



ZICO HOLDINGS INC.

Incorporated in Labuan, Malaysia

Company Registration No. LL07968

PROPOSED DISPOSAL OF 49% OF EQUITY INTEREST IN ZICO TRUST LIMITED ("SALE SUBSIDIARY")

1. INTRODUCTION

- 1.1 The board of directors ("**Board**") of ZICO Holdings Inc. ("**Company**", and together with its subsidiaries and associated companies, the "**Group**") wishes to announce that the Company's wholly-owned direct subsidiary, ZICO Malaysia Sdn Bhd ("**Vendor**") has on 17 December 2021 entered into a conditional sale and purchase agreement ("**SPA**") with Riau Capital Pte. Ltd ("**Purchaser**", together with the Vendor, the "**Parties**", and each a "**Party**").
- 1.2 Pursuant to the SPA, the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to acquire from the Vendor the Sale Shares (as defined in Paragraph 2.3 below) on the terms and subject to the conditions of the SPA ("**Proposed Disposal**").
- 1.3 The Sale Subsidiary is an indirect subsidiary of the Company, and is wholly-owned by the Vendor.
- 1.4 Upon completion of the Proposed Disposal ("**Completion**"), the Company will hold 51% equity interest in the Sale Subsidiary.

2. THE PROPOSED DISPOSAL

2.1 Information on the Sale Subsidiary

Details of the Sale Subsidiary 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
ZICO Trust Limited	Trust services, company secretarial, corporate services and related consultancy services	Labuan, Malaysia	US\$39,480 consisting of 3,948 ordinary shares	100%

The Sale Subsidiary has been in operation in the Labuan International Business and Financial Centre since 2005 and holds a licence issued by the Labuan Financial Services Authority ("**LFSA**") to operate as a Labuan trust company ("**Trust Licence**"). It provides trust company and trustee services as part of its ordinary business.

2.2 Information on the Purchaser

The Purchaser is a company incorporated under the laws of Singapore as an investment holding company. It provides investment services to clients intending to invest in South East Asia including deal structuring and advisory services for acquisition of strategic assets in the region. The Purchaser has a joint venture with Carte Blanche Family Office AG, a multi-family office incorporated in Switzerland and regulated by the self-regulatory organisation – Association Romande des Intermédiaires Financiers (ARIF).

Pursuant to the SPA, the Purchaser may assign and transfer (in whole and not in part only) of all its rights, interests and obligations under the SPA without the prior written consent of the Vendor provided that such assignment and transfer shall have been effected no later than the submission of an application to the LFSA for its approval for the transfer of the legal and beneficial ownership of the Sale Shares from the Vendor to the Purchaser or the suitability of the Purchaser as a shareholder of the Sale Subsidiary, and further provided that the assignee or transferee is: (a) an associated company of the Purchaser in respect of which it owns not less than 30% equity interests; and (b) not a competitor of the Vendor.

The Purchaser is not an interested person as defined in the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). The Proposed Disposal is not an interested person transaction as defined in the Catalist Rules.

2.3 Sale Shares

The Vendor agrees to sell and the Purchaser agrees to purchase 1,935 ordinary shares in the capital of the Sale Subsidiary, representing 49% of the total issued share capital of the Sale Subsidiary ("**Sale Shares**") free from all encumbrances together with all rights attaching to them as at the Completion Date (as defined in paragraph 2.6), for the Consideration (as defined in paragraph 2.4) on and subject to the terms and conditions of the SPA.

2.4 Consideration

2.4.1 Pursuant to the SPA, the aggregate consideration for the Sale Shares shall be RM9,600,000 ("**Consideration**"), to be fully paid in a single tranche on the Completion Date.

2.4.2 The Consideration were arrived at pursuant to arm's length negotiations between the Vendor and the Purchaser on a willing-buyer and willing-seller basis, taking into account a number of factors including, *inter alia*, the historical performance and business prospects of the Sale Subsidiary. There is no open market value for the Sale Shares as they are not publicly traded. The Board of Directors in evaluating the Proposed Disposal has considered a few factors including the increasing business challenges faced by the Sale Subsidiary and the reasons stated in Paragraph 4 below.

2.5 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 Parties having agreed on the form of the shareholders' agreement to be executed by the Vendor, the Purchaser, and the Sale Subsidiary on Completion;
- (b) if required to be obtained pursuant to any applicable laws, regulations and/or the Catalist Rules, the approval of the Company's shareholders having been duly granted for the disposal by the Vendor of the Sale Shares;
- (c) the Trust 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 the SPA) which are not acceptable to the Purchaser;
- (d) any and all necessary consents, approvals and waivers from government, administrative and regulatory authorities, bodies or courts, and third parties in respect of the Proposed Disposal pursuant to any contractual arrangements or otherwise (where required) having been obtained and such consents, approvals and waivers not having been amended or revoked before the Completion Date, including but not limited to:
 - (i) the written approval from LFSA for the transfer of the legal and beneficial ownership to the Sale Shares from the Vendor to the Purchaser or the suitability of the Purchaser as a shareholder of the Sale Subsidiary;
 - (ii) the written approval from the Sale Subsidiary's financier for the change in the Sale Subsidiary's shareholding structure pursuant to the Proposed Disposal; and
 - (iii) if applicable, the written waiver by any third parties of their rights of termination, if any, arising under the terms of any agreement entered into with the Sale Subsidiary,provided that where the grant of any such consent, approval or waiver is subject to any condition, such condition shall be satisfactory to the Purchaser;
- (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.

2.6 **Completion**

Subject to the terms and conditions of the SPA, Completion shall take place on the date falling 5 business days after the date on which the last of the Conditions Precedent has been satisfied or waived, in any event not later than the Long-Stop Date, or such other date as the Parties may mutually agree in writing ("**Completion Date**"). "**Long-Stop Date**" means 31 March 2022 (or such other date as the Parties may agree in writing).

2.7 **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**

The Sale Subsidiary has, over the past few years, faced increasing business challenges. Henceforth, the Company has been reviewing the business strategy of the Sale Subsidiary to ensure that it has higher growth levels. One key decision is to pivot towards supporting the growing wealth management industry in Asia, leveraging on the Group's trust and asset management services in addition to the usual incorporation and nominee services.

With the acquisition of a stake in the Sale Subsidiary, the Purchaser can assist and add value to the growth of the Sale Subsidiary in Asia. In view of the above, the Board is of the view that the Proposed Disposal is in the interests of the Company and that the Proposed Disposal will benefit the Company's shareholders and other stakeholders alike.

5. **USE OF PROCEEDS**

The estimated net proceeds from the Proposed Disposal attributable to the Company is RM9,600,000 ("**Net Proceeds**"). The Board intends to utilize the Net Proceeds for general working capital.

Pending deployment, the Net 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 Board may deem appropriate in the interests of the Group.

6. OTHER FINANCIAL INFORMATION

The key financials for the financial year ended 31 December 2020 and for the six months period ended 30 June 2021 of the Sale Subsidiary are as set out below:

Profit and loss

The net profit before tax of the Sale Subsidiary is RM743,174 for the financial year ended 31 December 2020 (audited) and RM398,816 for the financial period ended 30 June 2021 (unaudited) respectively.

Financial position

The net assets of the Sale Subsidiary is RM733,112 as at 31 December 2020 (audited) and RM1,122,183 as at 30 June 2021 (unaudited) respectively.

The carrying book value of 49% of the Sale Subsidiary as at 31 December 2020 and 30 June 2021 is (RM0.3 million) and (RM0.1 million).

Therefore, the gain on disposal of the Sale Subsidiary being the excess of the proceeds over the carrying book value of the Sale Subsidiary as at 31 December 2020 and 30 June 2021 is RM9.9 million and RM9.7 million accordingly.

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 2021 of the Group; and (b) unaudited financial statements as at 30 June 2021 of the Sale Subsidiary.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Sale Subsidiary, compared with the Group's net asset value	0.52 ⁽¹⁾
(b)	Net profits attributable to the Sale Subsidiary, compared with the Group's net profits	8.63 ⁽²⁾
(c)	Aggregate value of the consideration given compared with the market capitalisation of the Company	12.64 ⁽³⁾
(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

Rule 1006	Bases	Relative Figures (%)
(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 49% of the Sale Subsidiary net assets value of approximately RM1.1 million as at 30 June 2021, compared to the Group's unaudited net assets value of approximately RM107.6 million as at 30 June 2021.
- (2) Computed based on 49% of the Sale Subsidiary unaudited profit before tax of approximately RM0.4 million for 6M2021, compared to the Group's unaudited profit before tax of approximately RM2.2 million for 6M2021.
- (3) Computed based on the Consideration of RM9.6 million and the market capitalisation of the Company of approximately RM75.9 million, which is determined by multiplying the issued share capital of the Company of 327,036,476 shares with the volume weighted average price of S\$0.755 per share of such shares transacted on 15 December 2021 (as there were no trades subsequent to 15 December 2021 up to the full market day immediately preceding the date of the SPA). The exchange rates used are S\$1 : RM3.0960.

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules exceed 5% but does not exceed 50%. Accordingly, the Proposed Disposal constitutes a "discloseable transaction" under Rule 1010 of the Catalist Rules and does not require the approval of the shareholders of the Company.

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 FY2020. The financial effects of the Proposed Disposal set out below are purely for illustrative purposes and do not reflect the actual future actual financial results or positions of the Group after the completion of the Proposed Disposal.

8.2 Effect on net tangible assets ("NTA")

Assuming that the Proposed Disposal had been completed on 31 December 2020, the effect on the NTA of the Group would have been:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (RM'000)	71,958	81,528
Number of shares ('000)	327,036	327,036
NTA per share (RM Sen)	22.00	24.91

8.3 Effect on earnings per shares ("EPS")

Assuming that the Proposed Disposal had been completed on 1 January 2020, the effect on the EPS of the Group would have been:

	Before the Proposed Disposal	After the Proposed Disposal
(Loss) / Profit after tax (RM'000)	(7,406)	1,804
Number of shares ('000)	327,036	327,036
EPS (RM Sen)	(2.26)	0.53

9. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDER IN THE PROPOSED DISPOSAL

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

10. CAUTION IN TRADING

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of the Conditions Precedent set out above, and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully and should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax, or other professional advisors.

11. DOCUMENTS 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 3 months from the date of this announcement.

BY ORDER OF THE BOARD

Chew Seng Kok

Managing Director

17 December 2021

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.

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