**ZICO HOLDINGS INC.**

Incorporated in Labuan, Malaysia

Company Registration No. LL07968

**A. ACQUISITION OF 522,458 ORDINARY SHARES, REPRESENTING THE REMAINING 25% OF EQUITY INTEREST IN ZICO ASSET MANAGEMENT PTE. LTD.**

**B. REALLOCATION OF USE OF PLACEMENT PROCEEDS**

## 1. INTRODUCTION

1.1 The board of directors (the "**Board**") of ZICO Holdings Inc. (the "**Company**", and together with its subsidiaries and associated companies, the "**Group**") wishes to announce that the Company , had on 30 June 2023entered into a share sale and purchase agreement (the "**SPA**") with Mr. Lim Khoon Siong (the "**Vendor**") for the acquisition of 522,458ordinary shares (the "**Sale Shares**"), representing the remaining 25% of the entire issued and paid-up share capitalof ZICO Asset Management Pte. Ltd. ("**ZAM**"), from the Vendor for a consideration of SGD690,000 on the terms and conditions of the SPA (the "**Proposed Acquisition**"). 75% of the issued and paid-up share capital of ZAM is currently owned by the Company.

1.2 Upon completion of the Proposed Acquisition, ZAM will become a wholly owned subsidiary of the Company.

## 2. PARTICULARS AND VALUE OF ASSETS ACQUIRED

2.1 ZAM is a private company incorporated in Singapore under the Companies Act 1967 of Singapore on 12 January 2016 for the purposes of primarily conducting fund management services in accordance with the conditions in the Capital Market Services Licence issued by the Monetary Authority of Singapore under Securities and Futures Act 2001 of Singapore ("**Authorised Services**"). It is the holder of the Capital Market Services Licence (as definedbelow).

2.2 As at the date of this announcement, ZAM has an issued and paid-up share capital of SGD1,703,549 consisting of 2,089,832 ordinary shares ("**Shares**") of which the Company is the registered holder of 1,567,374 Shares (representing 75% of the total issued and paid-up shares capital in ZAM) and the Vendor is the registered holder of 522,458 Shares (representing 25% of the total issued and paid-up shares capital in ZAM).

2.3 The current shareholding structure of ZAM prior to the completion of the Proposed Acquisitionis as follows:

| Shareholder | Number of Shares held in ZAM | Shareholding Interest (%) |
|---|---|---|
| Vendor | 522,458 ("**Sale Shares**") | 25 |
| The Company | 1,567,374 | 75 |
| Total | 2,089,832 | 100 |

2.4 The shareholding structure of ZAM upon the completion of the Proposed Acquisition will be as follows:

| Shareholder | Number of Shares held in ZAM | Shareholding Interest (%) |
|---|---|---|
| The Company | 2,089,832 | 100 |
| Total | 2,089,832 | 100 |

2.5 The Vendor is currently the managing director of ZAM (and the other directors of ZAM are Ms. Long Sze Ying, Datuk Ng Hock Heng, Mr. John Lim Yew Kong and Mr. Chew Seng Kok who are each nominated by the Company to be directors of ZAM).

2.6 Save for his current directorship and shareholding in ZAM and his shareholding in the Company, the Vendor does not have any connection (including business relationship or dealings) with the Company, its directors and/or substantial shareholders. As at the date of this announcement, the Vendor has a direct interest of 50,000 shares of the Company, representing 0.01% of the total and issued share capital of the Company.

2.7 The Vendor has agreed to sell, and the Company has agreed to purchase, Sale Shares held by the Vendor, representing 25% of the total issued and paid-up share capital of the Company, in the manner and on the terms and conditions of the SPA.The Vendor will cease to be the shareholder of ZAM upon completion of the Proposed Acquisition.

2.8 On completion of the Proposed Acquisition, the Company shall hold in aggregate 2,089,832 Shares, representing 100% of the issued and paid-up share capital of ZAM and the Company shall be the sole legal and beneficial shareholder of ZAM.

2.9 The Vendor shall continue to have a vested interest by way of holding the position of a Managing Director of ZAM as well as the Company's shareholder by holding 50,000 shares of the Company post-acquisition.

2.10 <u>Book value</u>

Based on the audited accounts of ZAM as at 31 December 2022, the book value of ZAM is approximately SGD1,252,086 and the book value attributable to the Sale Shares is approximately

SGD313,022. The Consideration (as defined below) represents a premium of SGD376,978 over the book value attributable to the Sale Shares.

2.11 Net tangible asset ("**NTA**") value

Based on the audited accounts of ZAM as at 31 December 2022, the NTA value attributable to ZAM is approximately SGD1,249,033 and the NTA value attributable to the Sale Sharesis approximately SGD312,258.

2.12 Open market value

There is no applicable open market value attributable to the Sale Shares as ZAM is not a listed entity. No valuation was conducted on the Sale Shares.

## 3. PRINCIPAL TERMS OF THE SPA

3.1 Purchase consideration

The total purchase consideration payable to the Vendor for the Sale Shares is SGD690,000 ("**Consideration**"). The Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration, *inter alia*, the following factors:

(a) the net asset value of ZAM amounting to SGD1,252,086;

(b) historical financial position and the size of current asset under management (AUM);

(c) regulatory licenses held by ZAM to engage in the business of fund management in Singapore;

(d) ZAM's well-established branding, client base and in-depth knowledge of management team in fund management industry;

(e) inputted premium for full control over the corporate direction of ZAM; and

(f) the rationale and benefits (including long-term growth prospects and sustained profitability) to the Group arising from undertaking the Proposed Acquisition as described in paragraph 5.

The Consideration will be satisfied by cash in two tranches as set out below:

(a) SGD69,000 to be paid by the Company to the Vendor on the date of SPA; and

(b) SGD621,000 to be paid by the Company to the Vendor on the Completion Date.

Completion of the Proposed Acquisition shall take place on such date (being a date no earlier than fourteen (14) business days after the date on which the last of the conditions precedent set out in Paragraph 3.2 ("**Conditions Precedent**") has been satisfied or waived) as determined by the Company and notified in writing to the Vendor within two (2) business days of becoming aware of the same (the "**Completion Date**").

Upon the Completion Date, the shareholders' agreement between the Vendor and the Company shall lapse by reason that the Company will be the sole shareholder of ZAM.

3.2 Conditions Precedent

Completion of the Proposed Acquisition shall be conditional upon the satisfactory fulfilment (to be determined in the Company's sole discretion, acting reasonably) or waiver (to be granted at the Company's sole discretion) of the following Conditions Precedent:

(a) the passing at a board of directors' meeting of the Company to approve the acquisition of the Sale Shares in the agreed terms and obtaining all necessary corporate approvals for the Proposed Acquisition;

(b) the Vendor procuring the delivery of the pre-requisite transfer instrument of the Sale Shares to the Company;

(c) the Capital Market Services Licence is valid and subsisting as well as not otherwise revoked, restricted or subject to conditions (including those which may be imposed on or after the date of this Agreement) which are not acceptable to the Company;

(d) any and all necessary notification to or consents, approvals and waivers from government, administrative andregulatory authorities, bodies or courts, and third parties in respect of the Proposed Acquisition pursuant to any contractual arrangements or otherwise (where required) havingbeen obtained and such consents, approvals and waivers not having been amended or revoked before the Completion Date provided that where the grant of any such consent, approval or waiver is subject to any condition, such condition shall be satisfactory to the Company;

(e) there being no material adverse change between the date of the SPA and the Completion Date; and

(f) the representations and warranties of the parties being true, accurate and correct in all material respects as if made on the Completion Date, with references to the then existing circumstances and the parties having performed in all material respects of all his or its obligations under the SPA which are required to be performed on or before the Completion Date.

The Vendor and the Company undertake to use all reasonable efforts to ensure that the Conditions Precedent that apply to it are fulfilled as soon as possible and in any event on or before the long-stop date of 31 July 2023 (or such later date as the parties may agree in writing) ("**Long-Stop Date**").

"**Capital Market Services Licence**" means the Capital Market Services Licence issued by the Monetary Authority of Singapore on 8 October 2018 in favour of ZAM that enables ZAM to operate as a fund management company and to carry out the Authorised Services.

3.3 Material conditions

There are no other material conditions including a put, call or other option attached to the Proposed Acquisition.

3.4 Termination Provisions

The SPA may be terminated by either the Vendor or the Company as follows:

(a) if any condition precedent in paragraph 3.2 is not satisfied or waived on or before the Long-Stop Date; or

(b) if on the Completion Date, either party has materially breached any representation and warranty or has failed to perform any of its obligations in the SPA.

In the event the SPA is terminated by reason that the Vendor is the breaching party, SGD69,000 shall be refunded by the Vendor to the Company.

## 4. UTILISATION OF NET PROCEEDS OF THE PLACEMENT, MANNER OF SATISFACTION AND REALLOCATION OF USE OF PLACEMENT PROCEEDS

The Company disclosed in its placement announcement dated 14 April 2023 ("**Placement Announcement**") that approximately 25% to 30% (i.e., SGD675,000 to SGD810,000) of the gross proceeds amounting to SGD2,700,000 will be utilized by the Company to fund opportunistic acquisitions by the Group. In line with the placement announcement, the Board wishes to announce that SGD690,000 (approximately 25.56% of the gross proceeds) from the placement proceeds will be allocated to fund the Proposed Acquisition.

Following the disbursement of SGD690,000 for the Proposed Acquisition, the Company will re-allocate the unutilized balance of gross proceeds for the purpose of opportunistic acquisition to fund the working capital and general corporate purposes of the Group.

Pursuant to Rule 704(30) and Rule 1204(22) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Company will make periodic announcements on the utilisation of the gross proceeds, as and when such proceeds from the Placement are materially disbursed or utilized and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will provide a status report on the utilisation of such gross proceeds in its interim and full year financial statement announcements and annual reports of the Company. Where the proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on the specific use of such proceeds for working capital in relevant announcements and the annual reports of the Company. Where there is any material deviation from the stated use of the gross proceeds, the Company will announce the reasons for such deviation.

## 5. RATIONALE FOR THE PROPOSED ACQUISITION

The Singapore capital market has outperformed other neighbouring regions due to its status as a regional wealth management hub and its commitment to evolve into a highly competitive regional business center with a strong innovation track record.[1] In line with the Group's strategy to pivot towards the growing wealth management business in Singapore, the Proposed Acquisition will result in the Company increasing its ownership interest in ZAM from 75% to 100%, thereby making ZAM a wholly-owned subsidiary of the Company. This will allow the Company to have full control over the corporate direction of ZAM.

[1] https://www.mas.gov.sg/development/wealth-management

https://www2.deloitte.com/content/dam/Deloitte/ch/Documents/financial-services/deloitte-ch-en-international-wealth-management-centre-ranking-2021.pdf

Mr. Ravi Menon, who is the Managing Director of the Monetary Authority of Singapore, also expressed his views that Singapore is a leading asset management hub for institutional investors and fund managers to access pan-Asian opportunities.[2] Through these developments, the Group aims to strengthen the ecosystem of services to service wealth management and asset management clients and investors globally, leveraging on the growing demands in Singapore and regionally for such services through ZAM.

With these structural changes in place, the Company will be in a better position to move forward to capitalize on the strategic opportunities on the back of emerging trends to grow with confidence and resilience.

## 6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 Bases and assumptions

The financial effects of the Proposed Acquisition are prepared based on the Group's latest announced consolidated financial statements for financial year ended 31 December 2022 ("**FY2022**"). The financial effects of the Proposed Acquisition set out below are purely for illustrative purposes and do not reflect the future actual financial results or positions of the Group after the Completion of the Proposed Acquisition.

6.2 Effect on NTA

Assuming that the Proposed Acquisition had been completed on 31 December 2022, the effect on the NTA of the Group would have been:

| | **Before the Proposed Acquisition** | **After the Proposed Acquisition** |
|---|---|---|
| NTA (RM'000) | 80,420 | 81,447 |
| Number of shares ('000) | 349,462 | 349,462 |
| NTA per share (RM Sen) | 23.01 | 23.31 |

6.3 Earnings per share ("**EPS**")

Assuming that the Proposed Acquisition had been completed on 1 January 2023, the effect on the EPS of the Group would have been:

| | **Before the Proposed Acquisition** | **After the Proposed Acquisition** |
|---|---|---|
| Loss after tax (RM'000) | (865) | (559) |
| Number of shares ('000) | 349,462 | 349,462 |
| EPS (RM Sen) | (0.25) | (0.16) |

6.4 Share capital

There is no change in the share capital of the Company resulting from the Proposed Acquisition.

[2] https://www.mas.gov.sg/development/asset-management

https://www.mas.gov.sg/news/speeches/2018/connecting-global-markets-supporting-asias-growth

## 7. RELATIVE FIGURES

The relative figures for the Proposed Acquisition, computed on the bases set out in Rule 1006 of the Catalist Rules are set out below. The computations are based on (a) the latest announced consolidated financial statements for 31 December 2022 of the Group; and (b) the latest audited financial statements of ZAM for 31 December 2022.

| Rule 1006 | Bases | Relative Figures (%) |
|---|---|---|
| (a) | Net asset value of the assets to be disposed of, compared with the Group's net asset value. | Not applicable |
| (b) | Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits | -32.14%(1) |
| (c) | Aggregate value of the purchase consideration given compared with the market capitalisation of the Company | 2.59%(2) |
| (d) | Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue | Not applicable |
| (e) | 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 as the Proposed Acquisition is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company. |

**Notes**:

(1) The relative figure for Rule 1006(b) has been computed based on 25% of net profits of ZAM for FY2022 of approximately SGD88,000, as compared to the Group's net losses for FY2022 of approximately RM946,000. The absolute relative figure is indicated in the table above.

(2) Based on the Consideration of SGD690,000 and the Company's market capitalisation of SGD26,592,000, which is determined by multiplying the issued share capital of the Company of 349,461,791 shares with the volume weighted average price of such shares transacted on 30 June 2023, being the market day preceding the SPA, of SGD0.0699 per share.

Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules ("**Practice Note 10A**").

As the computation of the relative figures in Rule 1006(b) above involves a negative figure, Rule 1007(1) shall be read with Practice Note 10A. The Proposed Acquisition falls within the situation in paragraph 4.4 of Practice Note 10A, in particular, paragraph 4.4(b) of Practice Note 10A as (i) the absolute relative figure computed on the basis of Rule 1006(c) does not exceed 75%; and (ii) the net

profit attributable to the assets to be acquired exceeds 5% of the consolidated net loss of the Company (taking into account only the absolute value). In this regard, Rule 1014 of the Catalist Rules will not apply, and the Proposed Acquisition is only deemed a discloseable transaction by virtue of paragraph 4.4 of Practice Note 10A. Accordingly, the Proposed Acquisition will not be subject to the approval of shareholders.

**8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

**9. SERVICE CONTRACTS**

No service contract was or will be entered into between the Company and any person in connection with the Proposed Acquisition. No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition.

**10. CAUTION IN TRADING**

Shareholders are advised to exercise caution when dealing in the securities of the Company. The Proposed Acquisition is subject to numerous conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

**11. FURTHER ANNOUNCEMENTS**

The Company will make further announcements to keep shareholders informed as and when there are further material updates and developments in respect of the Proposed Acquisition.

**12. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the SPA will be available for inspection at the registered office of the Company's Singapore branch at 77 Robinson Road #06-03 Robinson 77 Singapore 068896, during normal business hours on any weekday (public holidays excepted) for a period of 3 months from the date of this announcement.

**13. DIRECTORS' 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 on 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.

**BY ORDER OF THE BOARD**

Datuk Ng Hock Heng

Group Chief Executive Officer

30 June 2023

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*This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Vanessa Ng.*

*Tel: 6389 3065, Email: vanessa.ng@morganlewis.com*