

CIRCULAR DATED 18 OCTOBER 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of ZICO Holdings Inc. ("**Company**"), you should forward this Circular, the Notice of Extraordinary General Meeting and the Proxy Form enclosed herewith immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to such purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this Circular, including the accuracy, completeness or correctness of any of the figures used, statements or opinions made. The contact person for the Sponsor is Ms Foo Quee Yin. Telephone number: +65 6221 0271.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.



(Incorporated in Labuan, Malaysia)
(Company Registration No. LL07968)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (I) THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITALS OF WHOLLY-OWNED DIRECT SUBSIDIARIES; AND**
- (II) THE PROPOSED CHANGE OF AUDITORS FROM PRICEWATERHOUSECOOPERS LLP TO BAKER TILLY TFW LLP**

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form	: 2 November 2019 at 10 a.m.
Date and time of Extraordinary General Meeting	: 4 November 2019 at 10 a.m.
Place of Extraordinary General Meeting	: 8 Robinson Road, #03-00 ASO Building, Singapore 048544

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or unless otherwise stated:-

“Acquisition”	:	Has the meaning ascribed in section 2.2 of this Circular.
“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore.
“Additional Consideration”	:	Has the meaning ascribed in section 2.5.2 of this Circular.
“Adjusted PE Ratio”	:	The price earnings ratio of 6.5.
“AQI Framework”	“	Has the meaning ascribed in section 9.3 of this Circular.
“Audit and Risk Committee”	:	The audit and risk committee of the Company as at the date of this Circular, comprising of Mr John Lim Yew Kong, Dato’ T. Jasudasen, Mr Chew Liong Kim, and Mr Stephen Arthur Maloy.
“Auditors”	:	The auditors of the Company for the time being.
“Baker Tilly”	:	Means Baker Tilly TFW LLP
“Board”		The board of Directors of the Company as at the date of this Circular.
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of the Catalist, as amended, modified or supplemented from time to time.
“CDP”	:	The Central Depository (Pte) Limited.
“Circular”	:	This circular to Shareholders dated 18 October 2019 in relation to the(1) Proposed Disposal; and (2) Proposed Change of Auditors
“Company”	:	ZICO Holdings Inc.
“Completion Date”	:	Has the meaning ascribed in section 2.7 of this Circular.
“Conditions Precedent”	:	Has the meaning ascribed in section 2.6 of this Circular.

“Consideration”	:	Has the meaning ascribed in section 2.5.1 of this Circular.
“Constitution”	:	The constitution of the Company.
“Corporate Guarantee”	:	The corporate guarantees which the Sale Subsidiaries have provided in favour of the Company’s lenders for the bank facilities provided to the Company.
“Director(s)”	:	The director(s) of the Company as at the date of this Circular.
“Effective Date”	:	The date of the SPA.
“EGM” or “Extraordinary General Meeting”	:	The extraordinary general meeting of the Company to be held on 4 November 2019 at 10 a.m., notice of which is set out in the Notice of EGM on pages 29 and 30 of this Circular.
“EPS”	:	Means earnings per shares.
“Group”	:	The Company, its subsidiaries and associated companies.
“Inglepeak”	:	Inglepeak Holdings Limited, a company incorporated in the British Virgin Islands and wholly owned by NGL. Inglepeak is not related to the Purchaser.
“Investment”	:	Has the meaning ascribed in section 2.5.6 of this Circular.
“IS”	:	Irene Siong, an employee of the Sale Subsidiaries. IS is not related to the Purchaser.
“Maximum Consideration”	:	Has the meaning ascribed in section 5 of this Circular.
“NGL”	:	Ng Geok Lan.
“Notice of EGM”	:	The notice of the EGM as set out on pages 29 and 30 of this Circular.
“NTA”	:	Means net tangible assets.
“Outstanding Monies”	:	Means the outstanding sums owed by the Company and/or its affiliates to the Sale Subsidiaries.
“PE Ratio”	:	The agreed price earnings ratio of 6.

“Proceeds”	:	Has the meaning ascribed in section 5 of this Circular.
“Proposed Change of Auditors”	:	The proposed change of auditors of the Company from PricewaterhouseCoopers LLP to Baker Tilly TFW LLP.
“Proposed Disposal”	:	Has the meaning ascribed in section 2.1 of this Circular.
“Proposed Resolutions”	:	Has the meaning ascribed in section 1 of this Circular.
“Purchaser”	:	Mune Investments Pte. Ltd.
“PwC”	:	PricewaterhouseCoopers LLP, Singapore.
“Relevant Shares”	:	The 5,969,865 shares in the Company held by NGL, Inglepeak, and IS.
“Revised PE Ratio”	:	The price earnings ratio of 7.
“Sale Subsidiaries”	:	Finova Singapore Pte. Ltd. and ZICO BPO Pte. Ltd.
“Sale Subsidiaries Profit After Tax and Total Comprehensive Income”	:	The profits of the Sale Subsidiaries after the income tax expenses of US\$648,299.00 for the financial year ended 31 December 2018, consisting of US\$17,699.00 as the profit after the income tax expenses for ZICO BPO Pte. Ltd. and US\$630,600.00 as the profit after the income tax expenses for Finova Singapore Pte Ltd.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Shares”	:	Ordinary issued and fully-paid up shares in the capital of the Company.
“Shareholders”	:	Registered holders of shares in the register of members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the depositors in the depository register maintained by the CDP and whose securities accounts are credited with those Shares. Any reference to shares held by or shareholdings of Shareholders shall include shares standing to the credit of their respective securities accounts.
“Singapore Companies Act”	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.

“SPA” : Means the conditional sale and purchase agreement dated 9 October 2019 entered into between the Company as vendor and Mune Investments Pte. Ltd. as purchaser.

“Supplemental Consideration” : Has the meaning ascribed in section 2.5.3 of this Circular.

The term **“subsidiary”** shall have the meaning ascribed to it under Section 5 of the Singapore Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Singapore Companies Act or the Catalist Rules, or any statutory modification thereof, and used in this Circular shall, where applicable, have the meaning ascribed to it under the Singapore Companies Act or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be the arithmetic aggregation of the figures that precede them.

ZICO HOLDINGS INC.
(Incorporated in Labuan, Malaysia)
(Company Registration No. LL07968)

LETTER TO SHAREHOLDERS

Board of Directors

Dato' Thambynathan Jasudasen (Independent Chairman)
Mr. Chew Seng Kok (Managing Director)
Mr. Liew Foong Yuen (Executive Director)
Datuk Ng Hock Heng (Executive Director)
Mr. John Lim Yew Kong (Independent Director)
Mr Chew Liong Kim (Independent Director)
Mr. Stephen Arthur Maloy (Non-Executive Non-Independent Director)

Registered Office

Unit Level 13(A),
Main Office Tower,
Financial Park Labuan,
Jalan Merdeka,
87000 Federal Territory of
Labuan,
Malaysia

18 October 2019

To: The Shareholders of ZICO Holdings Inc.

Dear Sir/Madam

1 INTRODUCTION

The Directors are convening the EGM to seek Shareholders' approval for the following matters:

- (a) the Proposed Disposal, to be tabled as an ordinary resolution at the EGM; and
 - (b) the Proposed Change of Auditors, to be tabled as an ordinary resolution at the EGM,
- (collectively, the "**Proposed Resolutions**").

The purpose of this Circular is to provide Shareholders with information in respect of the Proposed Resolutions, and to seek the approval of Shareholders at the EGM, notice of which is set out on pages 29 and 30 of this Circular.

The SGX-ST takes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained in this Circular.

2 THE PROPOSED DISPOSAL

2.1 Introduction

On 9 October 2019, the Company announced that it had entered into a sale and purchase agreement in relation to the proposed disposal of the entire share capitals of the Sale Subsidiaries to the Purchaser for a Consideration of up to US\$3,889,794 ("**Proposed Disposal**").

As the relative figure in respect of the Proposed Disposal calculated pursuant to Rule 1006(b) of the Catalist Rules exceeds 50%, the Proposed Disposal is classified as a "major transaction" within the meaning of Rule 1014 of the Catalist Rules and will be subject to the approval of the Shareholders.

The Directors are convening the EGM to be held at 10 a.m. on 4 November 2019 at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 to seek Shareholders' approval for the Proposed Disposal. The Notice of EGM is set out on pages 29 and 30 of this Circular.

This Circular has been prepared to provide Shareholders with information relating to and the rationale for the Proposed Disposal, to ensure that Shareholders will be in a position to make an informed decision in respect of the Proposed Disposal at the EGM.

2.2 Information on the Sale Subsidiaries

Details of each of the Sale Subsidiaries as at the date of the SPA are as follows:

Name of Sale Subsidiary	Principal activity	Principal place of business / Country of incorporation	Issued and paid-up share capital	Group's effective equity interest
Finova Singapore Pte. Ltd.	Provision of incorporation, corporate secretarial, fiduciary services, and, and immigration-related support services.	Singapore	S\$100,000 consisting of 100,000 ordinary shares	100%
ZICO BPO Pte. Ltd.	Provision of tax administration, payroll and accounting support services.	Singapore	S\$10,000 consisting of 10,000 ordinary shares	100%

The Company refers to the Company's announcement dated 29 May 2015 in relation to the acquisition of the Sale Subsidiaries ("**Acquisition**"). A copy of the said announcement dated 29 May 2015 is attached as Appendix 1 to this Circular. The Company wishes to highlight the following from the following on the Acquisition:

(a) The vendors:

- (i) The vendors in relation to the Company's acquisition of the 100,000 ordinary shares representing the entire issued and paid-up share capital of Finova Singapore Pte. Ltd. were Finova Asia Pte. Ltd., Stapfer Walter, Sean Lai Choong Chang, Inglepeak, and Hofstetter Bruno Joachim.
- (ii) The vendors in relation to the Company's acquisition of the 10,000 ordinary shares representing the entire issued and paid-up share capital of ZICO BPO Pte. Ltd. (formerly known as Finova Associates Pte. Ltd.) were Finova Asia Pte. Ltd., Stapfer Walter, Sean Lai Choong Chang, NGL, and Hofstetter Bruno Joachim.

- (b) The Purchase Consideration (as defined in the announcement dated 29 May 2015) was up to US\$6,293,178 (equivalent S\$8,405,797.85, applying the mid-day rate for 21 May 2015 as published by the Monetary Authority of Singapore, being US\$1 – S\$1.3357), which includes an earn-out consideration as more particularly set out in paragraph 3.2(b) of the said announcement. A price earnings ratio of 8 times was applied for the Purchase Consideration.

(c) The Purchase Consideration was satisfied by cash and shares as set out in paragraph 3.2 of the announcement dated 29 May 2019.

(d) The date of completion of the Acquisition was 29 May 2019.

2.3 Information on the Purchaser

The Purchaser is a company incorporated under the laws of Singapore as a holdings company. The Purchaser is wholly owned by Taiko S.A., an entity incorporated in Luxembourg, which is in turn owned by a Mr. Ricardo Portabella. (For the sake of completeness, the Purchaser was introduced by NGL and negotiations on the Proposed Disposal were conducted through the Purchaser's solicitors, Wilberforce TJC Law Corporation.) The Purchaser is not related to the Directors or controlling shareholder of the Company and their respective associates. One of the Purchaser's directors, NGL, is also a director of each Sale Subsidiary. As announced under the aforementioned announcement dated 29 May 2015, NGL was one of the vendors under the sale and purchase agreement in relation to the Company's purchase of the Sale Subsidiaries. As at 8 October 2019, she holds 1.83% of the shares in the Company, amounting to 5,929,869 shares (consisting of 426,998 shares directly held by her and 5,502,871 shares held by Inglepeak, a company wholly owned by her). The Purchaser, its shareholders, its directors and its beneficial owners are not interested persons as defined in the Catalist Rules. The Proposed Disposal is not an interested person transaction as defined in the Catalist Rules. NGL, Inglepeak, as well as IS are not connected to and are not acting under the direction of any Directors or substantial shareholders of the Company or each other.

2.4 Sale Shares

The Company agrees to sell the Sale Shares and the Purchaser agrees to purchase all the Sale Shares free from all encumbrances together with all rights, dividends, benefits and other entitlements attaching to them as at the date of the SPA, for the Consideration and subject to the terms and conditions of the SPA.

The Purchaser shall not be obliged to complete the purchase and transfer of any of the Sale Shares unless the purchase and transfer of all the Sale Shares are completed in the Purchaser's favour simultaneously.

2.5 Consideration

2.5.1 Pursuant to the SPA, the aggregate consideration for the Sale Shares shall comprise of the Singapore Dollars equivalent of US\$3,889,794, to be satisfied fully in cash ("**Consideration**").

The Consideration is arrived based on the following formula:

$$\text{Consideration} = \text{Sale Subsidiaries Profit After Tax and Total Comprehensive Income} \times \text{PE Ratio}$$

The Consideration shall be payable by the Purchaser to the Company in the following manner:

- (a) US\$388,979.40, being an amount equivalent to 10% of the Consideration, to be paid on the date of the SPA to the escrow account held by the Purchaser's solicitors and subsequently to be released to the Company within 2 business days of the Purchaser's receipt of letters of approval-in-principle (or equivalent) from the Company's lenders that the Corporate Guarantees will be released by them, on terms and conditions satisfactory to the Purchaser, failing which, on the Completion Date; and
- (b) balance US\$3,500,814.60, being an amount equivalent to 90% of the Consideration, less Outstanding Monies, to be paid on Completion Date. As at 30 June 2019, the Outstanding Monies is US\$180,000.

- 2.5.2 Additional purchase consideration of US\$340,150 ("**Additional Consideration**") may be payable if the Relevant Shares are disposed of at a price of S\$0.15 up to S\$0.20 per Relevant Shares by 31 December 2019. The Additional Consideration is arrived based on the following formula:

$$\text{Additional Consideration} = \text{Sale Subsidiaries Profit After Tax and Total Comprehensive Income} \times (\text{Adjusted PE Ratio} - \text{PE Ratio})$$

- 2.5.3 Alternatively, additional purchase consideration of US\$648,299 ("**Supplemental Consideration**") may be payable if the Relevant Shares are disposed of at a price of S\$0.20 per Relevant Shares by 31 December 2019. The Supplemental Consideration is arrived based on the following formula:

$$\text{Supplemental Purchase Consideration} = \text{Sale Subsidiaries Profit After Tax and Total Comprehensive Income} \times (\text{Revised PE Ratio} - \text{PE Ratio})$$

- 2.5.4 If applicable, the Additional Consideration or Supplemental Consideration (whichever applies) shall be paid in cash by the Purchaser to the Company within 7 business days of the receipt of purchase consideration by NGL, Inglepeak, and IS pursuant to the share purchase agreement to be entered into between NGL, Inglepeak, IS and the relevant third party. It is for NGL, Inglepeak and IS as the owners of the Relevant Shares to decide whether and when the Relevant Shares will be disposed of. If they decide not to dispose of the Relevant Shares, there will be no Additional Consideration or Supplemental Consideration to be paid to the Company. Also, the Relevant Shares must be disposed of by 31 December 2019 and the disposal must be at the share prices as stated in the sections above, for the Additional Consideration or Supplemental Consideration to be paid to the Company. If the Relevant Shares are disposed of a price below S\$0.15, there will be no Additional Consideration or Supplemental Consideration to be paid to the Company. The Company will still receive from the Purchaser the balance 90% of the Consideration, i.e., US\$3,500,814.60 less Outstanding Monies (as stated in section 2.5.1(b) above). The Company wishes to point out that the Additional Consideration or Supplemental Consideration (if applicable) will be paid by the Purchaser, which is Mune Investments Pte Ltd. There is no arrangement for NGL, Inglepeak and IS to pay to the Company the proceeds from their disposal of the Relevant Shares, regardless of what share price the Relevant Shares are sold at.
- 2.5.5 For the purposes of calculating the Consideration (and if applicable, the Additional Consideration or Supplemental Purchase Consideration), the exchange rate of United States Dollars to Singapore Dollars shall be at the close of business on the Effective Date of the average of the Quotations.

The Consideration was arrived at pursuant to arm's length negotiations between the Company and the Purchaser on a willing-buyer and willing-seller basis, taking into account a number of factors including, *inter alia*, the price-earnings ratios for other similar businesses or transactions, the historical performance and increasing business challenges faced by the Sale Subsidiaries as highlighted in section 4 below, and their business prospects. There is no open market value for the Sale Shares as they are not publicly traded. The Board of Directors took these factors into account in evaluating the Proposed Disposal. No valuation on the Sale Shares was carried out in connection with the Proposed Disposal by the parties of the SPA as it is not a regulatory requirement to do so. . The Board of Directors in evaluating the Proposed Disposal has considered a few factors including the price-earnings ratios for other similar businesses or transactions and the increasing business challenges faced by the Sale Subsidiaries.

Taking into account the cash receipts from dividends and other fees received from the Sale Subsidiaries by the Company since the Acquisition in 2015 together with the Consideration, the Company would receive more than it paid to the vendors during the Acquisition.

2.5.6 The following is the rationale for the Additional Consideration and Supplemental Consideration:

- (a) The Purchaser values highly the services of the executive director of Finova, NGL, and wishes to ensure that she will not be distracted in anyway whatsoever by the Company in the future, and that she will be focusing solely on the business of the Sale Subsidiaries after the completion of the Proposed Disposal. If the Relevant Shares could be sold, NGL will have no direct relationship with the Company.
- (b) After the Completion of the Proposed Disposal, the Purchaser and NGL plan to explore the possibility of NGL acquiring shares of Finova from the Purchaser ("**Investment**"). As such, if the Relevant Shares could be sold, NGL intends to use part of the proceeds from the sale of her Relevant Shares shares for the Investment in Finova.

2.5.7 In relation to the PE Ratio, Adjusted PE Ratio, Revised PE Ratio, and Relevant Shares

As stated in paragraph 2.2 above, when the Company first acquired the Sale Subsidiaries, the purchase consideration was in the form of cash and shares, which constitute the Relevant Shares held by NGL and Inglepeak.

	Acquisition in 2015	Proposed Disposal
Cash consideration (RM)	15,344,492	16,301,823
Shares consideration (RM)	8,823,136	NA
Number of consideration shares	7,522,498	NA
Issue price	S\$0.4328	NA
Total Consideration (RM)	24,167,628	16,301,823

During earlier negotiations of the Proposed Disposal, the Company sought a valuation of a price earnings ratio of 7. However, the Purchaser would only agree to this, if the Company bought the Relevant Shares, to ensure that NGL's and IS's interests would be exclusively aligned with the Sale Subsidiaries.

As the Company is unable to purchase its own shares, the current structure was arrived at, whereby NGL, Inglepeak (which is wholly owned by NGL) and IS would sell the Relevant Shares, and the Purchaser would pay the Additional Consideration or Supplemental Consideration.

The Directors confirm that the Proposed Disposal (including the Additional Consideration and Supplemental Consideration) is in compliance with laws, regulations governing the Company (including the constitution of the Company) and the Labuan Companies Act.

While the Company recognises that there is no certainty that the Relevant Shares would be disposed of, the Company remains of the view that even at the sale of a price earnings ratio of 6, it would be in the best interests of the Company. As IS is a key management in the Sale Subsidiaries, her Relevant Shares (which were allotted to her pursuant to the Company's Performance Share Plan) were included.

2.5.8 The market price for the Company's shares as at 10 October 2019 is S\$0.133.

2.6 **Conditions Precedent**

Completion is subject to and conditional upon, *inter alia*, the fulfillment on or prior to the date of Completion of the following conditions ("**Conditions Precedent**"):

- (a) the approval of the Proposed Disposal by the Shareholders at a general meeting of the Company to be convened;
- (b) the receipt of a written confirmation from the Sale Subsidiaries that each has been released from the Corporate Guarantees. The bank facilities secured by the Corporate Guarantees will continue to be secured by new corporate guarantees, to be provided by another corporate guarantor in place of the Sale Subsidiaries. The Board confirms that (i) the Company and the Group will be able to maintain its financing facilities and there will be no material change to the terms of the financing facilities that will materially affect the Group arising from the release of Sale Subsidiaries from the Corporate Guarantees; and (ii) there will be no breach of covenants for their financing facilities arising from the release of Sale Subsidiaries from the Corporate Guarantees;
- (c) the fulfilment of the requirements of the SGX-ST and the Catalist Rules; and
- (d) 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 their obligations under the SPA which are required to be performed on or before Completion Date.

2.7 **Completion**

Subject to the terms and conditions of the SPA, Completion shall take place on the date falling 3 business days following satisfaction (or waiver as the case may be) of all the Conditions Precedent, or such other date as the parties to the SPA may mutually agree in writing ("**Completion Date**").

2.8 **Material conditions**

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

3 **SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Proposed Disposal.

4 **RATIONALE FOR THE PROPOSED DISPOSAL**

- 4.1 The business of the Sale Subsidiaries, which includes the provision of offshore incorporation and nominee services, has been affected by the increasing business challenges and regulatory demands for transparency and disclosure on offshore entities, a main contributor to their revenue and profitability. This development has contributed to narrower business margins, which is unlikely to improve in the near future. The Proposed Disposal would be opportune to the Company as the additional resources from the Proposed Disposal would allow the Group to explore other opportunities and expand its existing businesses that enhance shareholder value.
- 4.2 The Sale Subsidiaries' contribution to the Group's profits for the 6 months ended 30 June 2019 of 91.39% (as shown from the computation under Catalist Rule 1006(b) in Section 7) was unusually high due to cyclical fluctuations and the fact that the other businesses of the Group suffered a decline in the first 6 months of 2019. As shown in the table below, the Sale Subsidiaries' contributions were much less in 2015 to 2018, with a median contribution of 41%.

Sale Subsidiaries	FY2015	FY2016	FY2017	FY2018
	RM'000	RM'000	RM'000	RM'000
Revenue (A)	6,882	7,780	8,718	8,997
Profit before tax (B)	3,650	2,908	3,426	2,929
Profit after tax	3,256	2,566	3,012	2,609
Net asset value	893	2,140	2,528	1,024
Group Revenue (C)	52,777	66,737	81,875	90,092
Group profit before tax (D)	8,940	4,159	8,307	8,532
Percentage Contribution of Sale Subsidiaries over Group Figures				
Revenue (A) over (C)	13%	12%	11%	10%
Profit before tax (B) over (D)	41%	70%	41%	34%

- 4.3 The reason for the Company's disposal of the Sale Subsidiaries is that NGL, being the Chief Executive Officer, has expressed her intention to resign from the Sale Subsidiaries upon the expiry of her service agreement in May 2020. As almost all her clients and staff have been with her for many years, there is a concern over client and staff retention once resigns. In light of this, the Company believes that the Proposed Disposal would also be good for the Sale Subsidiaries' clients and employees, as they would be afforded continuity.
- 4.4 The Company's Management intends to reposition the Group to address the challenges of managing services such as those provided by the Sale Subsidiaries, which has been impacted by an increasingly competitive and tougher compliance business environment, thereby resulting in the Sale Subsidiaries margins being compressed and their profitability being reduced. As shown by the table above, the profit after tax of the Sale Subsidiaries has decreased over time since the Company acquired them. This is shown in the table at section 6 below. The Company believes that the trend will continue and their reduced profitability will be accelerated with NGL's exit when her service agreement expires in May 2020.
- 4.5 With the disposal of the Sale Subsidiaries, the Group will still have the contributions from other businesses including capital markets, corporate secretarial, trust and custodian services, asset management, immigration, and also fees from the provision and management of shared services. These existing services will continue and may likely be expanded in the near future.
- 4.6 The Management's strategy going forward is to ensure that the remaining businesses are more resilient and sustainably profitable. The Company will also be taking steps to strengthen the cash flow position with the disposal of the Sale Subsidiaries. The restructuring and streamlining of central management support services to reduce costs will be accelerated. The Group will also be selectively expanding existing services in collaboration with leading international firms such as Fragomen. The Group is also exploring expansion into service areas such as fund management, private equity, wealth management and mergers & acquisitions in collaboration with leading international firms, who are interested to expand via the Company's multi-disciplinary platform and regional presence in ASEAN.
- 4.7 Having reviewed and considered the terms and conditions (including *inter alia* the Consideration, Additional Consideration, and Supplemental Consideration) and the financial effect of the Proposed Disposal, the Directors are of the view that the Proposed Disposal is in the interests of the Company and believe that the Proposed Disposal allows the Company to realise value in the areas of business conducted by the Sale Subsidiaries, thus benefitting the Company's shareholders and other stakeholders alike.

5 USE OF PROCEEDS

The estimated net proceeds ("**Proceeds**") from the Proposed Disposal attributable to the Company is ranging between RM16,301,823, (being Consideration of US\$3,889,794 converted at the Monetary Authority of Singapore's prevailing rate of US\$1 – RM4.1909) and RM19,018,793 (being the aggregate of Consideration and Supplemental Consideration ("**Maximum Consideration**")). It is the present intention of the Board to utilize the Proceeds for paying down RM6 million borrowings and the balance between RM10.3 million to RM13.0 million for general working capital.

Pending deployment, the Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purposes on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

6 FINANCIAL INFORMATION OF SALE SUBSIDIARIES

Based on the latest announced consolidated financial statements of the Group for the 6 months financial period ended 30 June 2019 ("**6M2019**"), the profit before tax attributable to the Sale Subsidiaries are RM1.3 million, and the net asset value of the Sale Subsidiaries is in total approximately RM1.1 million. As at 31 December 2018, the profit before tax attributable to the Sale Subsidiaries are RM3.0 million, and the net asset value of the Sale Subsidiaries is in total approximately RM1.0 million.

Historical profitability of the Sale Subsidiaries has also been on a declining trend since the Acquisition in 2015 as tabulated below:

	FY2015	FY2016	FY2017	FY2018	6M2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	6,882	7,780	8,718	8,997	4,440
Profit before tax	3,650	2,908	3,426	2,929	1,302
Profit after tax	3,256	2,566	3,012	2,609	1,123
Net asset value	893	2,140	2,528	1,024	1,136

The deficit of consideration proceeds of RM16.3 million over the Group's carrying value of net assets disposed of RM21.2 million as at 30 June 2019 is RM4.9 million. The goodwill of RM22.9 million arises from the excess of the purchase consideration of RM24.1 million over the net assets acquired of RM4.1 million in year 2015 and subsequent upward revaluation of goodwill acquired at a higher closing rate of RM2.9 million.

This results in a loss on disposal for the Group of RM4.9 million if the disposal were to take place on 30 June 2019. In addition, there are also intangible assets of RM19,000 to be written off as well as reversal of deferred tax liabilities of RM15,000.

Total impact upon disposal of Sale Subsidiaries is tabulated out below:				
	RM'000			
Loss on disposal of Sale subsidiaries	(4,879)			
Intangible assets written-off	(19)			
Reversal of deferred tax liabilities	15			
	(4,883)			

The deficit of Maximum Consideration (being Consideration plus Supplemental Consideration) proceeds of RM19.0 million over the Group's carrying value of net assets disposed of RM21.2 million as at 30 June 2019 is RM2.2 million. This results in a loss on disposal for the Group of RM2.2 million if the disposal were to take place on 30 June 2019. In addition, there are also intangible assets of RM19,000 to be written off as well as reversal of deferred tax liabilities of RM15,000.

Total impact upon disposal of Sale Subsidiaries is tabulated out below:				
	RM'000			
Loss on disposal of Sale subsidiaries	(2,162)			
Intangible assets written-off	(19)			
Reversal of deferred tax liabilities	15			
	<u>(2,166)</u>			

7 RELATIVE FIGURES FOR THE PROPOSED DISPOSAL UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Disposal, 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 30 June 2019 of the Group; and (b) unaudited financial statements as at 30 June 2019 of the Sale Subsidiaries.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Sale Subsidiaries, compared with the Group's net asset value	0.92 ⁽¹⁾
(b)	Net profits attributable to the Sale Subsidiaries, compared with the Group's net profits	91.39 ⁽²⁾
(c)	Aggregate value of the consideration given compared with the market capitalisation of the Company	12.45 ⁽³⁾ / 14.53 ⁽⁴⁾
(d)	Number of equity securities issued by the Company as consideration for the Proposed Disposal, 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 Company's proved and probable reserves	Not applicable

Notes:

- (1) Computed based on the Sale Subsidiaries net assets value of approximately RM1.1 million as at 30 June 2019, compared to the Group's unaudited net assets value of approximately RM125.1 million as at 30 June 2019. The exchange rates used are USD1 : RM4.1909. If the goodwill of RM22.9 million were included in this computation, the relative figure would be 19.24%.
- (2) Computed based on the Sale Subsidiaries' unaudited profit before tax of approximately RM1.3 million for 6M2019, compared to the Group's unaudited profit before tax of approximately RM1.4 million for 6M2019.
- (3) Computed based on the Consideration of US\$3,889,794 (equivalent to RM16,301,823 converted at the Monetary Authority of Singapore's prevailing rate of US\$1 – RM4.1909) and the market capitalisation of the Company of approximately RM130.9 million, which is determined by multiplying the issued share capital of the Company of 324,250,742 shares

with the volume weighted average price of such shares transacted on 30 September 2019 of S\$0.133 per share. The exchange rate used is S\$1 : RM3.0358.

- (4) Computed based on the Maximum Consideration of US\$4,538,093 (equivalent to RM19,018,793 converted at the Monetary Authority of Singapore's prevailing rate of US\$1 – RM4.1909) and the market capitalisation of the Company of approximately RM130.9 million, which is determined by multiplying the issued share capital of the Company of 324,250,742 shares with the volume weighted average price of such shares transacted on 30 September 2019 of S\$0.133 per share. The exchange rate used is S\$1 : RM3.0358.

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules exceed 50%. Accordingly, the Proposed Disposal constitutes a "major transaction" under Rule 1014 of the Catalist Rules and requires the approval of the shareholders of the Company at a general meeting to be convened.

8 FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

8.1 Bases and assumptions

The financial effects of the Proposed Disposal are prepared based on the Group's latest announced consolidated financial statements for FY2018. The financial effects of the Proposed Disposal set out below are purely for illustrative purposes and do not reflect the actual future financial results or positions of the Group after the completion of the Proposed Disposal.

8.2 Effect on NTA

Assuming that the Proposed Disposal had been completed on 31 December 2018, the effect on the NTA of the Group would have been:

	Before the Proposed Disposal	After the Proposed Disposal (based on the Consideration)	After the Proposed Disposal (based on the Maximum Consideration)
NTA (RM'000)	52,626	47,724	50,441
Number of shares ('000)	301,569	301,569	301,569
NTA per share (RM Sen)	17.45	15.82	16.73

8.3 Effect on EPS

Assuming that the Proposed Disposal had been completed on 1 January 2018, the effect on the EPS of the Group would have been:

	Before the Proposed Disposal	After the Proposed Disposal (based on the Consideration)	After the Proposed Disposal (based on the Maximum Consideration)
Profit / (Loss) after tax (RM'000)	3,260	(4,250)	(1,533)
Number of shares ('000)	301,569	301,569	301,659
EPS (RM Sen)	1.08	(1.41)	(0.51)

The Proposed Disposal will be material for the Group in terms of EPS and NTA per share for the Group in terms of EPS and NTA per share for the current financial year ending 31 December 2019.

9 THE PROPOSED CHANGE OF AUDITORS

9.1 Background and Rationale

PwC were appointed as the Company's Auditors at its extraordinary general meeting on 3 December 2015.

The Board, having reviewed Baker Tilly's fee proposal and credentials and the factors mentioned in section 10.3, has determined, in consultation with the Audit and Risk Committee, that their proposal is best suited to meet the audit requirements of the Group, and that their proposed professional fees are reasonable and competitive. The Proposed Change of Auditors is neither due to the dismissal of PwC nor PwC declining to stand for election. The Proposed Change of Auditors will result in cost savings of approximately 27% with no change in the scope of the audit. The quality of the audit is expected to be retained as Baker Tilly is one of the top 10 largest accounting and business advisory firms in Singapore.

In this regard, PwC has given notice to the Directors of their resignation as Auditors on 4 October 2019, and Baker Tilly has given their written consent to be appointed as the new Auditors on 9 October 2019, subject to the approval of the Shareholders at the EGM.

The resignation of PwC will only take effect upon the appointment of Baker Tilly, which will be effective upon approval of the Shareholders being obtained at the EGM to be convened for the Proposed Change of Auditors. Upon the appointment, Baker Tilly will hold office until the conclusion of the next annual general meeting of the Company. The Directors would like to highlight and confirm that the Proposed Change of Auditors is in no way the result of any disagreement.

9.2 Information on Baker Tilly

About Baker Tilly

Baker Tilly is a firm of Chartered Accountants in Singapore registered with ACRA. It is one of the top 10 largest accounting and business advisory firms in Singapore and has 15 partners and staff strength of about 290. It has significant experience acting as auditors for companies listed on the SGX-ST.

Baker Tilly is an independent member of Baker Tilly International, which is globally the 10 largest accounting and business advisory network by combined revenue and is represented by 125 independent member firms in 147 countries.

For more information about Baker Tilly, please visit its website at <https://www.bakertillytfw.com>.

About the audit engagement partner

Ms Guo Shuqi will be the audit engagement partner assigned to the audit of the Company and its subsidiaries. Ms Guo has over 14 years' experience in public accounting in Singapore. Her experience in listed companies are mainly in the services, manufacturing, entertainment, trading and distribution sector. Ms Guo is experienced in audits of the service companies. She was previously the engagement partner of Lafe Corporation Limited, a property-related service company listed in SGX-ST and her audit portfolio as manager/senior manager included the

audits of private and listed companies in the services sector. The Company would be the first company in Ms Guo's professional experience, that provides the kind of professional services provided by the Group, as there are no directly comparable business listed on the SGX-ST that provides similar services as the Company. The Audit and Risk Committee are satisfied that Baker Tilly has the requisite experience and that Ms Guo will have access to the required resources, whenever necessary. Prior to joining Baker Tilly, Ms Guo spent over 7 years in an international accounting firm. Ms Guo has developed extensive financial audit experience of listed, private and multinational companies across a range of industries. She is currently the engagement partner of Spackman Entertainment Group Limited, Samurai 2K Aerosol Limited and Joyas International Holdings Limited. These companies are listed on the SGX-ST with operations in various geographical locations including South Korea, Indonesia, Hong Kong, Malaysia and Singapore. Ms Guo is a practising member of the Institute of Singapore Chartered Accountants.

Baker Tilly has 15 partners, with about 290 staff who are professionals providing audit, tax and business advisory services.

For the audit of the Group, the audit engagement team will comprise the following professionals: one (1) audit associate, one (1) senior audit associate, two (2) audit seniors, one (1) audit senior manager and one (1) audit engagement partner. In addition, the audit of the Group will also be reviewed by a concurring partner and an independent quality control reviewer.

The Audit and Risk Committee has enquired on whether Ms Guo Shuqi, who will be the audit engagement partner assigned to the audit of the Group, has been subject to the Practice Monitoring Programme review by ACRA and noted that Ms Guo has not been subjected to a Practice Monitoring Programme review.

9.3 **Compliance with Rule 712 of the Catalist Rules**

The Audit and Risk Committee has reviewed and deliberated, and after taking into consideration the suitability of Baker Tilly and compliance with the Catalist Rules, has recommended the Proposed Change of Auditors.

The Directors have taken into account the Audit and Risk Committee's recommendation and considered the various factors including, *inter alia*, the adequacy of the resources and experience of Baker Tilly, the audit engagement partner assigned to the audit, the other audit engagements of Baker Tilly, the size and complexity of the Group's operations, the number and experience of supervisory and professional staff assigned to audit the Group, and are of the opinion that Baker Tilly will be able to meet the audit requirements of the Group. In addition, Baker Tilly is registered with ACRA.

The Audit and Risk Committee, after having reviewed and deliberated, and after taking into consideration the suitability and independence of Baker Tilly in meeting the audit requirements of the Group, the various factors as set out in 9.1, and compliance with the requirements of the Catalist Rules, has recommended the Proposed Change of Auditors for approval by the Board.

The Audit and Risk Committee had not considered the Audit Quality Indicators Disclosure Framework (the "**AQI Framework**") in its entirety when selecting the new auditors as the adoption of the AQI Framework is voluntary. However, the Audit and Risk Committee has based its selection of Baker Tilly as the proposed new auditors of the Company based on the Company's internal criteria, which includes costs, quality and scope of audit, and adequacy of the resources, experience and reputation of the audit firm.

In accordance with the requirements of Rule 712(3) of the Catalist Rules:

- (a) PwC has confirmed, by way of its letter dated 9 October 2019 to Baker Tilly that it is not aware of any professional reasons why Baker Tilly should not accept the appointment as Auditors;
- (b) the Company confirms that there were no disagreements with PwC on accounting treatments, *inter alia*, discussion for the current financial year ending 31 December 2019 and within the last 12 months from the date of this Circular;
- (c) the Directors confirm that the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Circular;
- (d) the reasons for the Proposed Change of Auditors are as disclosed in section 9.1 of this Circular. The Proposed Change of Auditors is not due to the dismissal of PwC, or due to PwC declining to stand for election; and
- (e) the Company confirms that it is in compliance with Rule 712 and Rule 715 of the Catalist Rules in relation to the appointment of Baker Tilly as its new Auditors.

9.4 Compliance with Rule 715 of the Catalist Rules

Following Shareholders' approval of the Proposed Change of Auditors, Baker Tilly will become the Auditors and of such significant subsidiaries of the Company (which are mainly incorporated in Singapore and Malaysia) in place of PwC. The Company has no significant associated companies.

Baker Tilly will be appointed to conduct an audit on the consolidated financial statements of the Company and the financial statements of its significant subsidiaries incorporated in Singapore and Malaysia. Where necessary, the Company will appoint member firms of Baker Tilly to conduct audit of its subsidiaries incorporated in overseas for the purpose of the consolidation of the financial statements of the Group.

The Company confirms that Catalist Rule 715(1) and (2) will be complied with.

9.5 Audit and Risk Committee's Recommendation

The Audit and Risk Committee has reviewed the Proposed Change of Auditors and recommended the Proposed Change of Auditors after taking into account the suitability and independence of Baker Tilly to meet audit requirements of the Company, the various factors set out in section 9 of this Circular and compliance with the requirements of the Catalist Rules.

10 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or the controlling shareholder of the Company has any interest, direct or indirect, in the Proposed Disposal or in the Proposed Change of Auditors, other than through their respective shareholdings in the Company.

11 DIRECTORS' RECOMMENDATIONS

11.1 Proposed Disposal

Having considered the rationale of the Proposed Disposal, the Directors are of the opinion that the Proposed Disposal is in the best interests of the Company. Accordingly, the Directors

recommend that the Shareholders vote in favour of Resolution 1 in respect of the Proposed Disposal at the EGM.

11.2 Proposed Change of Auditors

Having considered the rationales and benefits of the Proposed Change of Auditors and the Audit and Risk Committee's recommendation, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of Resolution 2 in respect of the Proposed Change of Auditors at the EGM.

12 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 29 and 30 of this Circular, will be held on 4 November 2019 at 10 a.m. at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 for the purpose of considering and, if thought fit, passing, with or without any modification, the ordinary resolutions set out in the Notice of EGM.

13 ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the proxy form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company's Singapore Branch at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 48 hours before the time fixed for the EGM. The completion and return of the proxy form by such Shareholder will not prevent him from attending and voting in person at the EGM in place of his proxy should he subsequently wish to do so.

A depositor will not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the depository register as at 48 hours before the EGM.

14 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal and Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the Circular has been extracted from publishing 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 Circular in its proper form and context.

15 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company's Singapore Branch at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 during normal business hours from the date of this Circular and up to and including the date of the EGM:

- (a) the SPA;
- (b) the Constitution of the Company;
- (c) the letter from PwC dated 4 October 2019 setting out their resignation;
- (d) the professional clearance letter issued by PwC to Baker Tilly dated 9 October 2019;
- (e) the letter of consent to act as Auditors dated 9 October 2019 from Baker Tilly; and
- (f) the annual report for the year ended 31 December 2018.

Yours faithfully

For and on behalf of the Board of Directors of

ZICO HOLDINGS INC.

Chew Seng Kok

Managing Director

Appendix 1

Announcement dated 29 May 2015

Incorporated in Labuan, Malaysia

Company Registration No. LL07968

ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF (I) FINOVA SINGAPORE PTE. LTD. AND (II) FINOVA ASSOCIATES PTE. LTD.

1. INTRODUCTION

1.1 The board of directors ("**Board**" or "**Directors**") of ZICO Holdings Inc. ("**Company**", and together with its subsidiaries and associated companies, the "**Group**") wishes to announce that the Company has on 29 May 2015 entered into a conditional sale and purchase agreement ("**Sale and Purchase Agreement**") with:-

- (a) Finova Asia Pte. Ltd., Stapfer Walter, Sean Lai Choong Chang, Inglepeak Holdings Ltd., and Hofstetter Bruno Joachim in relation to the acquisition by the Company of 100,000 ordinary shares ("**FS Sale Shares**") representing the entire issued and paid-up share capital of Finova Singapore Pte. Ltd. ("**FS**"); and
- (b) Finova Asia Pte. Ltd., Stapfer Walter, Sean Lai Choong Chang, Ng Geok Lan (Huang Yuluan) and Hofstetter Bruno Joachim in relation to the acquisition by the Company of 10,000 ordinary shares ("**FA Sale Shares**") representing the entire issued and paid-up share capital of Finova Associates Pte. Ltd. ("**FA**"),

hereinafter referred to as the "**Acquisitions**".

Finova Asia Pte. Ltd., Stapfer Walter, Sean Lai Choong Chang, Inglepeak Holdings Ltd., Hofstetter Bruno Joachim and Ng Geok Lan (Huang Yuluan) are hereinafter collectively referred to as the "**Vendors**".

1.2 The completion of the Acquisitions ("**Completion**") has simultaneously taken place on 29 May 2015 ("**Completion Date**") upon fulfilment of all conditions precedents of the Acquisitions. Following Completion, FS and FA (collectively, the "**Target Companies**") are now wholly-owned subsidiaries of the Company.

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- 1.3 The purchase consideration payable by the Company to the Vendors for the Acquisitions is up to US\$6,617,583.00 (equivalent to S\$8,839,105.61 applying the mid-day rate for 21 May 2015 as published by the Monetary Authority of Singapore, this being US\$1 = S\$1.3357 ("**Agreed Exchange Rate**")), which includes an earn-out consideration as more particularly set out in paragraph 3.2(b) below ("**Purchase Consideration**").

2. INFORMATION ON THE TARGET COMPANIES

- 2.1 FS and FA are private limited liability companies incorporated under the laws of Singapore on 2 February 2008 and 19 March 2014 respectively. As at the date of this announcement, FS has an issued share capital of S\$100,000.00 comprising the FS Sale Shares, while FA has an issued share capital of S\$10,000.00 comprising the FA Sale Shares.
- 2.2 The Target Companies provide business and management consultancy services to high net-worth individuals as well as small and mid-sized business owners. FS is principally involved in the provision of incorporation, corporate secretarial, fiduciary services, and immigration-related support services, while FA is principally involved in the provision of tax administration, payroll and accounting support services. Following Completion, the Target Companies will continue to carry out the same businesses.
- 2.3 Prior to the Completion Date, the Vendors did not have any shareholding interests (direct or indirect) in the Company. The Vendors are not related to any of the Company's substantial shareholders or Directors, or their respective associates.

3. PURCHASE CONSIDERATION

- 3.1 The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, after taking into account, *inter alia*, the following:
- (a) the future earnings and growth potential of the Target Companies;
 - (b) the net tangible asset value of FS of S\$1,119,094 (equivalent to US\$837,833), based on the audited financial statements of FS for the financial year ended 31 December 2014 ("**FY2014**"); and
 - (c) the net tangible asset value of FA of S\$58,848 (equivalent to US\$44,058), based on the audited financial statements of FA for the financial period of 19 March 2014 (date of incorporation) to 31 December 2014.

The Purchase Consideration payable for the FS Sale Shares and FA Sale Shares shall be up to US\$6,293,178.00 (equivalent to S\$8,405,797.85, applying the Agreed Exchange Rate) and

US\$324,405.00 (equivalent to S\$433,307.76, applying the Agreed Exchange Rate) respectively.

3.2 The Purchase Consideration comprises:

- (a) the consideration at Completion which was satisfied in the following manner:
 - (i) US\$3,612,463.10 (equivalent to S\$4,825,166.96, applying the Agreed Exchange Rate) in cash, paid by the Company to the Vendors on Completion by way of a cashier's order in favour of the Vendors' representative;
 - (ii) by way of the allotment and issue by the Company to the Vendors (or their nominees, if any) on Completion, in proportion to their respective shareholdings in the Target Companies, of 7,522,498 new ordinary shares in the capital of the Company ("**Consideration Shares**") calculated based on US\$2,437,476.41 (equivalent to S\$3,255,737.24, applying the Agreed Exchange Rate) divided by the issue price of S\$0.4328 for each Consideration Share, this being the volume weighted average price of the ordinary shares in the capital of the Company quoted by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for five (5) market days preceding the Completion Date, and credited as fully paid up in the capital of the Company, subject to the moratorium restrictions as set out in paragraph 5 below; and
 - (iii) US\$200,000.00 (equivalent to S\$267,140.00, applying the Agreed Exchange Rate) being the retention sum ("**Retention Sum**") retained by the Company in a designated bank account and to be dealt with in accordance with the Sale and Purchase Agreement; and
- (b) the earn-out consideration of US\$367,643.50 (equivalent to S\$491,061.42 applying the Agreed Exchange Rate) ("**Earn-Out Consideration**") in cash, to be payable by the Company to the Vendors if the aggregate audited profit after tax of the Target Companies for the financial year ending 31 December 2015 is equal to or exceed US\$808,815.00.

4. **RANKING**

The Consideration Shares are issued free from encumbrances and rank *pari passu* in all respects with the existing issued ordinary shares in the capital of the Company and are entitled to all dividends, rights, allotments or other distributions save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Consideration Shares.

5. MORATORIUM

The Vendors have executed moratorium undertakings:-

- (a) not to, *inter alia*, sell, transfer, assign, dispose of, or realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any of the Consideration Shares which may be issued to them for a period commencing from the date of receipt of the Consideration Shares until 10 November 2015; and
- (b) for a period of twelve (12) months thereafter, not to, *inter alia*, sell, transfer, assign, dispose of, or realise or enter into any agreement that will directly or indirectly constitute or will be deemed as a disposal of any part of the Consideration Shares to below 50% of their original interest.

6. RATIONALE FOR THE ACQUISITIONS

The Board believes that the Acquisitions will:-

- (a) provide a stable stream of recurrent revenue to the Group and enlarge the recurrent income base of the Group;
- (b) complement the Company's existing businesses and allow the sharing of complementary skills, advertising, marketing and sales channels, technologies and management expertise;
- (c) create meaningful synergies between the principal activities of the Company and the Target Companies such as economies of scale, more efficient usage of resources through sharing of backroom operations and cross selling of other managed services and technology services through a larger customer base; and
- (d) enable the Company to establish a new business under its Advisory and Transactional Services division.

7. CHAPTER 10 OF THE LISTING MANUAL

7.1 Relative figures

The relative figures for the Acquisitions, computed on the bases set out in Rule 1006 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST ("**Catalist Rules**") and based on the Company's latest announced unaudited consolidated financial statements for the first quarter ended 31 March 2015 ("**1Q2015**"), are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	N.A.
(b)	Net profits attributable to the Target Companies, compared with the Group's net profits	29.52% ⁽¹⁾
(c)	Aggregate value of the consideration given compared with the market capitalisation of the Company	7.47% ⁽²⁾
(d)	Number of equity securities issued by the Company as consideration for the Acquisitions, compared with the number of equity securities previously in issue	2.74% ⁽³⁾
(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	N.A.

Notes:

- (1) Computed based on the Target Companies' unaudited profit before tax of approximately S\$0.31 million for 1Q2015, compared to the Group's unaudited profit before tax of approximately S\$1.05 million for 1Q2015.
- (2) Computed based on the Purchase Consideration of US\$6,617,583 (equivalent to S\$8.84 million applying the Agreed Rate) and the market capitalisation of the Company of approximately S\$118.34 million, which is determined by multiplying the issued share capital of the Company of 274,566,679 shares with the volume weighted average price of such shares transacted on 28 May 2015 of S\$0.431 per share.
- (3) Computed based on Consideration Shares to be issued by the Company, being 7,522,498 shares as compared to the issued share capital of the Company of 274,566,679 shares.

7.2 **Classification**

Based on the above, the relative figures for the Acquisitions, computed on the bases set out in Rule 1006 of the Catalist Rules, exceed 5% but are less than 75%. Accordingly, the Acquisitions constitute "discloseable transactions" under Rule 1010 of the Catalist Rules and do not require the approval of the shareholders of the Company.

8. **SOURCE OF FUNDS**

The Company has obtained external borrowings to fund the cash component of the Purchase Consideration.

9. FINANCIAL EFFECTS

(a) Illustrative Nature of Financial Effects

The financial effects of the Acquisitions on the net tangible assets ("**NTA**") per share and earnings per share ("**EPS**") of the Group, prepared based on (a) the Group's audited consolidated financial statements for FY2014; and (b) the net profits of the Target Companies of US\$735,287 (equivalent to approximately RM2,405,271) for FY2014, are set out below. The financial effects below are purely for illustrative purposes and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

(b) NTA per share

Assuming that the Acquisitions had been effected on 31 December 2014, the effects of the Acquisitions on the NTA per share of the Group would be as follows:

	Before Acquisitions	After Acquisitions
NTA (RM million)	51.31	41.80
Number of shares ('000)	274,567	282,089
NTA per share (RM sen)	18.69	14.82

(c) EPS

Assuming that the Acquisitions had been effected on 1 January 2014, the effects of the Acquisitions on the EPS of the Group would be as follows:

	Before Acquisitions	After Acquisitions
Profit after tax (RM million)	10.74	12.79
Number of shares ('000)	274,567	282,089
EPS (RM sen)	3.91	4.53

10. LISTING AND QUOTATION NOTICE

The Company had received the listing and quotation notice ("**LQN**") from the SGX-ST for the listing of and quotation for the Consideration Shares on the Catalist of the SGX-ST, subject to compliance with the listing requirements of the SGX-ST.

The LQN is not to be taken as an indication of the merits of the Acquisitions, the Consideration Shares, the Company, its subsidiaries or associated companies, and their securities.

Pursuant to the allotment and issuance of the Consideration Shares, the Company's issued share capital has increased from 274,566,679 ordinary shares to 282,089,177 ordinary shares. The Consideration Shares represents 2.7% of the enlarged issued and paid-up share capital of the Company following the allotment and issuance of the Consideration Shares.

11. 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 Acquisitions, other than through their respective shareholdings in the Company.

12. SERVICE CONTRACTS

As one of the conditions precedent to the Completion, FS has on 29 May 2015 entered into a service agreement with Ng Geok Lan (Huang Yuluan), pursuant to which Ng Geok Lan (Huang Yuluan) has been appointed as an executive director of FS for a period of up to five (5) years commencing from 29 May 2015, which is renewable from time to time.

Saved as disclosed in this announcement, no service contract was entered into between the Company and any other person in connection with the Acquisitions.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Sale and Purchase Agreement will be available for inspection at the registered office of the Company's Singapore branch at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, during normal business hours on any weekday (public holidays excepted) for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director
29 May 2015

ZICO Holdings Inc. ("**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 11 November 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income At Raffles, Singapore 049318, telephone (65) 6229 8088.

ZICO HOLDINGS INC.

(Incorporated in Labuan, Malaysia)
(Company Registration No. LL07968)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting ("**EGM**") of ZICO Holdings Inc. (the "**Company**") will be held on 4 November 2019 at 10 a.m. at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:-

All capitalized terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the circular to the shareholders of the Company dated 18 October 2019.

ORDINARY RESOLUTIONS

Resolution 1: The Proposed Disposal

THAT:

- (a) approval be and is hereby given for the Proposed Disposal; and
- (b) the Directors and any one of them be and are hereby authorised and empowered to approve and complete and do all such acts and things (including to approve, modify, ratify, sign, seal, execute and deliver all such documents as may be required) as they or he may consider expedient, desirable, necessary or in the interests of the Company to give effect to the Proposed Disposal and/or this Ordinary Resolution.

Resolution 2: The Proposed Change of Auditors

THAT:

- (a) Baker Tilly TFW LLP be and is hereby appointed as auditors of the Company in place of PricewaterhouseCoopers LLP ("**PwC**") with effect from the date of approval of Shareholders of this ordinary resolution and to hold office under the conclusion of the next annual general meeting of the Company at a fee and on such terms to be agreed between the Directors of the Company and Baker Tilly TFW LLP; and
- (b) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents and ancillary agreements and to make all such amendments thereto as may be required in connection with the Proposed Change of Auditors) as may be necessary, desirable or expedient in the interests of the Company to give effect to the Proposed Change of Auditors and/or this ordinary resolution.

Notes to Shareholders:-

- (i) *PwC has confirmed that they are not aware of any professional reasons why Baker Tilly TFW LLP should not accept appointment as the new Auditors.*

- (ii) *The Directors confirm that there were no disagreements with PwC on accounting treatments, , inter alia, discussion for the current financial year ending 31 December 2019 and within the last 12 months from the date of this Circular.*
- (iii) *The Directors confirm that the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders and which has not been disclosed in this Circular.*
- (iv) *The reasons for the Proposed Change of Auditors are disclosed in section 9.1 of the Circular. The Proposed Change of Auditors is not due to the dismissal of PwC, or due to PwC declining to stand for election.*
- (v) *The Company confirms that it complies with Rules 712 and 715 of the Catalist Rules in relation to the proposed appointment of Baker Tilly TFW LLP as the Auditors.*

BY ORDER OF THE BOARD

Chew Seng Kok
Managing Director

Singapore
18 October 2019

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof at the Company's registered office of the Company's Singapore Branch at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than 48 hours before the time for holding the EGM.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.

This notice has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

*The contact person for the Sponsor is Ms Foo Quee Yin.
Telephone number: 6221 0271*

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representatives(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representatives(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representatives(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ZICO HOLDINGS INC.

(Incorporated in Labuan, Malaysia)
(Company Registration No. LL07968)

PROXY FORM**EXTRAORDINARY GENERAL MEETING**

I/We, _____ (full name in capital letters), NRIC No./Passport No./Company No. _____ of _____ (full address) being a member/members of ZICO HOLDINGS INC. (the "Company"), hereby appoint

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the extraordinary general meeting ("**EGM**") of the Company, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the EGM to be held on Friday, on 4 November 2019 at 10 a.m. at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matters arising at the EGM.

The resolution put to vote at the EGM shall be decided by way of poll.

No.	Ordinary Business	For*	Against*
1.	To approve the proposed disposal of the entire issued and paid-up share capitals of the Company's wholly-owned direct subsidiaries, Finova Singapore Pte. Ltd. and ZICO BPO Pte. Ltd.		
2.	To approve the change of auditors of the Company from PricewaterhouseCoopers LLP to Baker Tilly TFW LLP.		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Dated this _____ day of _____ 2019

Total Number of Shares held in:	
CDP Register	
Register of Members	

(Signature(s) of Member(s) or Common Seal)

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstained as he/she thinks fit.
5. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.
6. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his/her attorney.
7. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM.
8. The signature on the instrument appointing a proxy needs not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
9. The instrument appointing a proxy must be deposited at the registered office of the Singapore Branch at 8 Robinson Road #03-00 ASO Building, Singapore 048544, not less than 48 hours before the time appointed for holding of the EGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the EGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 18 October 2019.

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