

BOARDROOM LIMITED

Incorporated in the Republic of Singapore
Company Registration No 200003902Z

ANNOUNCEMENT

PROPOSED ACQUISITION OF (i) SYMPHONY CORPORATEHOUSE SDN. BHD. AND ITS SUBSIDIARY, SKY CORPORATE SERVICES SDN. BHD. (ii) SYMPHONY SHARE REGISTRARS SDN. BHD. AND (iii) MALAYSIAN ISSUING HOUSE SDN. BHD.

1. INTRODUCTION

- 1.1 **Proposed Acquisition.** The Board of Directors of Boardroom Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 13 July 2018 entered into a conditional share sale agreement (the “**Agreement**”) with Symphony House Sdn. Bhd. (the “**Vendor**”), pursuant to which the Vendor has agreed to sell, and the Company has agreed to purchase, the entire issued share capital of each of (i) Symphony Corporatehouse Sdn. Bhd. (“**SCH**”), which in turn wholly owns Sky Corporate Services Sdn. Bhd. (“**SKY**”), (ii) Symphony Share Registrars Sdn. Bhd. (“**SSR**”) and (iii) Malaysian Issuing House Sdn. Bhd. (“**MIH**”, and together with SCH, SKY and SSR, the “**Target Companies**”), for an aggregate consideration of RM164.139 million (equivalent to approximately S\$55.64 million¹) (the “**Proposed Acquisition**”). The Vendor is not related to any of the Company’s controlling shareholders, directors or their associates.
- 1.2 **Completion.** Completion of the Proposed Acquisition (“**Completion**”) is subject to and conditional upon various conditions precedent (“**Conditions**”). Following Completion, the Target Companies will become wholly-owned subsidiaries and members of the Group.

2. INFORMATION ON THE TARGET COMPANIES

- 2.1 **Principal Activities.** The Target Companies are part of the Symphony House Group , which is a leading corporate services provider operating out of several locations in Malaysia, delivering multiple services comprising human resource solutions, financial solutions, corporate secretarial solutions, share issuance and registration solutions and cheque processing solutions. Clients of the Target Companies include private and public-listed companies, Fortune 500 and Global 500 companies and large conglomerates. The Vendor is the immediate holding company of the Target Companies (save for SKY whose immediate holding company is SCH), and is in turn indirectly owned by Tan Sri Mohamed Azman Bin Yahya and Dato’ Abdul Hamid bin Sheikh Mohamed (“**DAH**”) through Stone Equity Sdn Bhd.

¹ Unless otherwise stated, the S\$ equivalent of RM amounts in this Announcement are based on an agreed exchange rate of S\$1.00 : RM2.95.

Further information on each of SCH, SKY, SSR and MIH is set out below:

- (i) **SCH and SKY.** SCH is a private limited company incorporated in Malaysia, with an issued share capital of RM2,550,000 comprising 2,549,999 ordinary Class A shares and one ordinary Class B share (the “**SCH Shares**”). SCH provides a full range of corporate secretarial, accounting, payroll and human resource services. SCH’s wholly-owned subsidiary, SKY, is a private limited company incorporated in Malaysia, with an issued share capital of RM15,000 comprising 15,000 ordinary shares. SKY is principally involved in providing corporate secretarial services for smaller corporates.
- (ii) **SSR.** SSR is a private limited company incorporated in Malaysia, with an issued share capital of RM2,550,000 comprising 2,550,000 ordinary shares (“**SSR Shares**”). SSR provides share registration services, employee share option scheme management, dividend distribution infrastructure (including administering e-dividend payment and dividend reinvestment plan), shareholders’ general meeting management, shareholder helpdesk and shareholders voting (electronic polling or e-polling services), and other corporate exercises by public companies.
- (iii) **MIH.** MIH is also a private limited company incorporated in Malaysia, with an issued share capital of RM2,550,000 comprising 2,550,000 ordinary shares (“**MIH Shares**”). MIH is principally engaged in providing issuing services for primary market securities offerings. These services include advising and administering the process of initial public offering applications and subscriptions for capital raising exercises, distributing prospectus and application forms as well as liaising with participating banks, finance companies and regulatory authorities.

The SCH Shares, SSR Shares and MIH Shares shall be collectively referred to as the “**Sale Shares**”.

- 2.2 **Financial Information.** Based on the unaudited pro forma consolidated financial statements of the Target Companies for the financial year ended 31 March 2018 (the “**Target Companies Pro Forma FY2018 Results**”)², the pro forma profit after tax of the Target Companies for the said financial year is approximately RM8.86 million (equivalent to approximately S\$2.89 million based on the average exchange rate for the financial year ended 31 March 2018) and the pro forma net asset value (“**NAV**”) of the Target Companies as at 31 March 2018 is approximately RM15.42 million (equivalent to approximately S\$5.23 million based on the closing exchange rate as at 31 March 2018).

3. **PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

² The Target Companies Pro Forma FY2018 Results have been prepared based on the unaudited financial statements of each Target Company for the financial year ended 31 March 2018, with pro forma adjustments being made to exclude material intra-group transactions and balances among the Target Companies, and with other entities owned by the Vendor.

- 3.1 **Agreement.** Pursuant to the terms of the Agreement, the Vendor will sell, and the Company or its nominee will purchase, all the Sale Shares on the third Business Day following the satisfaction or waiver of the last of the Conditions (or such other date as may be agreed in writing between the Company and the Vendor) ("**Completion**"), free from all claims, charges, mortgages, liens, options, equity, powers of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreement, arrangement or obligation to create any of the foregoing.
- 3.2 **Aggregate Consideration.** The aggregate consideration of RM164.139 million (equivalent to approximately S\$55.64 million) (the "**Aggregate Consideration**") payable by the Company to the Vendor for the Proposed Acquisition was determined based on a negotiated willing-buyer willing-seller basis, taking into account, *inter alia*, the average earnings of the Target Companies for the two financial years ended 31 March 2018 and 31 March 2017 and the Target Companies' cash position and cost of investment in SKY.

The Aggregate Consideration shall be satisfied by the Company (or its nominee) on Completion in the following manner:

- (i) RM123.311 million (equivalent to approximately S\$41.80 million) (the "**Cash Consideration**"), representing approximately 75 per cent. of the Aggregate Consideration, will be paid in cash. The Company will fund the Cash Consideration by external borrowings; and
- (ii) the balance sum of RM40.828 million (equivalent to approximately S\$13.84 million), representing approximately 25 per cent. of the Aggregate Consideration, will be satisfied through the issuance by the Company of 16,000,000 new ordinary shares in the capital of the Company (the "**Consideration Shares**") at an issue price of S\$0.865 per Consideration Share ("**Issue Price**").

The Issue Price represents:

- (a) a premium of approximately 15.0 per cent. to the weighted average price (the "**VWAP**") of an ordinary share in the capital of the Company ("**Boardroom Share**") traded on the SGX-ST for the three-month period up to 12 July 2018, being the latest practicable date prior to the date of this Announcement (the "**LPD**"); and
- (b) a premium of approximately 103.7 per cent. to the NAV per Boardroom Share as at 31 March 2018, as set out in the Company's unaudited consolidated financial statements for the first quarter and three months ended 31 March 2018.

The Consideration Shares will be issued pursuant to the Company's general share issue mandate approved at the Company's annual general meeting on 20 April 2018, and when allotted and issued, will rank *pari passu* in all respects with the existing Boardroom Shares, save that they will not rank for any dividends, rights, allotments and/or any other

distributions, the record date for which falls on or before the date of issue of the Consideration Shares.

An application will be made to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for its approval of the listing and quotation of the Consideration Shares.

3.3 Conditions Precedent. Pursuant to the terms of the Agreement, Completion is subject to and conditional upon the satisfaction or waiver of the Conditions set out below:

- (i) the Vendor obtaining the approval of the shareholders of the Vendor approving the sale of the Sale Shares (where applicable);
- (ii) the Company obtaining the approval of its Shareholders at a general meeting approving the acquisition of the Sale Shares (where applicable);
- (iii) the Vendor obtaining written approval of the Securities Commission Malaysia for the change in shareholding resulting in a change in the controller of MIH in respect of the capital markets and services license held by MIH in the form and on terms (if any) acceptable to the Company in its absolute discretion, and such approval remaining in full force and effect on the date of Completion (the “**Completion Date**”) and if such approval is granted subject to any conditions which are required to be fulfilled on or prior to the Completion Date, such conditions are so fulfilled;
- (iv) the Company obtaining written approval of the SGX-ST for the listing and quotation of the Consideration Shares on the Main Board of the SGX-ST in form and on terms (if any) reasonably acceptable to the Vendor and the Company and such approval remaining in full force and effect on the Completion Date and if such approval is granted subject to any conditions which are required to be fulfilled on or prior to the Completion Date, such conditions are so fulfilled; and
- (v) the execution of the employment contract to be entered into between DAH and one of the Target Companies (the “**DAH Employment Agreement**”).

Pursuant to the terms of the Agreement:

- (a) the Company may at any time waive in whole or in part and conditionally or unconditionally the Conditions set out in **paragraph 3.3(i) to 3.3(iv)** above provided that the fulfilment of such Condition(s) is not required by law; and
- (b) the Vendor and the Company may at any time mutually agree in writing to waive in whole or in part and conditionally or unconditionally the Condition set out in **paragraph 3.3(v)** above.

If the Conditions are not satisfied or waived in accordance with the terms of the Agreement by the date falling two months from the date of the Agreement (or such other date as may be mutually agreed by the Company and the Vendor in writing), either the Company or the

Vendor may terminate the Agreement by giving written notice to the other party, whereupon the Agreement will lapse and neither the Company nor the Vendor shall have any further claims against the other pursuant to the Agreement save for any antecedent breaches of the Agreement.

- 3.4 **DAH as Executive Director of the Target Companies.** Pursuant to the terms of the Agreement, the Vendor will procure DAH to continue to manage and be involved in the business as an employee on the employment terms as set out in the DAH Employment Contract and as an executive director of the Target Companies for such time and on such terms as set out in the Agreement.
- 3.5 **Licence Agreement.** Pursuant to the terms of the Agreement, a royalty free licence agreement will be entered into by each of the Target Companies and the Vendor relating to the licensing of the “Symphony” brand and related intellectual property rights to the Target Companies post-Completion in form and substance to be mutually agreed by the Vendor and the Company.
- 3.6 **Termination of the Agreement.** The Company or the Vendor (such party, the “**Non-Defaulting Party**”) shall be entitled, *inter alia*, to terminate the Agreement with immediate effect by giving written notice to the other party (such party, the “**Defaulting Party**”) before Completion Date if:
- (i) the Defaulting Party defaults in the performance of its payment obligation or its obligation to sell the Sale Shares (as the case may be) under the Agreement or otherwise refuse to proceed with the transaction contemplated under this Agreement despite the Non-Defaulting Party’s written notice to do so;
 - (ii) there is any material breach of any terms or conditions of the Agreement or a failure to perform or observe any material undertaking, obligation or agreement in the Agreement by the Defaulting Party;
 - (iii) (where the Non-Defaulting Party is the Company) there is a material breach by the Vendor of its warranties;
 - (iv) a petition for winding-up is presented against the Defaulting Party and/or (where the Non-Defaulting Party is the Company) the Target Companies and is not defended within the time as prescribed by the relevant laws;
 - (v) an order is made, a members’ resolution is passed or any legislation enacted for the winding-up of the Defaulting Party and/or (where the Non-Defaulting Party is the Company) the Target Companies; or
 - (vi) an administrator, a receiver and/or manager is appointed by the Court or any creditor pursuant to a debenture or any other security document in favour of such creditor over the undertaking, assets and properties of the Defaulting Party (where the Non-Defaulting Party is the Vendor) or the Target Companies (where the Non-Defaulting Party is the Company) or any part of its assets and properties,

whereupon, the Defaulting Party shall be liable to pay a sum equivalent to ten per cent. of the Aggregate Consideration as agreed liquidated damages to the Non-Defaulting Party within 14 days from the date of termination thereof.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Company is one of Asia-Pacific's leading providers of corporate secretarial, share registry, business solutions and advisory (accounting, taxation and payroll) services. Headquartered in Singapore, the Group has an extensive regional business presence and network of offices across Malaysia, Australia, Hong Kong and China. This has been established and expanded over time through a dual-pronged strategy of organic growth complemented with mergers and acquisitions across the region.

The Company has had a presence in Malaysia for many years. The Company provides services in Malaysia through four wholly-owned Malaysian operating subsidiaries, namely (i) Boardroom Corporate Services (KL) Sdn Bhd, (ii) Boardroom Business Solutions Sdn. Bhd, (iii) Boardroom Corporate Services (Penang) Sdn Bhd and (iv) Boardroom Corporate Services (Johor) Sdn Bhd (collectively known as the **"Malaysian Subsidiaries"**). The Malaysian Subsidiaries are wholly-owned by Boardroom (Malaysia) Sdn. Bhd. which in turn is wholly-owned by the Company.

Similar to the Target Companies, the Malaysian Subsidiaries provide accounting, corporate secretarial, director's training, payroll, internal audit and risk management, share registration and taxation services to over 2,500 clients in Malaysia. At present, the Group has four offices located in Malaysia, two of which are located in Kuala Lumpur and the other two in Penang and Johor, respectively. For the financial year ended 31 December 2017 (**"FY2017"**), the Group's Malaysian operations generated revenue of approximately S\$7.0 million, which accounted for approximately 9.8 per cent. of the Group's total revenue.

The Proposed Acquisition is in-line with the Group's regional growth and expansion strategy. Through a combination of the Malaysian Subsidiaries and the Target Companies, the Proposed Acquisition will enable the Group to expand and strengthen its business presence in Malaysia within a short span of time. The Target Companies will also be able to realise and further their growth potential in the region by leveraging on the Group's well-established network across the Asia-Pacific. On a pro forma basis, the Company's revenue from Malaysia post-Proposed Acquisition will triple to approximately S\$21.4 million.

As part of the Proposed Acquisition, the Vendor will retain an interest in the business through its approximately 7.63 per cent. stake in the Company and DAH will remain as an executive director of the Target Companies post-Completion.

5. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

- 5.1 **Bases and Assumptions.** The following pro forma financial effects of the Proposed Acquisition have been computed based on (i) the audited consolidated financial statements

of the Group for FY2017; and (ii) the Target Companies Pro Forma FY2018 Results after taking into account the pro forma adjustments set out below.

The pro forma financial effects of the Proposed Acquisition set out herein are for illustrative purposes only, theoretical in nature and therefore not necessarily indicative of the future financial position and earnings of the Group following the Proposed Acquisition. The pro forma financial effects have also been prepared based on the following bases and assumptions:

- (i) approximately 75 per cent. of the Aggregate Consideration will be paid in the form of the Cash Consideration while approximately 25 per cent. of the Aggregate Consideration will be paid in the form of the Consideration Shares;
- (ii) the Cash Consideration will be funded through external borrowings;
- (iii) the transaction costs relating to the Proposed Acquisition (being the costs and expenses incurred/to be incurred for the appointment of professional advisors in connection with the Proposed Acquisition and the financing costs incurred/to be incurred in connection with the Proposed Acquisition) have been taken into account in computing the pro forma financial effects;
- (iv) the Target Companies Pro Forma FY2018 Results have been reported in RM, and accordingly the RM amounts have been converted where necessary into S\$ amounts using the following exchange rates:
 - (a) the closing exchange rate of S\$1 : RM2.95 as at 31 March 2018 for the translation of the balance sheet items; and
 - (b) the average exchange rate of S\$1 : RM3.06 for the financial year from 1 April 2017 to 31 March 2018 for the translation of the profit and loss items; and
- (v) pro forma adjustments have been made to exclude material intra-group transactions and balances among the Target Companies, and with other entities owned by the Vendor.

5.2 **Earnings.** For illustrative purposes only and assuming that the Proposed Acquisition had been completed on 1 January 2017, the pro forma financial effects on the earnings of the Group are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit after tax and minority interests (S\$ million)	10.57	11.15
Number of Boardroom Shares	193,660,184	209,660,184
Earnings per Boardroom Share (Singapore cents)	5.46	5.32

- 5.3 **NAV.** For illustrative purposes only and assuming that the Proposed Acquisition had been completed on 31 December 2017, the pro forma financial effects on the NAV of the Group are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net Assets (S\$ million)	82.08	95.92
Number of Boardroom Shares	193,660,184	209,660,184
NAV per Boardroom Share (Singapore cents)	42.39	45.75

- 5.4 **NTA.** For illustrative purposes only and assuming that the Proposed Acquisition had been completed on 31 December 2017, the pro forma financial effects on the net tangible assets ("NTA") of the Group are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net Assets (S\$ million)	82.08	95.92
Less: Intangibles (S\$ million)	69.49	120.41

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$ million)	12.59	(24.49)
Number of Boardroom Shares	193,660,184	209,660,184
NTA per Boardroom Share (Singapore cents)	6.51	(11.68)

5.5 Share Capital.

	Before the Proposed Acquisition	After the Proposed Acquisition
Number of Boardroom Shares	193,660,184	209,660,184

6. CHAPTER 10 OF THE SGX-ST LISTING MANUAL

- 6.1 **Rule 1006 Figures.** The relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the “**Listing Manual**”) in respect of the Proposed Acquisition are as follows:

Rule 1006	Bases	Proposed Acquisition	The Group	Relative Figures
(b)	Net profits before income tax, minority interests and extraordinary items (“ NPBT ”) attributable to the Target Companies to be acquired, compared with the Group’s NPBT, in each case, for the three-month period ended 31 March 2018 (“ 1Q2018 ”)	S\$621,879 ⁽¹⁾	S\$2,453,562 ⁽²⁾	25.35%
(c)	The aggregate value of the consideration given for the	S\$55,640,000 ⁽³⁾	S\$143,308,537 ⁽⁴⁾	38.83%

Rule 1006	Bases	Proposed Acquisition	The Group	Relative Figures
	Proposed Acquisition compared with the Company's market capitalisation			
(d)	Number of Consideration Shares to be issued as part of the Aggregate Consideration, compared with the number of equity securities previously in issue	16,000,000	193,660,184	8.26%

Notes:

- (1) The NPBT attributable to the Target Companies for 1Q2018 is based on the financial statements of the Target Companies for 1Q2018. As the financial statements of the Target Companies are reported in RM amounts, the RM amounts have been translated to S\$ amounts using an average exchange rate of S\$1 : RM2.95 for 1Q2018.
- (2) The NPBT of the Group for 1Q2018 is based on the unaudited consolidated financial statements of the Group for 1Q2018 published on the SGX-ST on 7 May 2018.
- (3) The Aggregate Consideration to be given by the Company for the Proposed Acquisition is RM164.139 million (equivalent to approximately S\$55.64 million), comprising:
 - (i) RM123.311 million (equivalent to approximately S\$41.80 million), being the Cash Consideration; and
 - (ii) RM40.828 million (equivalent to S\$13.84 million), being the aggregate Issue Price of the Consideration Shares.

As noted in **paragraph 3.2** above, the Issue Price per Consideration Share represents a premium to each of the VWAP and NAV per Boardroom Share. Accordingly, the aggregate Issue Price of the Consideration Shares has been used for computation of the relative figure under Rule 1006(c) of the Listing Manual.

- (4) The Company's market capitalisation is based upon 193,660,184 Boardroom Shares in issue (excluding treasury shares) as at the LPD, at a VWAP of S\$0.74 per Boardroom Share on the LPD.

Notwithstanding that the relative figures based on Rules 1006(b) and 1006(c) exceed 20 per cent., the SGX-ST has confirmed that based on the Company's representations and submissions to the SGX-ST that the Proposed Acquisition is a transaction in, or in connection with, the ordinary course of business of the Company, the Company is not

required to seek Shareholder's approval for the Proposed Acquisition under Rule 1014(2) of the Listing Manual.

7. FURTHER INFORMATION

- 7.1 **Directors' Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.
- 7.2 **Interests of Directors and Controlling Shareholders of the Company.** Save as disclosed in this Announcement, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.
- 7.3 **Documents for Inspection.** A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, for a period of three months commencing from the date of this Announcement.

Shareholders and potential investors should note that the Proposed Acquisition is subject to the fulfilment of, *inter alia*, the Conditions set out in paragraph 3.3 above, and accordingly should exercise caution when trading in the Boardroom Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Ngiam May Ling
Company Secretary

16 July 2018