



ZICO HOLDINGS INC.

Incorporated in Labuan, Malaysia

Company Registration No. LL07968

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITALS OF THE SALE SUBSIDIARIES (AS DEFINED BELOW)

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"**) refers to the Company's announcement dated 29 May 2015 in relation to its acquisition of its wholly-owned direct subsidiaries, Finova Singapore Pte. Ltd. and ZICO BPO Pte. Ltd (collectively the **"Sale Subsidiaries"** and each a **"Sale Subsidiary"**). A copy of the said announcement dated 29 May 2015 is attached as Appendix 1 to this announcement.
- 1.2 The Board wishes to announce that the Company has, on 9 October 2019, entered into a conditional sale and purchase agreement (**"SPA"**) with Mune Investments Pte. Ltd. (the **"Purchaser"**). Pursuant to the SPA, the Company has agreed to sell to the Purchaser, and the Purchaser has agreed to acquire from the Company, the entire issued and paid-up share capitals of the Sale Subsidiaries (the **"Sale Shares"**) on the terms and subject to the conditions of the SPA (**"Proposed Disposal"**).
- 1.3 Upon completion of the Proposed Disposal (**"Completion"**), the Company will cease to have any interest in the Sale Subsidiaries.

2. THE PROPOSED DISPOSAL

2.1 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. ("Finova")	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. ("ZICO BPO")	Provision of tax administration, payroll and accounting support services.	Singapore	S\$10,000 consisting of 10,000 ordinary shares	100%

2.2 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. The Purchaser is not related to the Directors or controlling shareholder of the Company and their respective associates. One of the Purchaser's directors, Ms Ng Geok Lan ("**NGL**"), is also a director of each Sale Subsidiary. As announced under the aforementioned announcement dated 29 May 2015, NGL was one 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 Holdings Ltd, 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.

2.3 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 (as defined in paragraph 2.4) 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.

2.4 Consideration

- 2.4.1 Pursuant to the SPA, the aggregate consideration for the Sale Shares is US\$3,889,794, to be satisfied fully in cash ("**Consideration**"). The Consideration is arrived based on the following formula:

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

"**PE Ratio**" means the agreed price earnings ratio of 6.

"**Sale Subsidiaries Profit After Tax and Total Comprehensive Income**" means 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 and US\$630,600.00 as the profit after the income tax expenses for Finova.

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 (as defined in paragraph 2.6).

"**Corporate Guarantees**" means the corporate guarantees which the Sale Subsidiaries have provided in favour of the Company's lenders for the bank facilities totaling SGD20.6 million provided to the Company;

- (b) balance US\$3,500,814.60, being an amount equivalent to 90% of the Consideration less Outstanding Monies, to be paid on the Completion Date. As at 30 June 2019, the Outstanding Monies is US\$180,000.

"**Outstanding Monies**" means the outstanding sums owed by the Company and/or its affiliates to the Sale Subsidiaries.

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

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

"**Adjusted PE Ratio**" means the price earnings ratio of 6.5.

"**Relevant Shares**" means 5,969,865 shares in the Company held by NGL, Inglepeak Holdings Limited ("**Inglepeak**") and Ms Irene Siong ("**IS**"). Inglepeak is a company incorporated in the British Virgin Islands and wholly owned by NGL. IS is an employee of the Sale Subsidiaries. Both Inglepeak and IS are not related to the Purchaser. Save as disclosed in this announcement, NGL, Inglepeak and IS are not connected to and are not acting under the direction of any Directors or substantial shareholders of the Company or each other.

- 2.4.3 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 share or higher by 31 December 2019. The Supplemental Consideration is arrived based on the following formula:

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

“**Revised PE Ratio**” means the price earnings ratio of 7.

- 2.4.4 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.
- 2.4.5 The Consideration were 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, and their business prospects. The Board of Directors took these factors into account in evaluating the Proposed Disposal. There is no open market value for the Sale Shares as they are not publicly traded. 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 as highlighted in paragraph 4 below.
- 2.4.6 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 **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 (as defined in paragraph 2.6), 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.

2.6 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**").

2.7 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 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.

Having reviewed and considered the terms and conditions (including *inter alia* the Consideration, Additional Consideration, 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. OTHER FINANCIAL INFORMATION

Based on the latest announced consolidated financial statements of the Group for the 6 months financial period ended 30 June 2019 ("**6M2019**"), the profits 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 profits 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.

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 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.

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.

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 SGX-ST Listing Manual Section B: Rules of Catalist ("**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 rates used are 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 rates used are 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 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 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 earnings per shares (“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 current financial year ending 31 December 2019.

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. CIRCULAR TO SHAREHOLDERS

A circular containing further details on, amongst others, the Proposed Disposal and enclosing a notice of extraordinary general meeting in connection therewith will be dispatched to the shareholders of the Company in due course. NGL, Inglepeak and IS would abstain from voting at this extraordinary general meeting. The Company will make further announcements relating to the Proposed Disposal as and when necessary.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. 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.

13. 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

9 October 2019

*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.

*The contact person for the Sponsor is Ms Foo Quee Yin.
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Appendix

The Company's 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.