

ANNICA HOLDINGS LIMITED

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

PROPOSED ACQUISITION OF 350,000 SHARES IN GPE POWER SYSTEMS (M) SDN BHD FROM LUKMAN BIN MUDA

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 entered into a conditional sale and purchase agreement (“**Agreement**”) dated 8 January 2016 with Lukman Bin Muda (the “**Vendor**”) in respect of the proposed acquisition (the “**Proposed Acquisition**”) of 350,000 ordinary shares (“**Sale Shares**”) of GPE Power Systems Sdn Bhd (the “**Target Company**”). The Sale Shares represent 70% of the issued share capital of the Target Company, on the terms and subject to the conditions of the Agreement.

The consideration of the Proposed Acquisition is an aggregate amount of S\$1,837,500 (“**Consideration**”) for the Sale Shares.

The Proposed Acquisition constitutes a discloseable transaction as defined under Rule 1010 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Section B: Rules of Catalist (the “**Catalist Rules**”) as the relative figures under Rule 1006(c) exceed 5.0% but do not exceed 75.0%.

2. INFORMATION ON THE PROPOSED ACQUISITION

The information on the Vendor and the Target Company in sections 2.1 and 2.2 were provided by the Vendor, which have been extracted and produced herein. In respect of such information, the Company has not independently verified the accuracy and correctness of the same and the Company’s responsibility is limited to the proper extraction and reproduction herein the context that the information is being disclosed in this Announcement.

2.1 Information on the Target Company

The Target Company is a private limited company incorporated in Malaysia. It provides complete power generation solutions from sales and rental of power generators, to providing 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. The Target Company has an issued share capital of approximately S\$165,000 (Ringgit 500,000) comprising 500,000 fully paid ordinary shares (“**Target Company Shares**”). The net asset value of the Target Company as at the 31 December 2015 is approximately S\$707,000.

2.2 Information of the Vendor

The Vendor is one of the two (2) shareholders of the Target Company. The Vendor is a director of the Target Company.

The Vendor holds a B.A. (Hon.) from University of Malaya and Diploma in Public Management from INTAN. He has served the Malaysia Government since 1978. Rising from an Assistant Secretary at the Ministry of International Trade (MITI) to various senior positions in the Transport Department and the Ministry of Defence, he was eventually appointed as the Deputy Under Secretary of Development Division in the Ministry of Defence. He also sat on the board of Koperasi Angkatan Tentera (a cooperative owned by the Malaysian armed forces) for two (2) terms.

The Vendor an independent third party and is not related to any of the Directors and substantial shareholders of the Company (the “**Shareholders**”).

2.3 Rationale for and benefits of the Proposed Acquisition

The Proposed Acquisition is a strategic investment by the Group and will allow the Group to strengthen its competitive advantage and its positioning as a solution provider of choice in the power generation industry. It would enable the Group to leverage on the strength of the Target Company’s power generation business to complement the business of its existing subsidiaries, particularly those involved in the business of biomass power generation. This may lead to synergies that may result in better operational efficiency and increased cost savings. The Proposed Acquisition will also allow the Group to gain access to new contracts, customers and business opportunities.

Having considered the terms of the Proposed Acquisition and based on the benefits of the Proposed Acquisition to the Group, the Directors are of the view that the Proposed Acquisition is in the best interests of the Company.

2.4 Principal Terms of the Proposed Acquisition

(a) Consideration

The Consideration in the aggregate amount of S\$1,837,500 shall be satisfied in cash and to be payable to the Vendor as follows:

The Consideration is to be satisfied by the Company as follows:

- (i) S\$500,000.00 in cash as a deposit (the “**Escrow Amount**”) to be placed in escrow with the escrow agent, to be mutually agreed between the parties (the “**Escrow Agent**”), within seven (7) business days from the date of the Agreement, and such deposit to be refunded if the acquisition is not completed by 8 July 2016 (the “**Long Stop Date**”); and
- (ii) payment in cash to the Vendor of the balance consideration amount of S\$1,337,500 in cash (the “**Balance Consideration**”) on the date of the completion of the acquisition (the “**Completion Date**”).

The Consideration was negotiated and arrived at on a willing-buyer willing-seller basis and represents a price earnings ratio of approximately 7.5 times of the unaudited profit after tax of the Target Company of S\$350,000 for the financial year ended 31 December 2015. In arriving at the Consideration amount, other factors taken into consideration include the operating track record of the Target Company and the rationale for the Proposed Acquisition as set out in section 2.3 above.

(b) Conditions Precedent

Completion of the Proposed Acquisition (“**Completion**”) shall be conditional upon, amongst others, the following conditions being satisfied (or waived by the relevant parties) (collectively, the “**Conditions Precedent**”):

- (i) the results of a due diligence exercise over the business, affairs, operations, assets, financial condition, prospects and records of the Target Company being satisfactory to the Company in its sole and absolute discretion;
- (ii) the Vendor supplying, or procuring the Target Company or its respective representatives to supply to the Company, all of the information (in such detail as may be satisfactory to the Company) requested by the Company from time to time in connection with the due diligence exercise referred to above before the Completion Date;

- (iii) the approval of the Board, and (if required) Shareholders, being obtained for the transactions contemplated by the Agreement;
- (iv) the approval of the board of directors and shareholders of the Target Company being obtained for the transactions contemplated by the Agreement;
- (v) in relation to the Sale Shares,
 - (A) the receipt by the Company of such waivers or consents as may be necessary to enable the Company to be registered as holder of any and all of the Sale Shares; and
 - (B) all other consents and approvals required under any and all applicable laws for the sale of the Sale Shares and/or to give effect to the transactions contemplated hereunder (including without limitation, such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which the Vendor or the Target Company is a party or by which the Vendor or the Target Company or its or their respective assets are bound) being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to the Company;
- (vi) there being no change to the prospects, operations, financial and/or business conditions of the Vendor and/or the Target Company from the date of this Agreement and up to and including the Completion Date that could constitute a material adverse effect;
- (vii) the Vendor having performed all of the covenants and undertakings required to be performed by it under the Agreement on or before the Completion Date;
- (viii) the warranties in the Agreement being true and accurate as at the date of the Agreement and the Completion Date; and
- (ix) the Company having obtained the requisite approvals from SGX-ST and/or its continuing sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), in connection to the Agreement and the transactions contemplated hereby;
- (x) the Vendor and the Company having obtained all third party consents and approvals (including, but not limited to, all corporate, third party, governmental and regulatory approvals and licences required) as may be necessary in connection with the transactions contemplated by the Agreement, and where any such third party consents and approvals are subject to conditions, such conditions being satisfactory to the parties in their reasonable discretion and being in full force and effect and not having been withdrawn, suspended, amended or revoked, on or before Completion; and
- (xi) there being no laws having been enacted, amended or proposed which would prohibit, materially restrict or materially delay the implementation of the transactions contemplated in the Agreement or the operations of the Target Company.

If any of the Conditions Precedent set out above are not fulfilled or waived (as the case may be) by the Long-Stop Date, the Agreement shall automatically terminate and neither party shall have any claim of any nature whatsoever against the other party for costs, damages, compensations or otherwise by reason of such termination, without prejudice to any claim arising from an antecedent breach of the terms of the Agreement.

(c) Completion Of The Proposed Acquisition

Subject to satisfaction of the Conditions Precedent, Completion shall take place no later than ten (10) business days after all the Conditions Precedent are fulfilled or waived (as the case may be) or such other date as the Parties may agree in writing.

On the Completion Date, the Purchaser shall (i) instruct the Escrow Agent to release the Escrow Amount in favour of the Vendor and (ii) transfer the Balance Consideration to a bank account as shall have been notified by the Vendor to the Purchaser at least three (3) business days before the Completion Date.

3. SOURCE OF FUNDS

The Proposed Acquisition will be funded by internal resources of the Group.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

4.1 Bases and assumptions

The financial effects of the Proposed Acquisition on (i) the consolidated net tangible assets ("**NTA**") per share of the Company ("**Share**"); and (ii) the consolidated loss per Share ("**LPS**") of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("**FY2014**") and the unaudited management accounts of the Target Company for the financial year ended 31 December 2015 ("**TCFY2015**") under the following assumptions:

- (a) the financial effects of the Proposed Acquisition on the NTA per Share of the Group are computed assuming that the Proposed Acquisition had taken place on 31 December 2014,
- (b) the financial effects of the Proposed Acquisition on the EPS of the Group are computed assuming that the Proposed Acquisition had been completed on 1 January 2014; and
- (c) the expenses in connection with the Proposed Acquisition have been disregarded hereto.

The pro forma financial effects of the Proposed Acquisition are for **illustrative purposes only** and do not reflect the actual future financial situation of the Group after the Proposed Acquisition.

4.2 NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to the equity holders of the Group (S\$'000)	9,971	8,628
Number of Shares	1,312,279,324	1,312,279,324
NTA per Share (cents)	0.76 ⁽¹⁾	0.66 ⁽²⁾

4.3 LPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss of the Group attributable to equity shareholders (S\$'000)	12,037	11,792
Weighted average number of Shares	1,312,279,324	1,312,279,324
LPS (cents)	0.92 ⁽³⁾	0.90 ⁽⁴⁾

Notes:

- (1) NTA per Share before acquisition was calculated by dividing the Group's net tangible asset value attributable to equity holders as at FY2014 of approximately S\$9,971,000 divided by the number of ordinary shares of the Company as at FY2014 of 1,312,279,324.
- (2) NTA per Share after acquisition was calculated by dividing the total of the Group's net tangible asset value attributable to equity holders as at FY2014 and the Group's share of net tangible asset value of the Target Company as at TCFY2015 less the Consideration for the Proposed Acquisition of approximately S\$8,628,000 divided by the number of ordinary shares of the Company as at FY2014 of 1,312,279,324.
- (3) Loss per Share before acquisition was calculated by dividing the Group's net loss attributable to equity holders for FY2014 of approximately \$12,037,000 by the weighted average number of ordinary shares of the Company as at FY2014 of 1,312,279,324.
- (4) Loss per Share after acquisition was calculated by dividing the total of the Group's net loss attributable to equity holders for FY2014 and the Group's share of the Target Company's net profit after tax for TCFY2015 of approximately \$11,792,000 by the weighted average number of ordinary shares of the Company as at FY2014 of 1,312,279,324.

4.4 Share Capital

The Proposed Acquisition will not have any effect on the share capital and shareholding structure of the Company as it does not involve the allotment and issuance of any new shares in the Company and the Consideration is satisfied wholly in cash.

5. RELATIVE FIGURES CALCULATED UNDER RULE 1006

Based on the latest announced unaudited consolidated financial statement of the Group for the six-month financial period ended 30 June 2015 ("HY2015") and the unaudited management accounts of the Target Company for the six-month financial period ended 31 December 2015 ("TCHY2015"), the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules are calculated as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of compared with the Group's net asset value	N.A. ⁽¹⁾
(b)	The Group's share of net profit ⁽²⁾ of the Target Company for TCHY2015 of approximately S\$262,000, compared with Group's net loss attributable to equity shareholders for HY2015 of approximately S\$3,348,000	Not meaningful ⁽³⁾

(c)	The Consideration compared with the Company's market capitalisation of approximately S\$3,154,000 as at 7 January 2016, being the last market day the shares of the Company were traded on Catalist immediately preceding the date the Agreement was executed ⁽⁴⁾	58
(d)	The number of Consideration Shares issued by the Company, compared with the number of Shares (excluding treasury shares) previously in issue	N.A. ⁽⁵⁾
(e)	The aggregate volume of proved and probable reserves to be disposed of compared with the Group's probable and proved reserves	N.A. ⁽⁶⁾

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (3) The relative figure is not meaningful as the Proposed Acquisition is an acquisition of a profitable asset.
- (4) The market capitalisation of the Company was determined by multiplying the number of total issued Shares, being 1,576,985,206 Shares (excluding treasury shares) by S\$0.002 (being the volume-weighted average traded price of such Shares on 29 December 2015, being the last traded price on a market day preceding the date of the Agreement) (Source: www.shareinvestor.com).
- (5) This is not applicable as there are no consideration shares issued in relation to the Proposed Acquisition.
- (6) This is not applicable as the Company is not a mineral, oil and gas company.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and/or their respective associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholding interests in the Company.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection by Shareholders during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 9 Temasek Boulevard, #41-01, Suntec Tower 2, Singapore 038989 for three (3) months from the date this announcement.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement (other than information on the Target Company and the Vendor in sections 2.1 and 2.2 of 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 Acquisition, 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 this announcement in its proper form and context.

9. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares as the Proposed Acquisition are subject to the fulfillment of certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition.

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

11 January 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 SGX-ST. 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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