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

DISPOSAL OF 100% INTEREST IN A WHOLLY-OWNED SUBSIDIARY

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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 the Company has, on 8 November 2024, entered into a sale and purchase agreement ("**SPA**") with Ahmad Khalis Bin Abdul Ghani (the "**Purchaser**" or "**Mr. Ahmad Khalis**") to dispose of 2,000,000 ordinary shares in the capital of Industrial Engineering Systems Pte. Ltd. ("**IES**"), a wholly-owned subsidiary of the Company, representing 100% of the total issued and paid-up share capital of IES (the "**Sale Shares**"), to the Purchaser (the "**Proposed Disposal**").

2. INFORMATION ON THE PURCHASER

The information presented herein relating to the Purchaser is based on information provided by the Purchaser. 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 ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

2.1 The Purchaser is a Singaporean and a corporate legal counsel practicing in Singapore. Mr. Ahmad Khalis was also elected as a member of the Parliament in Singapore from 2001 to 2006.

2.2 The Purchaser is not related to the Directors, substantial shareholders of the Company ("**Shareholders**"), or their respective associates. As at the date of this announcement, the Purchaser does not hold any shares in the share capital of the Company or any other shareholding interest (direct or indirect) in the Company.

2.3 There is no introducer or referrer involved in the Proposed Disposal, and there is no referral fees or commission fees or introducer fees or any other fees payable to any person or entity with respect to the Proposed Disposal.

3. INFORMATION ON IES

IES was incorporated in the Republic of Singapore on 29 July 2003 and is in the business of designing industrial plant engineering services systems and general wholesaling and trading. As at the date of this announcement, (i) IES has an issued and paid-up capital of S$2,000,000 comprising 2,000,000 ordinary shares; and (ii) IES holds the entire issued and paid-up capital of IES Engineering Systems Sdn. Bhd. ("**IESM**", and together with IES, the "**IES Group**").

IESM was incorporated in Malaysia on 5 December 2019 and is in the business of designing industrial plant engineering services systems and general wholesaling and trading. As at the date of this announcement, IESM has an issued and paid-up capital of RM1,000 comprising 1,000 ordinary shares.

Save as disclosed above, IES and IESM do not hold any equity interest in another entity within or outside the Group.

Upon Completion (as defined below) of the Proposed Disposal, IES and IESM will cease to be subsidiaries of the Company and the Group and will no longer be a part of the Group.

Financial Information

Based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2023 ("**FY2023**"):

(a) the adjusted book value of the IES Group was S$269,082 as at 31 December 2023;

(b) the net loss attributable to the IES Group was S$276,082; and

(c) the adjusted net tangible asset of the IES Group was S$269,082 as at 31 December 2023.

Based on the latest announced unaudited condensed interim consolidated financial statements of the Group for the second quarter and six months financial period ended 30 June 2024 ("**HY2024**"):

(a) the adjusted book value of the IES Group was S$139,136 as at 30 June 2024;

(b) the net loss attributable to the IES Group was S$129,956; and

(c) the adjusted net tangible asset of the IES Group was S$139,136 as at 30 June 2024.

The aforementioned book value and net tangible asset value of IES Group as at 31 December 2023 and 30 June 2024 have been adjusted to take into account the increase in the issued and paid-up share capital of IES of S$1,000,000, completed on 2 October 2024, as announced by the Company on 2 October 2024. Please refer to the Company's announcement dated 2 October 2024 for more information.

4. SALIENT TERMS OF THE SPA

4.1 Consideration of the Proposed Disposal

The aggregate value of the consideration for the Sale Shares to be paid to the Company in connection with the Proposed Disposal is S$1,500,000 (the "**Consideration**"). The Consideration was mutually agreed upon pursuant to an arms' length negotiations between the Company and the Purchaser on a willing-seller and willing-buyer basis after taking into consideration, the audited net assets of IES based on the audited accounts of IES for FY2023.

The Consideration shall be fully payable and settled by the Purchaser in cash at Completion.

There was no valuation conducted in relation to the Proposed Disposal.

4.2 Principal terms of the SPA

Completion of the Proposed Disposal is conditional upon, *inter alia,* (i) the Company procuring all necessary consents, approvals and waivers from government, administrative and regulatory authorities, bodies or courts, and third parties in relation to the Proposed Disposal; and (ii) the Company providing evidence satisfactory to the Purchaser evidencing the discharge of all bank loans, borrowings, charges and other encumbrances of IES.

Pursuant to the SPA, the completion of the Proposed Disposal shall take place no later than fourteen (14) business days after the date on which the last of the conditions precedent in relation to the SPA has been satisfied or waived, and in any event not later than six (6) months after the date of the SPA ("**Completion**"). Completion of the Proposed Disposal is expected to take place on 22 November 2024.

5. **RATIONALE FOR THE PROPOSED DISPOSAL**

The Proposed Disposal will allow the Group to streamline its current operations and consolidate its business units to improve cost efficiency. The Proposed Disposal is a good opportunity for the Group to unlock value of the IES Group, which has been loss-making for the last three financial years ended 31 December 2023, 2022 and 2021, and strengthen the Group's financial position. As such, the Board believes that the Proposed Disposal would be in the best interest of the Company and its Shareholders.

6. **INTENDED USE OF PROCEEDS FROM THE PROPOSED DISPOSAL**

The estimated net proceeds from the Proposed Disposal, after deducting estimated expenses to be incurred in connection with the Proposed Disposal of approximately S$50,000, is approximately S$1,450,000.

The net proceeds from the Proposed Disposal will be used for general working capital purposes and repayment of the Group's existing liabilities (including but not limited to legal and professional fees and other ancillary expenses incurred to date).

7. **RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES**

7.1 The relative figures in respect of the Proposed Disposal as computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"), are based on the latest announced unaudited condensed interim consolidated financial statements of the Group for HY2024 and are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	12.4% (1)
(b)	The net losses attributable to the assets to be acquired or disposed of, compared with the Group's net losses.	19.6% (2)
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	7.8% (3)
(d)	The number of equity securities issued as consideration for an acquisition, compared with the number of securities previously in issue.	Not Applicable (4)
(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 (5)

Notes:

(1) The adjusted net asset value attributable to the Sale Shares is approximately S$139,136 as at 30 June 2024, as compared to the Group's adjusted net asset value of S$1,122,153 as at 30 June 2024.

For purpose of the calculation of the relative figure pursuant to Rule 1006(a) of the Catalist Rules, (i) the net asset value attributable to the Sale Shares has been adjusted to take into account the increase in the issued and paid-up share capital of IES of S$1,000,000, completed on 2 October 2024; and (ii) the Group's net asset value has been adjusted to take into account the Group's debt conversion of S$2,400,000, completed on 29 August 2024. Please refer to the Company's announcements dated 8 July 2024 and 2 October 2024 for more information on the Group's debt conversion and the increase in the issued and paid-up share capital of IES, respectively.

(2) The net loss attributable to the Sale Shares for HY2024 is approximately S$129,956, as compared to the Group's net loss of S$664,211 for the same period.

(3) Based on the Consideration of S$1,500,000 and the market capitalisation of the Company of S$19,260,481. The market capitalisation of the Company was computed based on the issued share capital of the Company of 19,260,481,334 ordinary shares in issue ("**Shares**"), as at the date of this announcement, and by the volume weighted average price of the Shares of approximately S$0.001 per Share for trades done on 7 November 2024 (being the last full market day immediately preceding the date of this announcement, being the date of the SPA entered between the Company and the Purchaser in connection with the Proposed Disposal).

(4) Rule 1006(d) of the Catalist Rules is not applicable as the Proposed Disposal does not involve an issue of equity securities.

(5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

7.2 Rule 1007(1) of the Catalist Rules provides that if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, the applicable circumstances in Practice Note 10A of the Catalist Rules need to be considered in relation to the Proposed Disposal. The Proposed Disposal involves the disposal of a loss-making company with a positive net asset value. Notwithstanding, the Proposed Disposal would result in a gain on disposal, as illustrated under Section 8.4 below. As the absolute relative figures computed involve negative figures which falls within the situation set out in Paragraph 4.4(e) of Practice Note 10A of the Catalist Rules, as set out below:

(i) the absolute relative figures computed on the basis of each of Rule 1006(a) and Rule 1006(c) of the Catalist Rules exceed 5% but does not exceed 50%; and

(ii) the Proposed Disposal does not result in a loss on disposal,

Rule 1014 of the Catalist Rules would not apply to the Proposed Disposal and hence, the approval of Shareholders is not required for the Proposed Disposal. However, the Company must immediately announce the information required pursuant to Paragraph 4.4 of Practice Note 10A of the Catalist Rules.

7.3 For completeness, Paragraphs 4.4(c) and 4.4(d) of Practice Note 10A of the Catalist Rules are not applicable as the net asset values of both the Group and IES are positive and IES is not a profitable asset.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

8.1 <u>Bases and Assumptions</u>

The *pro forma* financial effects of the Proposed Disposal on the Group presented below are for illustrative purposes only and are not intended to be indicative or reflective of the actual results, financial performance and position of the Group following the Completion of the Proposed Disposal. No representation is made as to the financial position and/or results of the Group following the Completion of the Proposed Disposal. The *pro forma* financial effects are computed based on the latest announced audited consolidated financial statements of the Group for FY2023 and have been prepared based on, *inter alia*, the following key assumptions:

(a) the Proposed Disposal had been effected on 31 December 2023, being the end of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated net tangible assets ("**NTA**") per Share of the Group;

(b) the Proposed Disposal had been effected on 1 January 2023, being the beginning of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated loss per Share ("**LPS**") of the Group; and

(c) the expenses to be incurred in relation to the Proposed Disposal was disregarded.

8.2 Effect on NTA per Share

Had the Proposed Disposal been completed on 31 December 2023, the financial effect on the NTA per Share of the Group as at 31 December 2023 for the Proposed Disposal is as follows:

As at 31 December 2023	**Before the Proposed Disposal**	**After the Proposed Disposal**
NTA(1) (S$'000)	1,872	3,103
Number of issued Shares (excluding treasury shares) ('000)	19,260,481	19,260,481
NTA per Share (S$ cents)	0.0097	0.0161

Note:

(1) NTA is computed based on total assets less total liabilities and intangible assets. In determining the Group's NTA and number of issued Shares, the Group's debt conversion of S$2,400,000 as completed on 29 August 2024 has been taken into account in the calculation of the effect on NTA per Share.

8.3 Effect on LPS

Had the Proposed Disposal been completed on 1 January 2023, the financial effect on the LPS of the Group for FY2023 is as follows:

For FY2023	**Before the Proposed Disposal**	**After the Proposed Disposal**
Net loss attributable to Shareholders after tax (S$'000)	(1,235)	(460)
Number of issued Shares (excluding treasury shares) ('000)	19,260,481	19,260,481
LPS (S$ cents)	(0.0064)	(0.0024)

Note:

(1) In determining the Group's number of issued Shares, the Group's debt conversion of S$2,400,000 as completed on 29 August 2024 has been taken into account in the calculation of the effect on LPS.

8.4 Gain on Disposal and Consideration over Book Value

For illustration purposes only and assuming that the Proposed Disposal had been completed on 31 December 2023 and before deducting any expenses in connection with the Proposed Disposal, the Proposed Disposal would result in a gain on disposal of approximately S$1,114,000 and an excess of the Consideration over the book value of IES by approximately S$1,231,000 for the Group.

9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders and their respective associates has any interest, direct or indirect, in the Proposed Disposal (other than their direct or indirect shareholdings in the Company, if any).

10. SERVICE CONTRACTS

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

11. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the Company's registered office at 40 Ubi Crescent #01-01 Ubi Techpark Singapore 408567, during normal business hours for a period of three (3) months from the date of this announcement.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) to keep Shareholders informed, as and when there are further updates or developments in due course.

13. 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, 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.

14. 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 stock brokers, 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

8 November 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 Catalist.*

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.

The contact person for the Sponsor is Ms Goh Mei Xian, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone: (65) 6636 4201.