the Property and hence it is a non-core asset, the Company intends to dispose of the Property to provide liquidity and cash capital for the Group. The Proposed Disposal is also in line with the Group’s strategic turnaround plan to restructure its non-strategic assets as stated in annual report of the Company for the financial year ended 31 December 2015.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

A summary of the principal terms of the Proposed Disposal as set out in the Agreement is provided below.

4.1. Consideration

The consideration for the Proposed Disposal is S\$3,330,000 (the “**Consideration**”).

The Consideration was arrived at a willing-buyer, willing-seller basis after taking into account the current market conditions and the prevailing transacted price in the vicinity of the Property.

The Consideration is approximately 1% above the open market value of S\$3,300,000 based on the valuation report on the Property dated 5 September 2016 issued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (the “**Valuation Report**”). The valuation on the Property was commissioned by the Company.

The Consideration will be fully satisfied in cash in the manner set out in the Agreement as follows:

- a. the sum of S\$33,300 (the “**Option Money**”), which is equivalent to 1% of the Consideration, which has been paid by the Purchaser on 21 September 2016, the date of the Agreement and on which the Company granted the Purchaser the option to purchase the Property;
- b. the sum of S\$133,200 (the “**Deposit**”), which is equivalent to 5% of the Consideration less Option Money, which has also been paid by the Purchaser on 21 September 2016, being the date on which the Purchaser has exercised the option to purchase the Property (the “**Expiry Date**”); and
- c. the balance of the Consideration of S\$3,163,500, which is equivalent to 95% of the Consideration, shall be payable upon completion of the Proposed Disposal, which is no later than 20 February 2017, being the long stop date (the “**Long Stop Date**”).

The carrying value of the Property based on the Company’s unaudited consolidated financial statements as at 30 June 2016 is S\$2,296,000, resulting in an excess of Consideration over the carrying value of the Property of S\$1,034,000.

The net gain on the Proposed Disposal is estimated to be S\$900,000 after deducting incidental costs and related expenses.

4.2. Conditions Precedent

The completion of the Proposed Disposal (the “**Completion**”) is conditional upon, amongst others, certain conditions (the “**Conditions Precedent**”) as follows:

- (a) the approval from JTC being obtained for the sale and purchase of the Property;
- (b) the Company having obtained the approvals (if applicable) from the shareholders of the Company (the “**Shareholders**”); and
- (c) the Company having obtained all relevant approval and consent from its continuing sponsor, Stamford Corporate Services Pte Ltd (the “**Sponsor**”), the Singapore Securities Exchange Trading Limited (the “**SGX-ST**”) and/or such other government or regulatory bodies as may be necessary or desirable.

4.3. Completion

The sale and purchase shall be completed within twelve (12) weeks from the Expiry Date or within four (4) weeks after the date of receipt of confirmation from JTC that it has no objection to the Proposed Disposal, whichever is the later (the “**Completion Date**”). Vacant possession of the Property shall be delivered to the Purchaser on the Completion Date.

If any of the Conditions Precedent have not been fulfilled or the Completion Date did not take place before the Long Stop Date, then unless otherwise mutually agreed in writing by the Purchaser and the Company, the Agreement shall lapse and terminate except for any antecedent breach and any provision intended by the parties to survive termination.

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

The relative figures of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**") based on the Company's latest announced unaudited consolidated financial statements for the six-month financial period ended 30 June 2016 ("**HY2016**") 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.	44% ⁽¹⁾
Rule 1006(b) The net profits attributable to the assets disposed of, compared with the Group's net loss.	Not applicable ⁽²⁾
Rule 1006(c) The aggregate value of the Consideration given or received, compared with the Company's market capitalisation.	32% ⁽³⁾
Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as this is not an acquisition
Rule 1006(e) The 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. 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 this is not a disposal of mineral, oil or gas assets

Notes:

- (1) This is computed based on the net asset value of the Property of S\$2,296,000 as at HY2016 divided by the Group's unaudited net asset value as at HY2016 of S\$5,245,000.
- (2) There was no profit attributable to the Property as it does not generate profits for the Group.
- (3) Based on the Consideration of S\$3,330,000 divided by the Company's market capitalisation of S\$10,257,868 (computed by multiplying the number of ordinary shares of the Company ("**Shares**" or each a "**Share**") in issue by the volume weighted average price of Shares transacted on 21 September 2016, being the last market day preceding the date of the Agreement).

In accordance with the relative figures computed in relation to the Proposed Disposal under Rule 1006 of the Catalist Rules, the Proposed Disposal constitutes a "Discloseable Transaction" defined in Chapter 10 of the Catalist Rules. As such, approval of Shareholders is not required.

6. USE OF PROCEEDS

The net proceeds arising from the Proposed Disposal will be utilised for working capital purposes.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

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

The financial effects of the Proposed Disposal on (i) the audited consolidated net tangible assets ("**NTA**") per Share of the Company; and (ii) the audited consolidated loss per Share ("**LPS**") of the Company are prepared based on the audited consolidated financial statements of the Company for the most recently completed financial year ended 31 December 2015 ("**FY2015**") and subject to the following assumptions:

- (a) the financial effects of the Proposed Disposal on the consolidated NTA per Share of the Company is computed assuming that the Proposed Disposal was completed on 31 December 2015;
- (b) the financial effects of the Proposed Disposal on the consolidated LPS of the Company are computed assuming the Proposed Disposal had been effected on 1 January 2015; and
- (c) the expenses in connection with the Proposed Disposal have been disregarded.

7.1. Financial effects on consolidated NTA per Share

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA as at FY2015 (S\$'000)	756	1,744
Number of Shares as at FY2015 ('000)	1,488,750	1,488,750
Consolidated NTA per Share as at FY2015 (cents)	0.05	0.12

7.2. Financial effects on consolidated LPS

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated net loss for FY2015 (S\$'000)	(8,440)	(7,452)
Weighted average number of Shares as at FY2015 ('000)	1,313,246	1,313,246
Consolidated LPS for FY2015 (cents)	(0.64)	(0.57)

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors has any interest, direct or indirect, in the Proposed Disposal.

To the best information, belief and knowledge of the Company and the Directors, no controlling Shareholders of the Company have any interest, direct or indirect, in the Proposed Disposal except through their respective shareholdings in the Company.

9. DIRECTORS' SERVICE AGREEMENT

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

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) 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, the facts stated and opinions expressed herein are fair and accurate in all material respects about the Proposed Disposal as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading. Where information 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 these sources and/or reproduced in this announcement in its proper form and context.

11. DOCUMENT FOR INSPECTION

A copy of (i) the Agreement and (ii) the Valuation Report will be made available for inspection during normal business hours at the registered office of the Company at 1 Raffles Place #18-61 Tower 2 Singapore 048616 for three (3) months from the date of this announcement.

12. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their securities in the Company as the Proposed Disposal is 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 Disposal will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Disposal.

Shareholders 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 advisors if they have any doubt about the actions they should take.

By Order of the Board

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

21 September 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor for compliance with 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. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness and correctness of any of the statements or opinions made or reports contained in this announcement.

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