

# ANNICA HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198304025N)

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## FULL AND FINAL SETTLEMENT IN RELATION TO OUTSTANDING SUM OWED BY CHONG SHIN MUN AND GPE POWER SYSTEMS (M) SDN. BHD.

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### 1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of Annica Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 26 July 2018, 27 July 2018, 29 October 2018, 15 January 2019, 15 February 2019, 2 May 2019, 20 May 2019, 31 May 2019, 9 June 2019, 27 June 2019, 19 July 2019, 13 August 2019, 27 August 2019, 3 October 2019, 5 November 2019, 11 November 2019, 12 November 2019, 26 November 2019, 9 December 2019, 15 December 2019, 4 February 2020, 2 March 2020, 4 March 2020, 9 March 2020, 1 May 2020, 14 May 2020, 22 May 2020, 23 June 2020, 21 August 2020, 28 August 2020, 25 September 2020, 19 October 2020, 1 March 2021, 9 March 2021, 14 April 2021, 20 April 2021, 20 October 2021, 25 February 2022, 13 May 2022, 24 June 2022, 21 April 2023 and the Condensed Interim Consolidated Financial Statements For The First Quarter Financial Period Ended 31 March 2024 of the Group announced on 13 May 2024 (collectively, the “**Earlier Announcements**”) in relation to, *inter alia*:
- (a) the Sale and Purchase Agreement dated 26 July 2018 entered into between the Company and Chong Shin Mun (the “**Purchaser**”) for the disposal by the Company of its entire shareholding interest in a former subsidiary of the Company, GPE Power Systems (M) Sdn. Bhd. (“**GPE**”);
  - (b) the share charge granted by Tan Yock Chew (the “**Guarantor**”) to the Company (“**Share Charge**”) and control deed entered into between the Purchaser and the Company dated 27 June 2019 in respect of 697,330,000 Controlled Shares, the Share Charge and Control Deed granted and executed by the Purchaser on 12 December 2019 in respect of 50,000,000 Further Controlled Shares, and the Share Charge and Control Deed dated 9 March 2020 in respect of an additional 62,670,000 Further Controlled Shares entered into between the Company and the Purchaser;
  - (c) the Power of Attorney granted by the Purchaser in favour of the Company dated 27 June 2019 in respect of 697,330,000 Controlled Shares, the Power of Attorney granted by the Purchaser in favour of the Company dated 12 December 2019 in respect of 50,000,000 Further Controlled Shares, and the Power of Attorney granted by the Purchaser in favour of the Company dated 9 March 2020 in respect of an additional 62,670,000 Further Controlled Shares;
  - (d) the service of the Letters of Demand on 12 November 2019 on the Purchaser and the Guarantor; and
  - (e) the outstanding loan repayment due from the Purchaser and GPE in the aggregate amount of S\$4,781,359 as at 14 August 2024.

- 1.2 Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Earlier Announcements.
- 1.3 As at the date of this announcement, the outstanding amounts owed by the Purchaser and GPE to the Company are as follows:
- (a) in respect of the Purchaser, a total sum of S\$1,332,190; and
- (b) in respect of GPE, a total sum of S\$3,449,169,
- (together, the “**Outstanding Sum**”).

## 2. FINAL SETTLEMENT LETTER

2.1 The Board wishes to inform shareholders that the Company had on 14 August 2024 entered into a final letter of settlement (the “**Final Settlement Letter**”) with the Purchaser and the Guarantor in relation to the full and final settlement of the Outstanding Sum.

2.2 Pursuant to the Final Settlement Letter, the parties thereto agree, *inter alia*, that:

- (a) the Guarantor, being the sole legal and beneficial owner, shall transfer, a total of ten (10) sets of vertical automatic waste tyre pyrolysis production lines as set out in further detail in paragraph 3 of this announcement (the “**Production Lines**”) to the Company and/or its nominee(s), within five (5) business days of written request by the Company as full and final settlement of the Outstanding Sum of S\$4,781,359 on the terms and conditions as set out in the Final Settlement Letter (the “**Assignment**”); and
- (b) upon completion of the Assignment, GPE, the Purchaser and the Guarantor shall be discharged from any and all claims, demands and causes of action arising out or in connection with the Outstanding Sum,

(the “**Settlement**”).

2.3 Save as disclosed herein, there are no other material terms and conditions attached to the Settlement or as set out in the Final Settlement Letter.

## 3. THE PRODUCTION LINES

3.1 The Production Lines are located in the state of Perak, Malaysia. Details of the Production Lines to be transferred to the Company are as follows:

No.	Description of Production Line	Location
1.	WTPE101SB	Lot PT 16944, HSD 328
2.	WTPE102SB	Lot PT 16944, HSD 328
3.	WTPE103SB	Lot PT 16944, HSD 328
4.	WTPE104SB	Lot PT 16944, HSD 328
5.	WTPE105SB	Lot PT 16944, HSD 328
6.	WTPE106SB	Lot PT 16944, HSD 328
7.	WTPE107SB	Lot PT 16944, HSD 328
8.	WTPE108SB	Lot PT 16944, HSD 328
9.	WTPE109SB	Lot PT 16944, HSD 328

No.	Description of Production Line	Location
10.	WTPE110SB	Lot PT 16944, HSD 328

The Production Lines utilise the tyre pyrolysis method, focusing on the extraction and/or harvesting of waste products, and the supply of the by-products and recycled materials from waste products like used tires. These include marketable industrial grade pyrolysis oil, carbon black for use in the rubber and other materials that can be used for energy, power generation, manufacturing, and other alternative purpose.

The Production Lines are currently not in operation, and hence there is no net profit attributable to the Production Lines. In addition, there is no book value ascribed to the Production Lines as they are currently owned by the Guarantor.

- 3.2 According to the valuation report dated 27 June 2024 by an independent valuer, W M Malik & Kamaruzaman Sdn. Bhd. ("**Independent Valuer**"), commissioned by the Company ("**Valuation Report**"), the aggregate market value (being the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion) of the Production Lines ("**Market Value**"), is USD4,900,000 as at 25 June 2024 ("**Valuation**").
- 3.3 The Market Value of the Production Lines was valued based on the Depreciated Replacement Cost approach whereby the value of the Production Lines is determined by taking into account the present cost of freight, taxes, labour, overheads and installation charges and depreciated according to the condition and life span of the Production Lines in comparison with new machinery and plant equipment of the same kind and on the assumption that the Production Lines are or are capable of being utilised as assets of a profitable undertaking.
- 3.4 The Valuation was conducted in accordance with the International Valuation Standards as prescribed by the International Valuation Standards Council.
- 3.5 None of the Purchaser, the Guarantor, GPE, the Directors and the substantial shareholders of the Company, or their respective associates has any interest, direct or indirect, in the Independent Valuer.

#### 4. **CONSIDERATION FOR THE ASSIGNMENT**

The consideration for the Assignment is S\$2,741,269, being the Outstanding Sum of S\$4,781,359 less an impairment of S\$2,040,090 recorded in the books of the Company as at 14 August 2024, which is set off in full pursuant to the Settlement. The consideration was arrived at following arm's length negotiations between the Company, GPE, the Purchaser and the Guarantor and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the Valuation of the Production Lines as at 25 June 2024 of USD4,900,000 (equivalent to approximately S\$6,624,800 (based on an exchange rate of S\$1 : USD1.3520 as at 25 June 2024)).

#### 5. **PROPOSED DIVERSIFICATION**

- 5.1 In connection with the Settlement, the Board wishes to announce that the Company had, at an extraordinary general meeting ("**EGM**") held on 2 September 2016, received the approval of the

shareholders of the Company (“**Shareholders**”) to diversify the Group’s core business to include the (a) the recycling business, (b) the renewable energy business, (c) the green technology business, and (d) complementary technology business (the “**Proposed Diversification**”). Further information on the Proposed Diversification is set out in the Company’s circular to Shareholders for the EGM dated 18 August 2016.

- 5.2 The Company will make further announcements relating to the Proposed Diversification arising from the Assignment of the Production Lines to the Company as and when necessary, via SGXNet and the Company’s corporate website.

## 6. RATIONALE FOR THE FINAL SETTLEMENT LETTER AND THE PROPOSED DIVERSIFICATION

The Board weighed the legal expenses, time commitment and potential recoverability of the Outstanding Sum if the Company was to commence legal proceedings against the Purchaser, the Guarantor and/or GPE, and is of the view that a legal proceeding will not offer any certainty of recovery of the Outstanding Sum, since the Company is unable to determine whether the Purchaser, the Guarantor and/or GPE possess any realizable assets. Furthermore, any legal proceedings and subsequent enforcement actions would result in the Company having to incur additional legal expenses over an indeterminate period of time. Accordingly, the Board is of the view that the Settlement is in the best interest of the Company and its Shareholders.

The Proposed Diversification is part of the corporate strategy of the Group for long term growth to provide Shareholders with diversified returns. The Board believes that the Proposed Diversification arising from the Assignment of the Production Lines to the Company will reduce the Group’s reliance on its current core business, offer new business opportunities, provide the Group with additional and recurrent revenue streams and improve its prospects, so as to enhance Shareholders’ value for the Company.

## 7. RELATIVE FIGURES COMPUTED UNDER CHAPTER 10 OF THE LISTING MANUAL

- 7.1 The relative figures in respect of the Settlement as computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”) are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures</b>
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	Not applicable <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not applicable <sup>(2)</sup>
(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.	16.1% <sup>(3)</sup>
(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.	Not applicable <sup>(4)</sup>
(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.	Not applicable <sup>(5)</sup>

### **Notes:**

- (1) Rule 1006(a) of the Catalyst Rules is not applicable as the Settlement is not in relation to disposal of assets and is an acquisition of assets.

- (2) Rule 1006(b) of the Catalist Rules is not applicable as the Production Lines are currently not in operation, and hence there is no net profit attributable to the Production Lines.
- (3) Computed based on (i) the consideration for the Assignment of S\$2,741,269 (being the Outstanding Sum of S\$4,781,359 less an impairment of S\$2,040,090 recorded in the books of the Company as at 14 August 2024) and (ii) the Company's market capitalisation of approximately S\$16,974,767. The Company's market capitalisation is determined by multiplying the number of shares in issue of 16,974,767,048 (excluding treasury shares and subsidiary holdings) by the volume weighted average price of approximately S\$0.001 per share transacted on 6 August 2024, being the full market day immediately preceding the date of signing of the Final Settlement Letter.
- (4) Rule 1006(d) of the Catalist Rules is not applicable as no equity securities will be issued by the Company as consideration for the Settlement.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Production Lines are not mineral, oil or gas assets.

7.2 As the relative figure computed on the base set out under Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Settlement constitutes a "discloseable transaction" as defined under Chapter 10 of the Catalist Rules. Accordingly, Shareholders' approval for the Settlement is not required.

## 8. FINANCIAL EFFECTS OF THE SETTLEMENT

8.1 The financial effects of the Settlement on the Group presented below are for illustrative purposes only and are not intended to be indicative or reflective of the actual results and financial performance and position of the Group after the completion of the Settlement. No representation is made as to the financial position and/or results of the Group after the completion of the Settlement. The expenses to be incurred in relation to the Settlement was disregarded.

### 8.2 Effect on NTA per share

Had the Settlement been completed on 31 December 2023, the financial effect on the NTA per share of the Group as at 31 December 2023 for the Settlement is as set out below, computed based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2023 ("FY2023") and the following assumptions:

- (a) the ten (10) sets of Production Lines have been transferred to the Company as full and final settlement of the Outstanding Sum of S\$4,624,090 as at 31 December 2023; and
- (b) an impairment amount of S\$2,040,090, relating to the impairment on amount due from the Purchaser of S\$1,266,965 and impairment on amount due from GPE of S\$773,125, was recorded as at 31 December 2023.

As at 31 December 2023	Before the Settlement	After the Settlement
NTA <sup>(1)</sup> (S\$'000)	(528)	(528)
Number of issued shares (excluding treasury shares) ('000)	16,974,767	16,974,767
NTA per share (S\$ cents)	(0.0031)	(0.0031)

#### **Note:**

- (1) NTA is computed based on total assets less total liabilities and intangible assets.

### 8.3 Effect on loss per share

Had the Settlement been completed on 1 January 2023, the financial effect on the loss per share of the Group for FY2023 for the Settlement is as set out below, computed based on the latest announced audited consolidated financial statements of the Group for FY2023 and the following assumptions:

- (a) a full year annual depreciation of S\$137,063 relating to the Production Lines was recorded;
- (b) interest and extension fee related to the Outstanding Sum amounted to be an aggregate sum of S\$256,600; and
- (c) an impairment amount of S\$1,107,286 incurred during FY2023 relating to the impairment on amount due from the Purchaser of S\$334,161 and impairment on amount due from GPE of S\$773,125 was recorded.

<b>For FY2023</b>	<b>Before the Settlement</b>	<b>After the Settlement</b>
Net loss attributable to Shareholders after tax (S\$'000)	(1,236)	(9)
Number of issued shares (excluding treasury shares) ('000)	16,974,767	16,974,767
Loss per share (S\$ cents)	(0.0073)	(0.0001)

## 9. **INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the Final Settlement Letter or the Settlement (other than their direct or indirect shareholdings in the Company).

## 10. **SERVICE CONTRACTS**

No person will be appointed as a Director to the Board in connection with the Final Settlement Letter and the Settlement and accordingly, no service contracts in relation thereto will be entered into by the Company.

## 11. **DOCUMENTS FOR INSPECTION**

A copy of the Final Settlement Letter and the Valuation Report are available for inspection at the Company's registered office at 40 Ubi Crescent #01-01 Singapore 408567, during normal business hours for a period of three (3) months from the date of this announcement.

## 12. **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 Final Settlement Letter, the Settlement, 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. 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 the announcement in its proper form and context.

### 13. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors 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

14 August 2024

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*This announcement has been prepared by Annica Holdings Limited (the "Company") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.*

*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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