



ZICO HOLDINGS INC.

Incorporated in Labuan, Malaysia

Company Registration No. LL07968

ACQUISITION OF 49% OF EQUITY INTEREST IN ZICOLAW THAILAND LIMITED

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 ZICOLaw Malaysia Sdn. Bhd. (a wholly-owned direct subsidiary of the Company) had on 29 June 2018 entered into a share purchase and sale agreement (**"SPA"**) with ZICOLaw Partners Sdn. Bhd. (**"ZICOLaw Partners"**) for the acquisition of 38,180 ordinary shares and 1,999 preference shares (collectively, the **"Sale Shares"**), representing 49% of the entire issued and paid up share capital of ZICOLaw Thailand Limited (**"ZICOLaw Thailand"**) (**"Acquisition"**).
- 1.2 ZICOLaw Partners is a private limited company incorporated in Malaysia. It is not a subsidiary or an associated company of the Group.
- 1.3 The completion of the Acquisition has simultaneously taken place on 29 June 2018 (**"Completion"**). Following Completion, ZICOLaw Thailand is now an associated company of the Company.

2. PARTICULARS AND VALUE OF ASSETS ACQUIRED

- 2.1 ZICOLaw Thailand is a law firm incorporated on 24 November 2005 in Thailand and has been in operation since then. It is a member firm of the ZICOLaw Network.
- 2.2 ZICOLaw Thailand has a registered capital of THB 8,200,000, divided into 82,000 shares with par value of 100 Baht each.
- 2.3 Book value

Based on the [unaudited financial results of ZICOLaw Thailand for the three-month financial period ended 31 March 2018 (**"Q1 FY2018"**)], the book value attributable to the Sale Shares is approximately negative RM2,893,215. No independent valuation was undertaken on the Sale Shares.

2.4 Net tangible asset (“NTA”) value

Based on the [unaudited financial results of ZICOlaw Thailand for Q1 FY2018], the NTA value attributable to the Sale Shares is approximately negative RM2,893,215.

2.5 Open market value

There is no applicable open market value attributable to the Sale Shares as ZICOlaw Thailand is not a listed entity.

3. PRINCIPAL TERMS OF THE SPA

3.1 Purchase consideration

The purchase consideration payable by ZICO Malaysia to ZICOlaw Partners for the Sale Shares is THB40,179 (approximately SGD1,684) (“**Purchase Consideration**”). The Purchase Consideration was arrived at on a willing-buyer willing-seller basis. The Purchase Consideration will be satisfied by cash in Thai Baht on the date of completion.

3.2 Conditions precedent

Completion of the Acquisition shall be conditional upon the Company having:

- (a) obtained and complied with the directions (if any) of the Singapore Exchange Securities Trading Limited (“**SGX**”) in relation to the purchase of Sale Shares by ZICO Malaysia pursuant to this Agreement; and /or
 - (b) obtained all approvals from the Company’s shareholders, directors, authorities and third parties, where required,
- (collectively, the “**Conditions**”).

If any of the Conditions is not satisfied on or before 30 September 2018 or any other date the parties may agree on, the SPA shall be deemed terminated and the parties shall be released and discharged from their obligations under the SPA with no claim against the other for costs, damages, compensation or otherwise save in respect of existing breaches (if any).

3.3 Material conditions

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

4. RATIONALE FOR THE ACQUISITION

4.1 Exercise right of first refusal

The Company is exercising its right of first refusal, referenced on page 127 of the Company's offer document of 30 October 2014 ("**Offer Document**"):

"Further to the signing of the Licence Agreements dated 14 October 2014, we have been granted the right of first refusal to acquire shares in member firms of the ZICOLaw Network if partners/shareholders in such member firm wish to sell their partnership/shareholding interests which in aggregate amounted to more than 50% in that member firm to third parties, i.e. persons who are not existing partners/shareholders of any member firm."

Although the Company may exercise its right of first refusal only where the intended disposal amounts to 50% in the member firm, the parties nevertheless have mutually agreed that the Company should be allowed to exercise its right of first refusal here for the reasons set out below. The Acquisition involves only 49% of the shares in ZICOLaw Thailand.

Parties have further agreed that ZICO Malaysia shall exercise the right of first refusal on behalf of the Company.

4.2 Expand actual regional presence and augment existing services

The ZICO Group's business operations covers 6 out of 10 ASEAN countries. It is able to expand its presence through the ZICOLaw Network to the other 4 ASEAN countries, including Thailand.

Legal services is a key service line in the ZICO Group. The ZICOLaw brand is integral to and contributes significantly to the value of the ZICO brand. At present, the ZICO Group provides legal services under the Advisory and Transactional Services Section ("**ATS-Legal**") through the Company's subsidiaries in Myanmar and Laos namely, ZICOLaw Myanmar Limited and ZICOLaw Laos Sole Co., Ltd. Apart from Myanmar and Laos, the ZICO Group currently relies on the business agreements with the law firms that constitute the ZICOLaw Network, all of which are independently owned and managed.

Through this Acquisition, the Company will be able to increase revenue contribution from legal services to include Thailand. With this Acquisition, the legal services within ATS-Legal will now be provided by 3 law firms in Thailand, Myanmar, and Laos.

This Acquisition is also aligned to and constitute a key part of the Company's strategy and plans to expand its suite of services including ATS-Legal into the CLMV region, i.e. Cambodia, Laos, Myanmar, and Vietnam. The Company intends to leverage on its acquisition of ZICOLaw

Thailand to play a pivotal role to spearhead the Company's strategic expansion into the CLMV region.

4.3 Manage business risks

The Company's Offer Document had stated that the Company is dependent on business agreements with members of the ZICOLaw Network. Upon expiry or termination of the business agreements, there is no assurance that they will continue to engage the Group's services.

The Company proposes to manage this risk by incorporating ZICOLaw Thailand as part of the Group.

5. **FINANCIAL EFFECTS OF THE ACQUISITION**

5.1 Bases and assumptions

The financial effects of the Acquisition are prepared based on the Group's latest announced consolidated financial statements for FY2017. The financial effects of the 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 Acquisition.

5.2 Effect on NTA

Assuming that the Acquisition had been completed on 31 December 2017, the effect on the NTA of the Group would have been:

	Before the Acquisition	After the Acquisition
NTA (RM'000)	51,324	51,324
Number of shares ('000)	299,417	299,417
NTA per share (RM Sen)	17.14	17.14

5.3 Earnings per share ("EPS")

Assuming that the Acquisition had been completed on 1 January 2017, the effect on the EPS of the Group would have been:

	Before the Acquisition	After the Acquisition
Profit after tax (RM'000)	5,664	4,521
Number of shares ('000)	299,417	299,417
EPS (RM Sen)	1.89	1.51

6. RELATIVE FIGURES

The relative figures for the 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 March 2018 of the Group; and (b) 49% of the net losses of ZICOlaw Thailand of THB3,521,000 for 31 March 2018.

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 assets acquired or disposed of, compared with the Group's net profits	Not meaningful ⁽¹⁾
(c)	Aggregate value of the Purchase Consideration given compared with the market capitalisation of the Company	0.003 ⁽²⁾
(d)	Number of equity securities issued by the Company as consideration for the Acquisition, compared with the number of equity securities previously in issue	N.A.
(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) Not meaningful, as the Group had profit of RM1,662,000, whereas ZICOlaw Thailand had losses of THB3,521,000 for the three-month financial period ended 31 March 2018.
- (2) Based on the Purchase Consideration of THB40,179, equivalent to SGD1,684 and the Company's market capitalisation of SGD56,695,000, which is determined by multiplying the issued share capital of the Company of 301,569,463 shares with the volume weighted average price of such shares transacted on 22 June 2018, being the last trading day preceding to the date of signing of the SPA, of S\$0.181 per share.

As each of the relative figures computed on the applicable bases set out in Rule 1006 of the Catalist Rules is less than 5%, the Acquisition is a non-discloseable transaction for the purposes of Chapter 10 of the Catalist Rules.

As the relative figures computed under Rule 1006(b) of the Catalist Rules is negative, the Company has, through its sponsor, consulted with the SGX on the application of Chapter 10 of the Catalist Rules for the Acquisition. The SGX has reverted on 28 June 2018 that it has no objection to classify the Acquisition as a discloseable transaction under Rule 1010 of the Catalist Rules. As such, the Acquisition does not require the shareholder's approval.

7. 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 SPA, other than through their respective shareholdings in the Company.

8. SERVICE CONTRACTS

No service contract was entered into between the Company and any person in connection with the Proposed Acquisition.

9. 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 8 Robinson Road, #03-00 ASO Building, Singapore 048544, during normal business hours on any weekday (public holidays excepted) for a period of 3 months from the date of this announcement.

BY ORDER OF THE BOARD

Chew Seng Kok

Managing Director

29 June 2018

This announcement 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 (the "Exchange"). The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

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

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