

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

**PROPOSED DISPOSAL OF INDUSTRIAL POWER TECHNOLOGY PTE LTD AND
THE THINK ENVIRONMENTAL CO. SDN. BHD.**

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 14 March 2016, entered into a conditional sale and purchase agreement (the “**Agreement**”) with MOHAMAD RIDZA BIN MAT ALI (the “**Purchaser**”) for the disposal of the Company's entire shareholding interest in Industrial Power Technology Pte Ltd (“**IPT**”) and The Think Environmental Co. Sdn. Bhd. (“**TTEC**”) (the “**Proposed Disposal**”).

2. INFORMATION ON IPT, TTEC AND THE PURCHASER

IPT is a company incorporated in Singapore and is in the business of providing engineering, procurement and contractor services for biomass power plants and equipment. The Company, at the date of this Announcement, owns 60% of the issued share capital of IPT.

TTEC is a company incorporated in Malaysia and is in the business of specialist engineering, procurement and construction contractor for biomass power plant. TTEC, at the date of this Announcement, is a wholly-owned subsidiary of the Company.

The entire shareholding interest of the Company in IPT and TTEC shall be referred to as the “**Sale Shares**”.

IPT and TTEC have in the past been commissioned by and have procured, fabricated, supplied biomass energy generators and plants to an array of clients in Thailand, Malaysia and Indonesia. IPT and TTEC are engineering, procurement and contracting service providers.

The Purchaser, a Malaysian citizen, has over 33 years of experience in the property development and construction industry. He has previously spearheaded the property division of Sime Darby Property Sdn Bhd as a construction site manager from 1977 to 2010. He has worked and supervised projects in construction and development within an urban and commercial high rise construction environment and has supervised, monitored and maintained the progress of project development in the Selangor area, including residential projects in Putra Heights, Subang Jaya and Sime Darby Medical Centre, and outside Klang Valley.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The business of IPT and TTEC have met with increasing challenges. The biomass projects turned in dismal results, with a significant decrease in the number of contracts secured as well as customers' delays in being able to secure financing for their projects. Based on the unaudited consolidated financial statements of the Company for the financial year ended 31 December 2015 (“**FY2015**”), the Group incurred a net loss of S\$8,440,000. Excluding the losses incurred by IPT and TTEC, the Group would have reported a net loss of \$536,000 for FY2015.

During the course of 2015, the Company disclosed that IPT received a notice of termination in respect of its construction contracts entered into with FTJ Bio Power Sdn Bhd. The Company also disclosed that IPT received a notice of default from Songkhla Biomass Company Limited arising from a contract for the design, engineering, supply, construction, commission and testing of a rubber wood fired power plant. These were 2 major contracts that have played a large part in contributing to the losses incurred by IPT and TTEC.

The Proposed Disposal will allow the Company to dispose of loss-making assets and embark on a restructuring of its business activities and group structure within its business segment of energy and power generation. The Company will also be able to allocate more efficiently its available resources on its other existing businesses and the diversification of its activities within its business segment in the power generation space.

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 Sale Shares is a nominal sum of S\$2 to be paid by the Purchaser to the Company (the “**Consideration**”). The Consideration will be fully satisfied in cash on completion in the manner set out in the Agreement.

The nominal consideration was negotiated with the Purchaser, taking into consideration, among other issues IPT faces, certain working capital the Purchaser will have to inject into IPT and TTEC, and arrived at on a ‘willing-buyer, willing-seller basis’.

4.2 Conditions Precedent

The obligations of the Company and the Purchaser to complete the Proposed Disposal (the “**Completion**”) are conditional upon certain conditions (the “**Conditions Precedent**”) as follows:

- (a) The Company having obtained the approvals from all relevant directors and shareholders on the transactions contemplated by the Agreement;
- (b) 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 persons or authorities as may be necessary or desirable.

If any of the Conditions Precedent have not been fulfilled (or waived in writing by the Company) by 14 September 2016, being six months after the date of the Agreement, 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.

4.3 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- (a) Under the Agreement, the Purchaser warrants and undertakes to the Company that it shall procure that IPT:
 - (i) does not make any further use of or make further drawdown against any of the banking facilities provided under the UOB Facility Agreement (as defined below);

- (ii) does not do anything, or take (or neglect or fail to take) any action that would result in a breach or default of any of the terms under the UOB Facility Agreement; and
- (iii) shall repay all outstanding under any of the banking facilities granted under the UOB Facility Agreement as soon as practicable,

from the date of the Agreement until such time the Company has been discharged from its obligations as guarantor under the revised banking facilities offer letter provided by United Overseas Bank Limited to IPT dated 23 January 2015, as amended, modified or supplemented from time to time (the "**UOB Facility Agreement**"), or until the release of the mortgage over 38 Kallang Place Singapore 339166 pursuant to the UOB Facility Agreement, whichever is later.

- (b) Under the Agreement, the Purchaser undertakes to indemnify the Company and hold the Company harmless from and against any claims damages, deficiencies, losses, costs, liabilities and expenses (including legal fees and disbursements) resulting directly or indirectly from or arising out of any breach of any representations, warranties, undertakings, covenants and agreements made by the Purchaser herein.

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 unaudited consolidated financial statements for FY2015, being the latest announced unaudited consolidated financial statements of the Company are as follows:

Rule 1006(a) The net asset/(liability) value of the assets to be disposed of, compared with the Group's net asset value	Not meaningful ⁽¹⁾
Rule 1006(b) The net loss attributable to the assets disposed of, compared with the Group's net loss	93.7% ⁽²⁾
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.	Not meaningful ⁽³⁾
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.	Not applicable as no equity securities will be issued by the Company as consideration for the Proposed Disposal
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.

Note:

- (1) Not meaningful as IPT and TTEC reported unaudited net liability value of (S\$11,599,000) and (S\$61,000), respectively, as at FY2015 whereas the Group's unaudited net asset value was S\$772,000 as at FY2015.
- (2) The computation is based on the aggregate net loss of IPT and TTEC for FY2015 of S\$7,904,000 compared with the Group's net loss for FY2015 of \$8,440,000.
- (3) Not meaningful as the Consideration is a nominal sum of S\$2 whereas the Company's market capitalisation, computed by multiplying the number of Shares in issue by the volume weighted average price of Shares transacted on 11 March 2016, being the last market day preceding the date of the Agreement, was S\$3,077,000.

In accordance with the relative figures computed in relation to the Proposed Disposal under Rule 1006 of the Catalist Rules, the relative figure under Rule 1006(b) exceeds 50%, ie, the net loss attributable to the assets disposed of, compared with the Group's net loss is more than 50%. The Proposed Disposal, therefore, constitutes a "Major Transaction" defined in Chapter 10 of the Catalist Rules. As it also involves the disposal of one of the core businesses of the Company, accordingly, the Proposed Disposal will be conditional upon the approval of shareholders of the Company ("**Shareholders**") pursuant to Rule 1014 of the Catalist Rules.

6. USE OF PROCEEDS

The proceeds arising from the Proposed Disposal would be S\$2 and 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 Company following the Completion.

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

- (a) the financial effects of the Proposed Disposal on the consolidated NTA per Share of the Company were 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 were 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 issued share capital

There will not be any change in the share capital of the Company as a result of the Proposed Disposal. The number of Shares for computing the financial effects of the Proposed Disposal on the consolidated NTA and consolidated LPS of the Company were based on the number of Shares (excluding treasury shares) of the Company as at FY2015.

7.2 Financial effects on consolidated NTA

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA as at FY2015 (\$'000)	772	8,647
Number of Shares as at FY2015 ('000)	1,488,750	1,488,750
Consolidated NTA per Share as at FY2015 (cents)	0.05	0.58

7.3 Financial effects on consolidated LPS

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated net loss for FY2015 (\$'000)	8,440	536
Weighted average number of Shares as at FY2015 ('000)	1,313,246	1,313,246
Consolidated LPS for FY2015 (cents)	0.64	0.04

7.4 Book Value

The book value of the Sale Shares held by the Company based on the unaudited financial information of IPT and TTEC as at FY2015 is NIL as the Company had made full impairment on the carrying value of its investments in IPT and TTEC as at FY2015. As the proceeds arising from the Proposed Disposal is S\$2, the net excess of the proceeds over the Company's aggregate book value of NIL is S\$2. The Company's gain on disposal is therefore S\$2.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

8.2 To the best information, belief and knowledge of the Company and its Directors, no controlling shareholder of the Company has any interest, direct or indirect, in the Proposed Disposal.

9. CIRCULAR

The circular to Shareholders containing further information of the Proposed Disposal and the other matters contemplated under the Agreement and enclosing the notice of the extraordinary general meeting of the Company to be convened to seek the approval of the Shareholders for the Proposed Disposal will be despatched by the Company to Shareholders in due course.

10. 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 as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading.

11. DOCUMENT FOR INSPECTION

A copy of the Agreement 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

14 March 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 and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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