



## **Zicom Group Limited**

**ACN 009 816 871**

### **Notice of Annual General Meeting**

**NOTICE is given** that the Annual General Meeting of **Zicom Group Limited** ACN 009 816 871 (**Company**) will be held at **The Colmslie Hotel, Corner of Wynnum and Junction Roads, Morningside, Queensland 4170, Australia** on **Thursday, 15 November 2018 at 10.00am (Brisbane time)**.

#### **Ordinary Business**

##### **Item 1: Financial Statements and Reports**

To receive and consider the Financial Statements, Directors' Report and the Independent Auditor's Report of the Company and its controlled entities (hereafter known as the Group) for the financial year ended 30 June 2018.

##### **Item 2: Re-election of Directors**

###### **Resolution 1 – Re-election of Mr Kok Hwee Sim as a Director**

To consider and, if thought fit, pass the following as an **ordinary resolution**:

"That Mr Kok Hwee Sim, who retires by rotation in accordance with Clause 13.5 of the Company's Constitution being eligible, is re-elected as a Director of the Company."

##### **Item 3: Remuneration Report**

###### **Resolution 2 – Adoption of Remuneration Report**

To consider and, if thought fit, pass the following in accordance with Section 250R(2) of the *Corporations Act 2001* as an **ordinary resolution**:

"That the Remuneration Report included in the Directors' Report for the financial year ended 30 June 2018 be and is hereby adopted."

*Notes: (1) The vote on this resolution is advisory only and does not bind the Company or the Directors.*

*(2) If 25% or more of votes that are cast are voted against the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must stand for re-election.*

##### **Voting exclusion statement for Resolution 2**

Pursuant to Section 250R(4) of the *Corporations Act 2001*, the Company is required to disregard any votes cast on Resolution 2 by or on behalf of a member of the Key Management Personnel of the Group or a Closely Related Party of such member. However, the Company will not disregard a vote if:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; or
- (b) the voter is the Chair of the meeting and, provided that the Chairman is not voting as proxyholder for a member of the Key Management Personnel or their Closely Related Parties, the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Group.

## Special Business

### Item 4: Capital Reduction

#### Resolution 3 – Approval for Capital Reduction by way of Distribution in Specie

To consider, and if thought fit, to pass, the following resolution as an **ordinary resolution**:

“That for the purposes of Sections 256B and 256C(1) of the *Corporations Act 2001* and for all other purposes:

- (a) the capital of the Company be reduced, without cancelling any ZICOM Shares, by an amount equal to the amount determined by the Directors as being the net book value of all of the issued ordinary shares in ZIG Ventures Private Limited (“**ZIG Shares**”), with effect as at 7.00pm Sydney time on the Record Date of 20 November 2018; and
- (b) the reduction be satisfied by the Company distributing and transferring the ZIG Shares to Eligible Shareholders registered on the Record Date on a pro rata basis, to be effected in accordance with the Constitution, the ASX Listing Rules and as otherwise determined by the Directors, with the consequence that each shareholder on the Record Date shall be deemed to have consented to becoming a shareholder in ZIG and be bound by its Constitution,

and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.

By order of the Board



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Company Secretary  
Date: 15 October 2018

## Notes

### Appointment of proxy

A proxy form is enclosed for your use if required. Please note the following in relation to the appointment of a proxy:

- A member who is entitled to attend and vote at this meeting may appoint any person as his or her proxy to attend and vote for the member at the meeting.
- A proxy need not be a member of the Company.
- If a member is entitled to cast two or more votes at the meeting, the member may appoint two proxies to attend the same meeting. If two proxies are appointed and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the member's votes, in which case any fraction of votes will be disregarded.
- The appointment of the proxy may specify the proportion or number of votes that the proxy may exercise.
- If a proxy is given by a corporation, a form of proxy must be executed in writing under the common seal of the corporation or otherwise in accordance with Section 127 of the *Corporations Act 2001* or signed by an attorney.
- If a proxy is given by a natural person, a form of proxy must be executed under the hand of that person or that person's attorney.
- For a proxy appointment to be effective, the Company must receive the following documents (in the manner below) no later than 48 hours before the meeting, that is by 10.00am (Brisbane time) on 13 November 2018:
  - the proxy's appointment;
  - if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed or a certified copy of the authority.

### By posting, delivery or facsimile to:

#### The share registry at:

Locked Bag A14, Sydney South NSW 1235 Australia

**or**

Level 12, 680 George Street, Sydney NSW 2000 Australia

**or**

Facsimile + 61 2 9287 0309

#### The Company's registered office at:

38 Goodman Place, Murarrie, QLD 4172 Australia

**or**

Facsimile +61 7 3390 6898

### Persons entitled to vote

Under regulation 7.11.37 of the *Corporations Regulations 2001*, the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the Company's register of members at 7.00pm (Sydney time) on 13 November 2018.

### Corporate representatives

A member, that is a body corporate, may appoint an individual as its representative to exercise all or any of the powers the body corporate may exercise at the meeting. The appointment may be a standing one.

### Necessary information

Information relevant to each resolution is set out in the attached Explanatory Statement which form part of this Notice to members.

## Remuneration Resolution

- 1 A member of the Group's Key Management Personnel or their Closely Related Party must not, whether in person or by proxy, vote in their own right on the adoption of the Remuneration Report in Resolution 2.
- 2 A person appointed as proxy may vote or abstain from voting as he or she thinks fit except in the following circumstances:
  - 2.1 The proxy holds a Directed Proxy Form;
  - 2.2 Where the proxy is voting in relation to a Remuneration Resolution and the proxy is either a Key Management Personnel of the Group or a Closely Related Party of such member and holds an Undirected Proxy Form; and
  - 2.3 The proxy is required by law or the Company's Constitution to vote in a certain manner or abstain from voting.
- 3 Clause 2.2 does not apply if the Chairman of the meeting is appointed as proxy and his appointment expressly authorises the Chairman to exercise the proxy even if the resolution is a Remuneration Resolution.
- 4 The Chairman intends to vote all Undirected Proxy Forms in favour of all resolutions including the Remuneration Resolution.
- 5 The following definitions apply in this document:

**Closely Related Party** means the closely related parties of Key Management Personnel as defined in the *Corporations Act 2001*, and includes certain members of their family, dependants and companies they control.

**Directed Proxy Form** means a proxy form which specifies how the proxy is to vote.

**Key Management Personnel** of the Group are the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly. The Remuneration Report identifies the Group's Key Management Personnel for the financial year ended 30 June 2018.

**Remuneration Resolution** means a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**Undirected Proxy Form** means a proxy form which does not specify how the proxy is to vote.

# **Zicom Group Limited**

**ACN 009 816 871**

## **Explanatory Statement to Notice of Annual General Meeting**

This Explanatory Statement has been prepared to assist members with their consideration of the resolutions to be put to the Annual General Meeting to be held on 15 November 2018. These explanatory notes should be read with, and form part of, the accompanying Notice of Annual General Meeting.

### **Ordinary Business**

#### **Item 1: Financial Statements and Reports**

Section 317(1) of the *Corporations Act 2001* requires a public company to lay before its annual general meeting the consolidated Financial Report, the Directors' Report and the Auditor's Report for the Company and its controlled entities for the financial year that ended before the annual general meeting. Shareholders are invited to consider these reports and seek explanation, if required, from the Directors and the Auditor when this item is being considered.

No resolution is required to be moved in respect of this item.

#### **Item 2: Re-election of Directors**

##### **Background**

Clause 13.5 of the Company's Constitution requires one-third of the Directors (excluding the Managing Director) to retire at each Annual General Meeting. If their number is not three or a multiple of three, then the number nearest but not exceeding one-third shall retire from office by rotation. Any Director who retires in accordance with clause 13.5 is eligible for re-election at the Annual General Meeting. There are six Directors who are subject to the rotation provisions, namely Messrs Lim, Leong, Millard, KH Sim, KY Sim and Sze. Two of these Directors must retire and the longest serving Directors are Mr Frank Leong and Mr KH Sim.

##### **Mr Frank Leong Yee Yew**

Mr Frank Leong was appointed to the Board on 24 July 2006 and, given his length of service and pursuant to the Board's renewal policy, will not be seeking re-election. Mr Leong has made valuable contributions to the Company in areas of finance and as member of both the Audit Committee and Nomination and Remuneration Committee.

##### **Mr Kok Hwee Sim**

Mr Kok Hwee Sim was first appointed to the Board as an Alternate Director on 24 July 2006 and made an Executive Director on 21 November 2007. He is an experienced leader in both corporate and operations. His corporate responsibilities include treasury management, mergers and acquisitions, strategic partnerships and fund raising. Mr Sim has been overseeing the Group's investments in the technology cluster for past few years, if the proposed Capital Reduction is approved by Shareholders, he will assume the position of Group CEO in the independent demerged entity, ZIG Ventures Private Limited, that will hold all the businesses under the medical technology cluster. Mr Sim will remain on ZICOM board as a Non-Executive Director. Mr Sim graduated with a Bachelor's degree in Industrial Engineering and Operations Research from the University of Michigan with Honours (Magna Cum Laude) and a Master's degree in Financial Engineering from Columbia University, New York. He is the eldest son of the Chairman and Managing Director, Mr G L Sim and Director of substantial shareholder, SNS Holdings Pte Ltd. Mr KH Sim offers himself for re-election and, being eligible, seeks re-election as a Director of the Company.

***The Directors (with Mr Kok Hwee Sim abstaining) recommend that you vote in favour of this resolution.***

#### **Item 3: Remuneration Report**

Section 250R(2) of the *Corporations Act 2001* requires that a resolution be put to the shareholders that the remuneration report be adopted at the annual general meeting ("AGM") of a listed company. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. The vote on this resolution is advisory only and does not bind the Directors of the Company. The Remuneration Report sets out the remuneration arrangements for the Directors and senior executive of the Group. The Remuneration Report is part of the Directors' Report contained in the 2018 Annual Report of the Company for the financial year ended 30 June 2018.

The Corporations Act stipulates that if 25% or more of the votes cast are against the adoption of the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all the company's directors other than the managing director stand for re-election.

At the Company's 2017 AGM, less than 25% of the votes cast were against the Remuneration Report. Accordingly, the spill resolution is not relevant for this AGM.

## Voting Exclusion

Please note that a voting exclusion applies to Resolution 2 as set out in the Notice of Meeting. In particular, Key Management Personnel whose remuneration details are included in the Remuneration Report may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel. The Chair intends to vote all available proxies in favour of this Resolution.

## Special Business

### Item 4: Capital Reduction

#### 1 Introduction

- 1.1 The Board of Directors of Zicom Group Limited ("ZICOM") wishes to seek Shareholders' approval to demerge the medical technology businesses presently held through a wholly-owned intermediate holding company ZIG Ventures Private Limited ("ZIG"), a private company registered in Singapore, from the ZICOM's established core businesses. The Demerger will be carried out in the form of capital reduction by distributing the entire share capital of ZIG to ZICOM's Eligible Shareholders in proportion to their shareholdings in ZICOM on the Record Date. After completion of the Demerger, ZIG will be converted to an unlisted public company as the number of its shareholders would exceed 20.

At present the key business segments of ZICOM may be categorised accordingly:

- (a) **Offshore marine, oil and gas** – manufacture of deck machinery, and engineering, procurement and construction of gas processing plants.
- (b) **Construction equipment** – manufacture and supply of foundation and concrete mixing equipment.
- (c) **Precision engineering** – provision of automating engineering and precision contract manufacturing services, and the manufacture of advanced flip chip bonding equipment.
- (d) **Healthcare biomedical sciences** – incubation and commercialisation of advanced medical technologies and life science instrumentations.

The offshore marine, oil and gas, construction equipment and precision engineering businesses collectively defined as "**Established Core Businesses**" will continue to be held directly by ZICOM and the healthcare biomedical and sciences technologies businesses that make up of ZICOM's medical technology businesses defined as "**HBMS Businesses**" are held under ZIG Ventures Private Limited ("ZIG").

- 1.2 The ZICOM Board is of the view that shareholder value will be enhanced by separating the Established Core Businesses from the HBMS Businesses, some of which are just entering commercialisation stage that require further funding to achieve scalability and others continuing in gestation. The advantages are described further in Section 4.

ZIG is presently a private, unlisted company subject to the laws of Singapore – with limited or no secondary trading in the ZIG Shares. On implementation of the Capital Reduction, ZIG will become an unlisted public company and is to be constituted by its own board (see Schedule 1) and the new board of ZIG will determine its future course. The ZIG Board will be separate and independent of ZICOM.

ZICOM Shareholders are asked to consider approving the Capital Reduction on the basis that on implementation of the Capital Reduction you will receive on 30 November 2018 shares in ZIG, an unlisted public company with limited or no secondary trading.

- 1.3 This Explanatory Statement has been prepared to provide additional information to enable ZICOM Shareholders to have sufficient information to assess the merits of the proposed Capital Reduction. It contains information about ZIG's business, Board and management, financial position, financial performance, prospects and investment risks. You should carefully read this Explanatory Statement and consult your own independent legal, accounting, financial and tax advisers. Please note that –

- (a) Certain defined terms where used in this document are contained in Section 22; and
- (b) The schedules to this document contain more detailed information which you should also carefully read.

## 2. Overview of Resolution 3

Upon Shareholders approving the Capital Reduction proposed under Resolution 3, ZICOM will on 30 November 2018 distribute all of the issued ordinary share capital of ZIG Ventures Private Limited ("**ZIG Shares**") to Eligible Shareholders.

Based on the respective audited net book values of ZIG and ZICOM as at 30 June 2018, for every 1 ordinary share held by a ZICOM Shareholder, ZICOM shall distribute 1 ordinary share fully paid in ZIG to ZICOM Shareholders. Fractional entitlements will be rounded to the nearest whole number at the discretion of the Directors.

In accordance with the requirements of Sections 256B and 256C of the *Corporations Act 2001* (Cth) ("**Corporations Act**") approval for the Capital Reduction is to be sought from ZICOM Shareholders at this general meeting.

This proposal under Resolution 3 has significant implications for both the ongoing businesses of ZICOM (if the Capital Reduction is approved) but also for Shareholders (including without limitation their individual tax positions and their new shareholding in ZIG). An overview of possible tax implications is contained in Schedule 3. Shareholders should also seek appropriate advices from their professional advisors.

## 3. Background to the Proposed Resolution 3 – Capital Reduction

- 3.1 ZICOM's key business segments are focused on the offshore marine, oil and gas, construction equipment, and precision engineering sectors.
- 3.2 In 2010, ZICOM decided to leverage on its strength in precision engineering and manufacturing to establish a new key business segment in healthcare biomedical and sciences technologies ("**HBMS Businesses**"). ZICOM has invested in the following companies over the last 8 years (the initial investment dates are provided below):
- Biobot Surgical Pte Ltd on 1 July 2010
  - Curiox Biosystems Pte Ltd on 2 November 2010
  - HistoIndex Pte Ltd on 8 June 2015
  - Endofotonics Pte Ltd on 25 November 2016
  - BELKIN Laser Ltd on 2 February 2017
  - Pellucid Networks Pte Ltd on 30 June 2017
- 3.3 The HBMS Businesses were reorganised and held under ZIG. The ZIG team is led by an Executive Director, Mr Kok Hwee Sim, who was appointed to establish an incubation and commercialisation platform that would leverage on the engineering and manufacturing expertise of ZICOM and to provide integral support in regulatory approvals and market development of the products. As a result, ZIG, apart from investing in these companies, has built up a core team of professionals providing management leadership, mentorship, engineering, marketing, and corporate support for the HBMS Businesses.
- 3.4 The main objective of investing in these companies was to primarily create a new pathway for ZICOM to participate in the new technological age for which its established in-house capabilities are able to support. ZICOM's investment rationale was to build and scale these businesses to integrate with ZICOM's existing revenue streams, while at the same time being open to seize any suitable opportunity that could arise to provide a liquidity event whether by trade sale, a stock exchange listing in connection with an initial public offering or otherwise.

- 3.5 The timing of any liquidity event depends on the technology readiness, product acceptance, and financial performance of the companies. The HBMS Businesses have not reached this stage yet as some are still considered early stage investments in the product development phases while others are at the initial years of their commercialisation journey. The pace to profitability for these businesses is slow and their continuing gestation costs distort the Group's results when consolidated with the Established Core Businesses of the Group.
- 3.6 The HBMS Businesses continue to require funding to develop and grow to achieve scalability so as to be profitable. The strategy is for ZIG to support these HBMS Businesses to raise new funds for their specific needs. It is envisaged that in the short to medium term, additional funding of the HBMS Businesses is required and if these companies continue to be owned by ZICOM, it will continue to impact on the financial position and performance of the Group as HBMS Businesses are not expected to be profitable in the next 2 years.
- 3.7 To assist in consideration of Resolution 3, Schedule 5 contains proforma historical financial information showing ZICOM and ZIG on a standalone basis as if the Demerger had occurred on the Relevant Dates.

#### **4. Advantages and Disadvantages of the Demerger**

##### **4.1 Advantages**

The Directors of ZICOM have thoroughly considered and support the Demerger of ZIG from ZICOM as ZICOM Shareholders would benefit from the following:

- Shareholders will retain their current shareholding in ZICOM.
- Eligible Shareholders will also receive same proportionate shareholding in ZIG. The Directors assess the value of a ZIG Share as S\$0.082 per ZIG Share (A\$0.081)<sup>1</sup>.
- ZICOM will refocus on its core activities on offshore marine, oil & gas, construction equipment and precision engineering sectors and adopt innovations directly synergise with these businesses.
- Financial losses mainly attributable to continuing product improvements and market expansion costs of HBMS Businesses will cease to impact on ZICOM's results.
- Any surplus funds arising from profits of the Established Core Businesses will no longer be employed for the HBMS Businesses and may be used to expand core activities, mergers and acquisitions of directly synergistic businesses that could expand on its established networks or use for dividend payments.

##### **4.2 Disadvantages**

- There will not be a liquid market for ZIG Shares and will therefore not be readily tradeable. Whilst every effort will be made to unlock the value of the HBMS Businesses whenever an opportunity arises such as through a trade sale or an Initial Public Offer there is no certainty of when this will be achieved.
- Although ZIG intends to provide regular updates to Shareholders, for so long as ZIG is not listed on ASX it will not be subject to ASX listing rules requirement.
- ZIG will have limited cash available for the advancement of the HBMS Businesses. ZIG will need to obtain new funding to achieve its stated business objectives.
- Shareholders will be exposed to the risks associated with being a ZIG Shareholder – see Section 14 and Schedule 4.

#### **5. Future of ZICOM following Completion of the Demerger**

Following completion of the Demerger, the Company will continue to focus on its Established Core Businesses. ZICOM will be undertaking a renewal of its Board in early 2019, with the objective of narrowing down the age gap between board members and executive management.

ZICOM intends to continue to be an ASX listed company. Zicom has sufficiently strong working capital to grow its three key business segments in offshore marine, oil and gas, construction equipment and precision engineering. The Demerger enables management of ZICOM to narrow the focus of its resources in these business segments and continue to innovate to generate growth in revenue and profitability for its Shareholders.

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<sup>1</sup> Assuming an exchange rate of A\$1.00:S\$0.988 as at 2 October 2018.



## **6. Future of ZICOM if the Demerger is not approved**

In the event Shareholders not approve the Demerger, the Demerger will not be effectuated and ZICOM Shareholders will not receive any ZIG Shares. ZICOM shall continue to explore its options to raise more capital to support the HBMS Businesses. This may potentially dilute the value of ZICOM Shares.

## **7. Future of ZIG if the Demerger is approved**

Following completion of the Demerger, ongoing activities of ZIG will be to build and scale these businesses and to seize any suitable opportunity that arises that would maximise shareholder value by enabling a liquidity event including by way of trade sale or a stock exchange listing in conjunction with an initial public offering of shares or otherwise. ZIG shall continue to look into promising medical technologies that it could co-invest with other investors to expand its portfolio.

ZIG has been continuously engaging investors to raise funds for its operations. A portion of these funds will also be used to match investments on its various portfolio companies by new investors. The Board estimates that an amount of S\$4m will be required for the next 2 years post Demerger. This financial need will be ameliorated by any investments from new investors.

SNS Holdings Pte Ltd, the family investment company of the Chairman, Mr G L Sim is committed to extend a standby loan up to S\$4m to ZIG Ventures Private Limited on the following terms:-

- a) The loan will be unsecured and will be convertible at the election of the lender;
- b) Total tenure for the entire loan is 36 months from completion of Demerger;
- c) ZIG is entitled to draw down on the loans within the tenure period as and when required;
- d) The loan will be drawn down in tranches of S\$250,000;
- e) Interest is chargeable at an annual compound rate of 5%;
- f) Conversion of the outstanding loan amount remaining at the end of the tenure into ZIG shares shall be fixed at S\$0.10 per ZIG Share; and
- g) There will be no penalty for early repayment.

In addition to the above, ZIG intends to place out shares to its employees or associates who contribute to its development and growth at a price no less than the spin-off value from ZICOM.

All ZICOM Directors not associated with SNS Holdings Pte Ltd or Mr Sim consider the proposed loan to be on terms and conditions which are at least on reasonable arm's length commercial terms.

## 8. Equity Structure

The following provides an overview of the pro forma equity structure of ZICOM and ZIG before and after the implementation of the Capital Reduction.

	ZICOM		ZIG	
	No. of shares	S\$'000	No. of shares	S\$'000
Issued shares as at the Record Date	217,140,780	38,314	217,140,780	20,664
Reserves		(1,562)		2
Retained earnings/(losses)		32,581		(3,009)
		69,333		17,657
Proposed share capital reduction	–	(17,657)	–	–
Issued shares on Completion of Capital Reduction	217,140,780	51,676	217,140,780	17,657
<b>Net Book Value per Share attributable to members</b>		<b>S\$0.238</b>		<b>S\$0.081</b>

## 9. Effect of the Proposed Capital Reduction on ZICOM and ZIG

If the Demerger Proposal is approved, ZICOM will reduce its capital by a total of S\$17,657,000 representing approximately S\$0.081 per ZGL Share.

Schedule 5 contains summary financial information comprising:

- (a) For ZIG as a standalone group (with the HBMS Businesses):
- the pro forma consolidated balance sheets as at 30 June 2018 and 30 June 2017; and
  - the pro forma consolidated statements of comprehensive income for the financial years ended 30 June 2018 and 30 June 2017; and
- (b) For ZGL as a standalone group (with the Established Core Businesses):
- the pro forma consolidated balance sheets as at 30 June 2018 and 30 June 2017; and
  - the pro forma consolidated statements of comprehensive income for the financial years ended 30 June 2018 and 30 June 2017,

in each case assuming the Capital Reduction has taken place on the Relevant Dates.

## 10. Effect of the Proposed Capital Reduction on shareholders

### 10.1 Eligible Shareholders

100% of issued ZIG Shares will be distributed to Eligible Shareholders on a pro rata basis, with fractional entitlements to be rounded to the nearest whole ZIG Share at the discretion of the Board. Eligible Shareholders will not be required to pay any additional consideration for the ZIG Shares. The terms of the Capital Reduction are the same for each Eligible Shareholder.

As at the date of this Notice of Meeting, the Company has 217,140,780 Shares and 2,610,000 Options on issue. Included in the 2,610,000 outstanding Options, Mr Kok Hwee Sim and Mr Kok Yew Sim each holds 300,000 Options approved by Shareholders on 17 November 2015. Each Option, on exercise and payment of A\$0.18, shall be converted into one fully paid ordinary ZICOM Share. These 600,000 Options are currently exercisable and will expire on 30 November 2020.

Excluding any Shares issued on the exercise of Options, no additional Shares will be issued as a result of the Demerger.

The Directors propose to distribute 1 ZIG Share for every 1 ZICOM Share held by Shareholders on the Record Date. Therefore, the number of ZIG Shares distributed will depend on the number of Shares on issue as at the Record Date.

The number of Shares held by Shareholders will not change, and Shareholders will retain their current percentage shareholding interest in the Company, after the Demerger. However, if the Demerger is implemented, the value of a ZICOM Share is expected to be less than the value of a ZICOM Share held prior to the Demerger because, after the Demerger, the Company's interest in ZIG will be reduced to zero. The rights attaching to ZICOM Shares will not be altered by the Demerger.

Given that the Capital Reduction is equal and the Company has sufficient positive net assets following the Demerger, the Directors consider the Capital Reduction is fair and reasonable to Shareholders as a whole.

## 10.2 Ineligible Foreign Shareholders

The distribution of ZIG Shares under the Demerger to Shareholders with registered addresses outside Australia is subject to legal and regulatory requirements in those overseas jurisdictions.

The Company has determined that it would be unreasonable to issue ZIG Shares under the Demerger to those Shareholders on the Record Date with an address outside Australia and Singapore (**Ineligible Foreign Shareholders**) having regard to:

- (a) the number of Shareholders with addresses outside those countries;
- (b) the number and value of the ZIG Shares to which those Shareholders would be entitled;
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities, in each of the countries concerned.

Shareholders who have a registered address outside Australia or Singapore as at the date of this document are able to update their registered address on the Company's share register prior to the Record Date by contacting the Company's share registry. If a Shareholder's registered address remains outside Australia or Singapore as at the Record Date, they will be treated as an Ineligible Foreign Shareholder for the purposes of the Demerger.

Ineligible Foreign Shareholders on the Record Date will not be issued the ZIG Shares to which they would otherwise be entitled and, instead, their ZIG Shares will be issued to the Company to be held on their behalf, pending a liquidity opportunity. If such an opportunity arises, the Directors will consider whether it is in the interest of Ineligible Foreign Shareholders to sell the relevant ZIG Shares at that time. Otherwise, the Company will seek to make alternative arrangements with respect to the relevant Ineligible Foreign Shareholder which the Company considers reasonable in all the circumstances.

If the Company sells the relevant ZIG Shares on behalf of Ineligible Foreign Shareholders, the Company will pay the net proceeds from the sale to the relevant Ineligible Foreign Shareholder (net of fees and brokerage) in Australian dollars. The Company will deal with the ZIG Shares of Ineligible Foreign Shareholders on a best effort only basis with a view to delivering value to the Ineligible Foreign Shareholders. The Company does not accept any liability to any Ineligible Foreign Shareholder for any loss that may be suffered as a result, including in connection with foreign exchange rates.

There is no guarantee or assurance that ZIG Shares can be sold for cash and if they are, the value that might be obtained on sale. The net proceeds of sale to Ineligible Foreign Shareholders may be more or less than the notional dollar value of the Capital Reduction.

## 11. Effect of the Proposed Capital Reduction on Option Holders

In order to receive ZIG Shares pursuant to the Demerger, Option holders must exercise their Options and be registered on the Company's share register on the Record Date.

In accordance with Listing Rule 7.22.3 and the terms and conditions under the Zicom Employee Share and Option Plan, the number of Options on issue following the Demerger (ie. if they have not been exercised) will remain the same, but the exercise price of each Option will be reduced by the amount of capital returned in relation to each Share. As of the date of this Notice of Meeting, the Company has the following Options on issue (all of which are unlisted):

Number of Options	Exercise price pre Demerger	Expiry Date
2,010,000	20.5 cents	31/10/2019
600,000	18.0 cents	30/11/2020

ZICOM will notify Option holders following the Demerger of any adjustments to the exercise price of Options as a result of the Demerger.

## 12. Rights attaching to the ZIG Shares

ZIG only has one class of ordinary shares. Upon distribution of ZIG Shares after the Demerger, Eligible Shareholders will hold ordinary shares, fully paid in ZIG in the same proportion as they hold shares in ZICOM on the Record Date. A brief outline of some of the key rights attaching to the ZIG Shares are outlined below:

- (i) **Dividends and distribution:** ZIG may, by ordinary resolution of its shareholders declare dividends at a general meeting, but may not pay dividends in excess of the amount recommended by its board of directors. Dividends must be paid out of profits available for distribution. All dividends will be paid pro rata among ZIG Shareholders in proportion to each ZIG Shareholder's Shares.
- (ii) **Voting rights:** A holder of a ZIG Share is entitled to attend, speak and vote at any general meeting in person or by proxy. Proxies need not be a ZIG Shareholder. Except as otherwise provided in ZIG Constitution, two or more ZIG Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the ZIG Constitution, on a show of hands, every ZIG Shareholder present in person or by proxy shall have one vote, and on a poll, every ZIG Shareholder present in person or by proxy shall have one vote for each ordinary share he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any ZIG Shareholder or Shareholders present in person or by proxy and representing not less than 10% of the total voting rights of all ZIG Shareholders having the right to vote at the meeting or by not less than three ZIG Shareholders having the right to vote at the meeting. In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a second or casting vote. No ZIG Shareholder shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
- (iii) **Transfer:** ZIG Shares are transferable in accordance with the ZIG Constitution (but as ZIG is an unlisted public company on the implementation of Capital Reduction, there is expected to be limited secondary trading in ZIG Shares).
- (iv) **Winding up:** On a winding up, subject to the Singapore corporate laws and any preference rights, the ZIG Shares will rank equally to the surplus assets available for distribution on liquidation.

## 13. Trading ZIG Shares

Following the Demerger, ZIG will be an unlisted public company and there will not be a liquid market for ZIG Shares. Nevertheless, Eligible Shareholders will be permitted to sell and trade their ZIG Shares, at their own risk.

**Eligible Shareholders, interested to sell or buy ZIG Shares after the in specie distribution, may contact Shaun Trewin of Morgans Financial, 79 Main Street, Scone, NSW 2337 on +612 6544 3105 or email [shaun.trewin@morgans.com.au](mailto:shaun.trewin@morgans.com.au) or the Company Secretary for assistance. The Company Secretary of ZIG is Ms Hui Shan Sim who can be contacted at +65 6351 1868 or email [huishan.sim@zicomgroup.com](mailto:huishan.sim@zicomgroup.com).**

## 14. Risk Factors

On completion of the Demerger, Eligible Shareholders will become direct Shareholders in ZIG and should be aware of the general and specific risks that may affect ZIG and the value of its shares. Key risk factors are outlined in Schedule 4.

Eligible Shareholders will also continue to be ZICOM Shareholders. Subject to the advantages of the Demerger described in Section 4.1, Eligible Shareholders will continue to be exposed to the risks that they currently have as ZICOM Shareholders – an overview of the key general and specific risks are contained in paragraph 1.8 of Schedule 2.

## 15. Taxation Considerations

An overview of the general tax implications for Australian and Singapore tax resident Shareholders is contained in Schedule 3. However, all Shareholders should obtain their own specific advice as to the taxation implications of the Capital Reduction.

## **16. Impact on Creditors / Share Capital**

- 16.1 **Impact on Creditors:** The ZICOM Board believes that the Capital Reduction will not materially prejudice ZICOM's ability to pay its creditors or its working capital as ZICOM has available sufficient cash reserves. In fact, ZICOM will be able to channel its funds to its Established Core Businesses without having to factor in capital requirements for the HBMS Businesses. ZICOM's gearing ratio is low and is expected to continue at this ratio, thus it is well placed in a position to borrow from the financial market if so required.
- 16.2 **Impact on ZICOM's Share Capital:** The Capital Reduction will not reduce the number of ZICOM Shares on issue but will reduce the paid-up capital of ZICOM. Please refer to the equity structure as outlined in Section 8 above.

## **17. Regulatory Requirements for Approval of Capital Reduction**

- 17.1 The provisions regulating the Capital Reduction are found in Section 256B of the Corporations Act and require:
- (a) the reduction to be fair and reasonable to ZICOM Shareholders as a whole;
  - (b) that the Capital Reduction does not materially prejudice the Company's ability to pay its creditors; and
  - (c) compliance with the notice provisions / shareholder approval detailed in Section 256C.
- 17.2 Section 256C requires the Notice of Meeting and any document that will accompany the Notice of Meeting to be lodged with ASIC prior to the dispatch of those documents to convene the relevant meeting of Shareholders. The Notice of Meeting must contain all information known to ZICOM that is material to the decision on how to vote on the resolution to approve the Capital Reduction.
- 17.3 The ZICOM Board having reviewed the financial position of ZICOM is of the opinion that the Capital Reduction is fair and reasonable to ZICOM Shareholders as a whole.
- 17.4 ZIG is continuously engaging with investors to unlock value in its investments to benefit ZIG Shareholders. However, the timing is uncertain. The immediate benefit to ZICOM Shareholder is that the financial losses resulting from ZIG representing continuing gestation costs and additional funding requirements of ZIG will no longer impact on the financial performance of ZICOM.
- 17.5 ZICOM has been engaging with various potential investors for a year on raising funds as a cluster as well as at each portfolio company's level. There have been no definitive agreements reached. We continue to engage with the parties. ZIG aims to secure the right valuations and synergy to meet its funding needs.

## **18. ZICOM Board Recommendation**

- 18.1 The ZICOM Board has considered the merits between a Demerger and a status quo to position the investments to unlock values at the best valuation. The Board has decided that the proposed Capital Reduction and resulting Demerger provides the greatest potential value and certainty to ZICOM Shareholders. As explained in Section 17.4 above, unlocking values at this stage is still uncertain.
- 18.2 The Board unanimously recommends that ZICOM Shareholders approve the Capital Reduction.
- 18.3 The ZICOM Board also recommends that ZICOM Shareholders seek their own financial and taxation advice concerning the proposed Capital Reduction.

## **19. Timetable**

Subject to Shareholders approving the Capital Reduction, the following indicative timetable will apply:

Shareholder Approval of Capital Reduction	15 November 2018
ASX informed of Shareholder Approval	15 November 2018
Record Date (for determining entitlements)	20 November 2018
Capital Reduction takes place (distribution of ZIG shares to Eligible Shareholders entitled as at the Record Date)	30 November 2018
ZIG Shares transferred to ZICOM Shareholders	30 November 2018

## 20. ASX waivers

ASX has granted ZICOM a waiver in respect of Listing Rule 7.25 which stipulates that where the current trading price is less than 20 cents, it would not be permitted to carry out a capital reduction if the result is likely to further decrease its trading price.

## 21. Other Information

The Company has lodged with ASIC a copy of this Notice of Meeting and the Explanatory Statement in accordance with Section 256C(5) of the Corporations Act. The Company has also lodged with ASIC a copy of the Prospectus that accompanies this Notice of Meeting at the same time the Notice of Meeting was lodged with ASIC. ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

The Board of Directors is not aware of any other information which is relevant to the consideration by ZICOM Shareholders of the proposed Resolution other than that which is detailed in this Notice.

## 22. Definitions

**Capital Reduction or Demerger** means the transaction contemplated in the Capital Reduction Resolution;

**Capital Reduction Resolution** means Resolution 3 in this Notice of Meeting to be put to ZICOM Shareholders at the general meeting for approval;

**Corporations Act** means the Australian Corporations Act 2001 (Cth);

**Directors** means the directors of ZICOM;

**Eligible Shareholder** means a person registered as the holder of ZICOM Shares on the Record Date with an address in Australia or Singapore;

**Established Core Businesses** means the key business segments of ZICOM which are broadly categorised into Offshore Marine, Oil and Gas, Construction Equipment and Precision Engineering, which have a longer track record and are helmed by experienced management who have led their respective companies for many years.

**Group** means ZICOM and its controlled entities.

**HBMS Businesses** means the businesses conducted by the healthcare biomedical and sciences technologies companies in which ZIG is a shareholder.

**Ineligible Foreign Shareholder** has the meaning given to that expression in Section 10.2.

**Options** means an option to acquire a ZICOM Share;

**Record Date** means 20 November 2018.

**ZIG Constitution** means the constitution of ZIG;

**ZICOM Shares** means fully paid ordinary shares in Zicom Group Limited;

**Zicom Employee Share and Option Plan** means the employee share option plan of ZICOM approved by shareholders on 23 November 2006;

**ZICOM Shareholder** means a person registered as the holder of a ZICOM Share.

**ZIG** or **ZIG Ventures** means ZIG Ventures Private Limited (a Singapore registered company)

**ZIG Shares** means fully paid ordinary shares in ZIG; and

**ZIG Shareholder** means a person registered as the holder of a ZIG Share.

## Schedule 1 – Overview of ZIG (after Capital Reduction)

### 1.1 Background

This material has been prepared on the assumption that ZICOM Shareholders approve the Capital Reduction / Demerger, with the Demerger of ZIG Ventures Private Limited ("ZIG") being implemented on 30 November 2018. Accordingly, the information in this Schedule 1 is an overview of ZIG on a standalone basis after the Demerger.

### 1.2 History

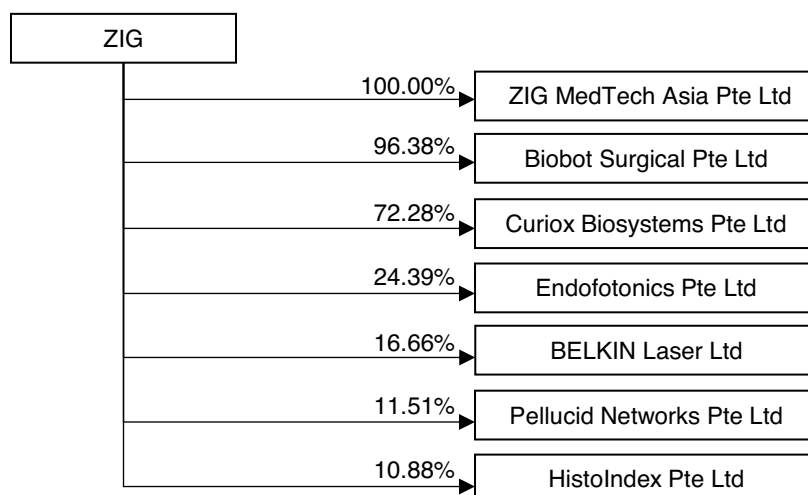
ZIG Ventures Private Limited ("**ZIG**"), previously known as Zicom MedTacc Private Limited, was incorporated on 10 August 2014 in the Republic of Singapore. ZIG operates directly in Singapore and through its group companies as follows:

- A 100% equity interest in ZIG MedTech Asia Pte Ltd
  - Current book value of (S\$0.11m)
- A 96.38% equity interest in Biobot Surgical Pte Ltd
  - Current book value of S\$7.07m
- A 72.28% equity interest in Curiox Biosystems Pte Ltd
  - Current book value of S\$5.26m
- A 10.88% equity interest in HistoIndex Pte Ltd
  - Current book value of S\$0.89m
- A 24.39% equity interest in Endofotonics Pte Ltd
  - Current book value of S\$0.93m
- A 16.66% equity interest in BELKIN Laser Ltd
  - Current book value of S\$1.20m
- A 11.51% equity interest in Pellucid Networks Pte Ltd
  - Current book value of S\$0.92m

Current Book Value is the cost of investment less share of post-acquisition losses. Losses incurred are generally product and commercial development costs incurred to-date.

### 1.3 Corporate Structure

ZIG will have the following corporate structure (post Demerger):



## 1.4 Current Business Activities

The following describes the ZIG Group of Companies:

**ZIG Ventures Private Limited (“ZIG”)** – ZIG is the investment holding company of the HBMS Businesses and ZIG MedTech Asia Pte Ltd. ZIG is a venture investment and commercialisation company that focuses on investing into early stage healthcare biomedical and sciences technologies companies and proactively develops these companies by working side by side with the founders, building key capabilities and driving the commercialisation of the technologies through its global key opinion and distributorship networks.

**ZIG MedTech Asia Pte Ltd (“ZMA”)** – ZMA is the commercialisation arm of ZIG and it has been established to work closely with group companies to support them in their products’ registration, market penetration, and distributorship management activities in the Asia Pacific region.

**Biobot Surgical Pte Ltd (“Biobot”)** – Biobot’s principal product is a robotic navigation system that accurately positions surgical needles for targeted prostate biopsy. The product has obtained FDA 510K clearance, CE Mark, TGA accreditation, and regulatory approvals in various South East Asian countries. Its robotic positioning system yields higher detection rates than the commonly used method of transrectal biopsies. The system has been used by various hospitals in Australia, Singapore, Germany, Italy, USA and France. Biobot achieved a sales revenue of S\$863,000 for the year ended 30 June 2018. Biobot is currently undergoing further developments of its system to position surgical needles for focal prostate cancer therapy. In 2019, Biobot is aiming to have its therapeutic application positioning capability validated and approved by regulatory authorities in USA and Europe. If achieved, this will improve significantly Biobot’s revenue earning potential. In anticipation, Biobot is currently seeking to raise funds directly for its scaling up.

**Curiox Biosystems Pte Ltd (“Curiox”)** – Curiox’s principal products include a proprietary microtiter plate called “DropArray Plate” and a washing instrument to process the DropArray Plate. The DropArray Plate is in essence a flat microtiter plate that drastically reduces amounts of reagents and samples used in cell analysis. When cell analyses are carried out using the DropArray Plate and washing instrument, cell retention is much greater and this produces better cell analysis. The DropArray Plate and washing instrument are now used by top global pharmaceutical and biotech companies in their development of drugs.

Curiox’s revenue for the year ended 30 June 2018 amounted to S\$2,213,000. The company is seeking to raise funds directly to expand its marketing team to cover an expanding global market footprint including expanding its engineering and production capacity so as to carve a significant market share for its products.

**HistoIndex Pte Ltd (“HistoIndex”)** – HistoIndex’s principal product is a laser imaging system that could carry out tissue imaging and analysis without staining. Typically tissues are stained with dyes and then placed under microscopes for imaging and analysis. Inter and intra operator variability arises when staining tissues and this may provide less accurate imaging and analysis. HistoIndex’s system is highly accurate and is being used by top global pharmaceutical and biotech companies to develop drugs. Histoindex’s revenue for the year ended 30 June 2018 amounted to S\$1,335,000. Acceptance of its technology by top pharmaceutical and biotech companies in USA and China to support testing for cancer drug development is increasingly being recognised as more efficacious and faster than existing methodology. The earnings potential of the technology is also enhanced by the potential for the technology to be considered a companion diagnostic.

**Pellucid Networks Pte Ltd (“Pellucid”)** – Pellucid is a data analytic company focusing on aggregating and analysing data of ophthalmic patients. Its software has been used to capture information and ophthalmic eye images of patients undergoing screening camps in the urban and rural areas of India. Such aggregated data are used by NGOs and pharmaceutical companies in the planning and treatment of patients suffering from eye diseases. Revenue of Pellucid for the year ended 30 June 2018 was S\$562,000. The company has been focusing on development of various products that have the potential of mass market and hence, the pace of commercialisation has been slow. With the incorporation of Artificial Intelligence in their applications, the company’s products and technology possess the potentials of creating a mass data bank to accelerate screening of eye diseases with increased accuracy and at faster speed.

**Endofotonics Pte Ltd (“Endofotonics”)** – Endofotonics is undergoing product development of its real-time molecular diagnostic imaging system for early gastric cancer. Gastric cancer is a major disease in Asia, especially in countries like China. Methods for early detection of gastric cancer are highly sought after in China. Unlike most endoscopic companies which provide very clear morphological (visual imaging) information, Endofotonics is seeking a breakthrough in the way gastric cancer is identified by providing real-time molecular information, which would complement the morphological information of existing endoscopic systems, and provide a more reliable identification of early gastric cancer. Endofotonics’ technology continues to be under development. As such it is not revenue generating yet.



**BELKIN Laser Ltd (“Belkin”)** – Belkin is developing a direct selective laser trabeculoplasty system “DSLTL”. Its system possesses a smart algorithm that enables ophthalmologists to treat glaucoma by emitting laser pulses very quickly in less than a second. Glaucoma is typically treated using eye drops but it has to be administered every day and patients often do not comply after a period of time, worsening the condition. By opting for DSLTL, patients need only visit the ophthalmologists twice a year to seek treatment. Belkin’s technology has just started initial stage of clinical trials in Europe. We expect to start clinical trials in Asia within the next 12 months. As such Belkin has not generated revenue yet.

All the technologies invested are of a disruptive nature which target global markets of significant size. As their commercial development progresses the market which they disrupt will evolve and evaluating the footprint will become more feasible than when they are in the early stage. At this stage of their development, the precise addressable market and the commercial value that can be generated by each of the technologies would fall into too wide a range to be reliable.

## **1.5 Board Composition**

If the Demerger proceeds pursuant to the Capital Reduction, the ZIG Board will initially comprise:

### **Non-Executive Chairman – Mr. Giok Lak Sim (“GL Sim”)**

Mr. GL Sim founded Zicom Group in 1978 and is its Group Chairman and Managing Director. He is an experienced entrepreneur and knowledgeable business executive with expertise in public accounting, corporate development, strategic management and international trade. Mr. GL Sim is a member of the Strategic Advisory Panel of the Diagnostics Development Hub and a member of the Singapore National Eye Centre Incubation Advisory Board. Additionally, he is also on the Board of Governors, UOB-SMU Asian Enterprise Institute. He was formerly a Board member of SPRING Singapore (a government agency that has now been merged into Enterprise Singapore, responsible for enterprise development) for 4 years from 2014-2018. Mr. GL Sim was the recipient of the Ernst & Young Entrepreneur of the Year (Industrial Products) 2008 award in Singapore. He is a Fellow Life Member of CPA Australia and a Fellow Life Member of the Institute of Singapore Chartered Accountants.

### **Chief Executive Officer and Executive Director – Mr. Kok Hwee Sim (“Kok Hwee”)**

*(please refer to next section on Management Team)*

### **Chief Technology Officer and Executive Director – Mr. Peter Cheng Tim Kum (“Peter Cheng”)**

*(please refer to next section on Management Team)*

### **Non-Executive Director – Mr. Kok Yew Sim (“Kok Yew”)**

Kok Yew joined ZICOM in 2004 and is currently the Executive Director of ZICOM and an experienced business leader within the Zicom Group. He is also the Chief Executive Officer of Sys-Mac Automation Engineering, a wholly-owned subsidiary of ZICOM, focusing on providing customised automation production lines and contract manufacturing services. He was instrumental in the investments and corporate developments of ZICOM’s semicon businesses in SAEEdge Vision Solutions and Orion Systems Integration, which have successfully penetrated into the highly competitive semicon equipment market. Kok Yew graduated with a Bachelor’s Degree in Electrical and Electronics Engineering from the University of Michigan with Honours (Summa cum Laude). Kok Yew is the second son of Mr GL Sim and a director of ZICOM’s substantial shareholder, SNS Holdings Pte Ltd.

### **Non-Executive Director – Dr. Thong Yuen Poon (“Thong Yuen”)**

Thong Yuen is a seasoned investment professional who has more than 10 years of global experience in VC investments. He joined EDB Investments (formerly known as Bio\*One Capital), a Singapore sovereign fund in early 2004, and has been involved in various therapeutics, medtech and healthcare services investments in USA, Australia and Japan. Thong Yuen also has investment experience in Infocomm Technologies and Clean Technologies. His previous research experience includes computer-aided drug design, medicinal chemistry, radio-ligand binding assays and animal studies. Thong Yuen also has a good background in community pharmacy and pharmaceutical manufacturing processes. He earned his doctorate in Medicinal Chemistry and honours degree in Pharmacy from the National University of Singapore.

### **Non-Executive Director – Ms. Jenny Lim Bee Chun (“Jenny Lim”)**

Jenny Lim is currently the Group Financial Controller of ZICOM and has held that role since 2005 and serves on the board of certain subsidiaries of the Group. She is a Fellow of the Association of Chartered Certified Accountants since 1998. Jenny has more than 10 years of audit and tax experience in Ernst & Young prior to joining the Group and has since acquired expertise in corporate secretarial and advisory matters.

## **1.6 Management Team**

On the implementation of the Demerger pursuant to the Capital Reduction, the ZIG senior management team will comprise:

### **Mr. Kok Hwee Sim (“Kok Hwee”)**

#### **Chief Executive Officer and Executive Director**

Kok Hwee joined ZICOM in 2004 and is an experienced corporate and operations leader with the Zicom Group, having assumed various responsibilities. His corporate responsibilities include banking relationships, treasury management, mergers and acquisitions, strategic partnerships and fund raising. As the Chief Executive Officer of ZIG, part of his focus is to co-invest with Enterprise Singapore, a Singapore statutory board under the Ministry of Trade and Industry Singapore, responsible for enterprise development in Singapore, into promising early stage healthcare biomedical and sciences technologies companies. Kok Hwee leads a team of healthcare commercialisation professionals to proactively build and support capabilities within the portfolio companies and forge strategic partnerships with the global healthcare ecosystem. Kok Hwee has a Master of Science Degree in Financial Engineering from Columbia University, New York, USA and a Bachelor of Science Degree in Industrial and Operations Research from the University of Michigan, Ann Arbor, USA (Magna Cum Laude). Kok Hwee is the eldest son of Mr GL Sim and a director of ZICOM substantial shareholder, SNS Holdings Pte Ltd.

### **Mr. Peter Cheng Tim Kum (“Peter Cheng”)**

#### **Chief Technology Officer and Executive Director**

Peter Cheng joined ZIG as the Chief Technology Officer in 2014. He is also the Chief Executive Officer for one of its portfolio companies, Endofotonics Pte Ltd. He has more than 25 years of experience in technology management in various sectors such as computer and information technology, medical technology, semiconductor, consumer lifestyle, and sustainable energy. Prior to joining ZIG, Peter held senior management positions with Hyflux Ltd, Vestas Technology R&D Singapore, and Philips Consumer Lifestyle, Suzhou. Peter holds a Bachelor of Mechanical Engineering from Nanyang Technological Institute in Singapore and has served on the following committees and panels in the past:

- Economic Strategic Sub-Committee on “Growing Knowledge Capital”, Singapore (2009-2010)
- Visiting Committee for the College of Engineering, NTU, Singapore (2010-2011)
- Scientific Advisory Board, Energy Research Institute at NTU (ERI@N) (2010 - 2012)
- School Advisory Committee, School of Design, Temasek Polytechnic (2013 - 2014)
- TEC Evaluation Panel, Spring Singapore (2015 - 2016)

### **Ms. Hui Shan Sim (“Huishan”)**

#### **Chief Corporate Officer**

Huishan joined ZIG in 2016 and is responsible for strategic alliances, investments, corporate financing and legal matters. She was formerly the Vice President, Commercial of a Singapore early stage biotech company focusing on women diagnostics. In that role, Huishan was personally responsible for setting up a next generation sequencing laboratory and cultivating the commercial partnership with one of the world's largest genome sequencing centers. She also spearheaded the acquisition and licensing of complementary technologies. Huishan practised as a litigation and arbitration lawyer for 7 years at Wong Partnership LLP, a leading law firm in Singapore. She graduated with a LL.B (Hons) from the National University of Singapore. Huishan is the daughter of Mr GL Sim.

**Dr. Lai Leng Tho (“Lai Leng”)  
Chief Commercial Officer**

Lai Leng joined ZIG in 2017 as the Chief Commercial Officer and is responsible for the sales and marketing of various HBMS companies in the Asia Pacific region. She manages a team of product and regulatory specialists to assist the companies in the product registration and distribution management. Lai Leng has spent her entire career in the biotech and medtech sectors. She first started her career as a technical specialist which developed the world’s first automated HIV-diagnostic system that is still being used in the world today. She then moved on to join various multinational healthcare companies such as Murex Diagnostics and Abbott Laboratories, where she played pivotal roles in development of new markets, developing and implementing brand strategies for new and existing diagnostic products, as well as establishing new sales channels in the Asia-Pacific region. Lai Leng also joined Temasek Life Sciences Ventures Pte Ltd as a Program Director and was part of the core team that drove the commercialisation of the H5N1 patented technology, partnering with a US-listed vaccine company to develop a bird-flu vaccine. Lai Leng holds a doctorate degree in Biochemistry from the Faculty of Medicine, National University of Singapore. She has undergone executive development training programs in leadership communications in Singapore Management University as well as intellectual property law in the Faculty of Law, National University of Singapore.

**1.7 Funding**

After the Demerger, ZIG will no longer have ZICOM as a source of funding. It will operate as an independent entity to fund its operations. ZIG is therefore expected to seek funding from Shareholders or new investors after the Demerger for its working capital and continuing operations.

SNS Holdings Pte Ltd, which will be a substantial shareholder of ZIG after the Demerger, has undertaken to extend an unsecured standby loan of up to S\$4m to ZIG, pending new investments and ZIG is entitled to draw down on the loan as and when required within the tenure of 36 months. See Section 7 of this document.

## Schedule 2 – Overview of ZICOM (after Capital Reduction)

### 1.1 Background

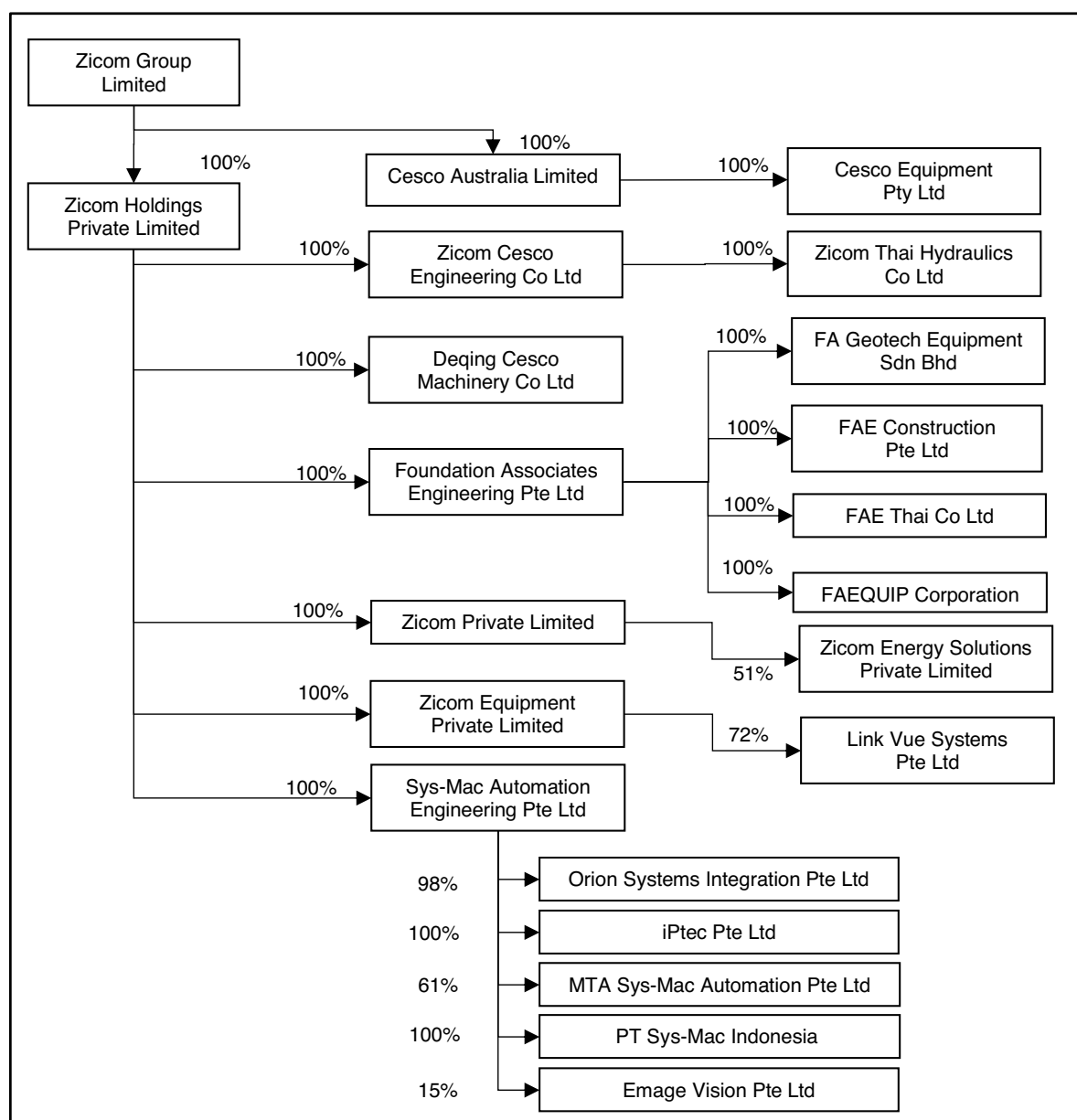
This material has been prepared on the assumption ZICOM Shareholders approve the Capital Reduction with the Demerger of ZIG Ventures Private Limited ("ZIG") being implemented on 30 November 2018. Accordingly, the information in this Schedule 2 is based on ZICOM on a standalone basis after the Demerger.

### 1.2 History

ZICOM is a public company admitted to the Australian Securities Exchange on 12 November 1970. Since then, it has undergone a series of changes in its business directions and the current businesses came about with the acquisition of Zicom Holdings Private Limited in 2006 which held businesses focusing on the offshore marine, oil & gas, construction equipment and precision engineering sectors. The acquisition of Zicom Holdings Private Limited resulted in its main shareholder, SNS Holdings Pte Ltd ("SNS") becoming a substantial shareholder of ZICOM. SNS is owned by ZICOM's Chairman's family and Mr GL Sim is the controlling shareholder.

### 1.3 Corporate Structure

After the Demerger, ZICOM will have the following corporate structure (excluding all dormant entities):



#### **1.4 Business Model and Intentions for Growth of the Business**

ZICOM intends to continue to be an ASX listed company with the objective of having sufficient capital to grow its three key business segments in offshore marine, oil and gas, construction equipment and precision engineering. The Demerger enables management of ZICOM to better focus its resources in these business segments to generate growth in revenue and profitability for its shareholders.

#### **1.5 Board Composition**

If the Demerger proceeds pursuant to the Capital Reduction, the ZICOM Board will remain unchanged, other than the redesignation of Mr. Kok Hwee Sim from an Executive Director to a Non-Executive Director as he relinquishes his management responsibilities in ZICOM.

#### **1.6 Management Team**

On the implementation of the Demerger pursuant to the Capital Reduction, the ZICOM senior management team will comprise of:

##### **Mr. Giok Lak Sim (“GL Sim”) Group Executive Chairman**

Mr. GL Sim founded Zicom Group in 1978 and is its Group Chairman and Managing Director. He is an experienced entrepreneur and knowledgeable business executive with expertise in public accounting, corporate development, strategic management and international trade. Mr. GL Sim is a member of the Strategic Advisory Panel of the Diagnostics Development Hub and a member of the Singapore National Eye Centre Incubation Advisory Board. Additionally, he is also on the Board of Governors, UOB-SMU Asian Enterprise Institute. He was formerly a Board member of SPRING Singapore (a government agency that has now been merged into Enterprise Singapore, responsible for enterprise development) for 4 years from 2014-2018. Mr. GL Sim was the recipient of the Ernst & Young Entrepreneur of the Year (Industrial Products) 2008 award in Singapore. He is a Fellow Life Member of CPA Australia and a Fellow Life Member of the Institute of Singapore Chartered Accountants.

##### **Mr. Kok Yew Sim (“Kok Yew”) Group Executive Director**

Kok Yew joined ZICOM in 2004 and is currently the Executive Director of ZICOM and an experienced business leader within the Zicom Group. He is also the Chief Executive Officer of Sys-Mac Automation Engineering, a wholly-owned subsidiary of ZICOM, focusing on providing customised automation production lines and contract manufacturing services. He was instrumental in the investments and corporate developments of ZICOM's semicon businesses in SAEEdge Vision Solutions and Orion Systems Integration, which have successfully penetrated into the highly competitive semicon equipment market. Kok Yew graduated with a Bachelor's Degree in Electrical and Electronics Engineering from the University of Michigan with Honours (Summa cum Laude). Kok Yew is the second son of Mr GL Sim and a director of ZICOM's substantial shareholder, SNS Holdings Pte Ltd.

##### **Mr. Hung Seah Tang (“Tang”) Group Executive Director, ZHPL**

Tang is a director of Zicom Holdings Private Limited (“ZHPL”) and also joint managing director of Zicom Private Limited (“ZPL”), both wholly-owned subsidiaries of ZICOM. He is responsible for research and development and manufacturing engineering for the offshore marine, oil and gas as well as the dual fuel technology company recently acquired by ZPL. Prior to joining ZHPL, he was a design engineer with the Promet Group in Singapore, lecturer in Ngee Ann Polytechnic, and senior lecturer in Nanyang Technological University. Tang graduated from the National University of Singapore with a Bachelor's Degree in Engineering (First Class Honours) and a Master's Degree in Mechanical Engineering. He is a member of The Institution of Engineers, Singapore.

##### **Mr. Juat Lim Sim (“Juat Lim”) Group Executive Director, ZHPL**

Juat Lim is a director of Zicom Holdings Private Limited (“ZHPL”) and also joint managing director of Zicom Private Limited (“ZPL”), both wholly-owned subsidiaries of ZICOM. He is responsible for the sales and marketing of deck machinery for the offshore and marine industry. He joined in 1978 as a sales executive responsible for the marketing of deck machinery and general trading of marine hardware. Mr Sim is a member of the Institute of Marketing, UK.

**Ms. Jenny Lim Bee Chun**  
**Group Financial Controller**

Jenny Lim has been the Group Financial Controller of ZICOM since 2005 and serves on the board of certain subsidiaries of the Group. Jenny is a Fellow of the Association of Chartered Certified Accountants since 1998. Jenny has more than 10 years of audit and tax experience in Ernst & Young prior to joining the Group and has since acquired expertise in corporate secretarial and advisory matters.

**1.7 Funding**

ZICOM (excluding ZIG) at 30 June 2018 had cash reserves of S\$9.42m. The ZICOM Board believes that it has sufficient working capital for its operations of the Established Core Businesses.

**1.8 Risk Factors Regarding ZICOM**

Post Demerger, ZICOM shall focus on its Established Core Businesses for which it has many decades of experience and track record. The management teams of the ZICOM core businesses are helmed by experienced industry veterans who have led their respective companies for many years.

However, there are always risks associated with investing in or continuing to hold shares. Without intending to be exhaustive, the following is intended as a summary of some of the key risks of continuing to hold shares in ZICOM post the Capital Reduction of ZICOM:

- (i) Economic, political, legal and regulatory conditions in the countries in which ZICOM and its controlled entities operate may materially and adversely affect its business, financial condition, results of operations, prospects and the market price of ZICOM Shares; and
- (ii) Changes in government legislation, regulations or policies in the countries in which ZICOM and its controlled entities operate which affect the offshore marine, oil and gas, construction equipment and precision engineering industries or ZICOM and its controlled entities' inability to obtain, renew or maintain ZICOM's statutory and regulatory licenses required to operate the businesses may adversely affect ZICOM's business operations.

## Schedule 3 – Taxation Considerations

This Section provides a general summary of the Australian and Singapore taxation consequences for Shareholders who receive ZIG Shares in respect of the Capital Reduction based on applicable taxation law as at the date of the Notice of Meeting.

The summary is not intended, and should not be relied upon, as specific taxation advice to any particular Shareholder. The comments in the summary are of a general nature only, may not apply to a Shareholder's specific circumstances and cannot be relied upon for accuracy or completeness. The comments in this Section are for ZICOM Shareholders who hold their ZICOM Shares as an investment and who will hold ZIG Shares (after the Capital Reduction) as an investment. It does not deal with ZICOM Shareholders who are holding their ZICOM Shares, or who will hold their ZIG Shares (after the Capital Reduction), as trading stock or otherwise on revenue account. The comments in this Section do not deal with the circumstances of shareholders resident in other jurisdictions.

Each Shareholder should seek and rely on its own taxation advice specific to its particular circumstances in relation to the taxation consequences of the proposed Capital Reduction in their jurisdiction of residence. To the extent permitted by law, none of the Company, ZIG nor any of their officers or advisers, accept liability or responsibility with respect to such consequences or the reliance of any Shareholder on any part of the summary.

### 1.1 Australian Tax Implications

#### (a) Return of Capital

- (i) The Capital Reduction constitutes a CGT Event G1. It results in a reduction in the cost base of a shareholder's share in ZICOM by the value of the ZIG Shares. Where the amount of the Capital Reduction exceeds the cost base of the share then the cost base is reduced to zero and any excess is treated as a capital gain. Where the shareholder is an individual, superannuation fund or trust and the share has been held for more than 12 months then the capital gain is eligible to be treated as a discount capital gain.
- (ii) Where the Australian Commissioner of Taxation forms the view that the Capital Reduction has been made in substitution for the payment of a dividend, he may determine to treat part or all of the Capital Reduction as an unfranked dividend.

ZICOM has not made an application to the ATO for a Ruling outlining the income tax consequences arising from the proposed Capital Reduction.

#### (b) Dividend distributions by ZIG

Australian resident shareholders will, generally, be subject to tax in respect of dividends paid to them in respect of their ZIG Shares, subject to reliefs provided for under an Avoidance of Double Taxation Agreement between Australia and Singapore.

#### (c) Gains on disposal of ZIG Shares

Generally, Australian resident shareholders holding their shares in ZIG as an investment will be subject to Australian capital gains tax in respect of any gain on disposal of their ZIG Shares.

### 1.2 Singapore Tax Implications

#### (a) Income Tax

##### (i) Return of Capital

- (A) The Capital Reduction involves the distribution of the entire issued ordinary share capital of ZIG and represents a return of capital. Consequently, the cost of investment held by Shareholders in ZICOM will be reduced by the amount of capital returned.
- (B) For Singapore income tax purposes, a return of capital would generally be treated as capital in nature, and would not be taxable in the hands of Shareholders in Singapore, except in certain cases, such as Shareholders who are traders in securities or who have classified their investments as trading stocks, marketable securities or short-term investments and Shareholders who had not the intention to hold the shares as long-term investments.

- (ii) Dividend distributions by ZIG
  - (A) Singapore does not impose withholding tax on dividends paid to Singapore resident or non-Singapore resident Shareholders.
  - (B) Under the one-tier corporate tax system in Singapore, the tax paid by a Singapore tax resident company is a final tax and the after-tax profits of the company can be distributed to its Shareholders as one-tier tax exempt dividends.
  - (C) Where ZIG is tax resident in Singapore, ZIG may distribute one-tier tax exempt dividends to its Shareholders. The dividend will be exempt from Singapore income tax in the hands of the Shareholders, including Australians.
- (iii) Gains on disposal of ZIG Shares
  - (A) Singapore does not impose tax on capital gains. However, gains may be construed to be of an income nature and subject to Singapore income tax if they arise from activities which are regarded as the carrying on of a trade or business and the gains are sourced in Singapore.
  - (B) As such, any profits from the disposal of ZIG Shares, if regarded as capital profit, are not taxable in Singapore unless the seller is regarded as having derived these profits as Singapore-sourced profits from carrying on a trade or business of dealing in securities, in which case, the disposal profits would be taxable as trading profits.
- (b) Stamp Duty
 

Stamp duty is payable on an instrument of transfer of ZIG Shares at the rate of S\$0.20 for every S\$100 or any part thereof of the consideration or net asset value of the shares, whichever is higher. The transferee is liable for stamp duty. Application is being made to the Commissioner of Stamp Duties to seek relief. Should relief not be granted, ZICOM will bear any stamp duty chargeable for the transfer of ZIG Shares to Eligible Shareholders.
- (c) Goods and Services Tax ("GST")
  - (i) Return of Capital
 

The distribution of ZIG Shares in specie to the Shareholders would not be subject to any GST.
  - (ii) Sale of ZIG Shares
    - (A) The sale of ZIG Shares by a Shareholder belonging in Singapore to another person belonging in Singapore is an exempt supply not subject to GST. Any GST (for example, GST on brokerage) incurred by the Shareholder in connection with the making of this exempt supply would generally become an additional cost to the Shareholder unless the Shareholder satisfies certain conditions prescribed under the GST legislation or by the Comptroller of GST.
    - (B) Where the ZIG Shares are sold by a GST-registered Shareholder holding the shares as a trading stock, to a person belonging outside Singapore (and who is outside Singapore at the time of supply), the sale would constitute a taxable supply subject to GST at zero-rate. Consequently, any GST (for example, GST on brokerage) incurred by him in the making of this zero-rated supply for the purpose of his business would, subject to the conditions prescribed under the GST legislation or by the Comptroller of GST, be recoverable as an input tax credit in his GST returns.
  - (iii) GST incurred on expenses in connection with the purchase and sale of the ZIG Shares
    - (A) Services such as brokerage and handling services rendered by a GST-registered person to a Shareholder belonging in Singapore in connection with the Shareholder's purchase or sale of the Shares will be subject to GST at the prevailing rate (currently 7%). Similar services rendered contractually to a Shareholder belonging outside Singapore are subject to GST at zero-rate provided that the Shareholder is not physically present in Singapore at the time the services are performed and the services do not directly benefit a person who belongs in Singapore.
    - (B) Shareholders should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of the ZIG Shares.



## **Schedule 4 – Risk Factors**

### **1.1 Risk Factors Regarding ZIG**

Set out below are the key risks associated with being a Shareholder of ZIG. This list is not exhaustive and it is recommended that ZICOM Shareholders obtain their own investment, legal, accounting and tax advice in respect of both the Demerger and continuing to hold ZIG Shares if the Demerger is implemented.

- (i) ZIG is incorporated in Singapore and is governed by Companies Act (Chapter 50) and regulations of Singapore.
- (ii) ZIG will be an unlisted, public company and accordingly the ZIG Board actions will not be subject to compliance with the ASX Listing Rules or any stock exchange listing rules. ZIG Shareholders will not have the same level of benefit accorded by such compliance obligations on companies listed on ASX.
- (iii) ZIG Shares will be highly illiquid. There will be either no or limited secondary trading in ZIG Shares, meaning that the ZIG Shares will not be readily monetised to cash.
- (iv) None of the ZIG invested portfolio companies are profitable presently. These companies are required to continue to seek out investors to fund their development and growth. Sufficiency of funding and ability to attract further investment and on favourable terms, in the future, will impact the sustainability of these companies.
- (v) Further equity capital raisings may dilute materially the interests of those ZIG Shareholders who do not participate in the capital raisings.
- (vi) ZIG's ability to attract and retain skilled management personnel could materially affect its business, results of operations and financial condition.
- (vii) Economic, political, legal and regulatory conditions in the countries in which ZIG and its portfolio companies operate may materially and adversely affect its business, financial condition, results of operations, prospects and the market price of ZIG Shares.
- (viii) Changes in government legislation, regulations or policies in the countries in which ZIG and its portfolio companies operate which affect the healthcare and life science industries or ZIG and its portfolio companies' inability to obtain, renew or maintain ZIG's statutory and regulatory licenses required to operate the businesses may adversely affect ZIG's business operations.
- (ix) New inventions of similar applications may affect the viability or profitability of ZIG's investments.
- (x) There has been no external valuation of ZIG and no prior market for the ZIG Shares.

### **1.2 Other Risk Factors associated with the Demerger**

ZICOM has not made an application to the ATO for a Ruling in relation to the income tax consequences for ZICOM Shareholders arising from the proposed Capital Reduction. Accordingly, there is a risk that the taxation outcomes may differ from the general principles described in Schedule 3. ZICOM Shareholders should seek separate independent advice from an appropriate professional advisor.

## Schedule 5 – Financial Information

### 1. Introduction

This Section contains a summary of the following assuming the proposed Capital Reduction by way of pro rata distribution of all the Shares of ZIG Ventures Private Limited had occurred on the Relevant Dates and the pro forma adjustments set out in paragraph 2.5 of this Schedule 5:

- the Historical Financial Information for Zicom Group Limited (“**ZICOM**”) and the Pro Forma Financial Information for Zicom Group Limited (**ZICOM Historical and Pro Forma Financial Information**); and
- the Pro Forma Financial Information for ZIG Ventures Private Limited (“**ZIG Pro Forma Financial Information**”).

The Historical and Pro Forma Financial Information have been prepared by management and adopted by the Directors. The basis for preparation and presentation is set out below.

### 2. Basis of Preparation - Historical and Pro Forma Financial Information

#### 2.1 General

The Historical and Pro Forma Financial Information have been prepared in accordance with the Accounting Standards adopted by the Australian Accounting Standards Board, which comply with the International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. The accounting policies used in preparation of the Historical and Pro Forma Financial Information are consistent with those set out in Zicom Group Limited’s annual report for the year ended 30 June 2018.

The Historical and Pro Forma Financial Information do not contain all the disclosures required by Australian Accounting Standards in an annual financial report prepared in accordance with the requirements of the *Corporations Act 2001*.

The Historical and Pro Forma Financial Information have been derived from ZICOM’s financial reports for the year ended 30 June 2018 along with management information, where applicable. ZICOM’s annual report for the year ended 30 June 2018 has been audited by Ernst & Young in accordance with Australian Auditing Standards.

Complete versions of ZICOM’s financial reports are available from ZICOM’s website [www.zicomgroup.com](http://www.zicomgroup.com), or the ASX’s website [www.asx.com.au](http://www.asx.com.au)

#### 2.2 Historical Financial Information for ZICOM

The Historical Financial Information disclosed in this annexure contains the following information:

- The historical consolidated statements of comprehensive income of ZICOM and its controlled entities for the years ended 30 June 2018 and 30 June 2017; and
- The historical consolidated balance sheets of ZICOM and its controlled entities as at 30 June 2018 and 30 June 2017.

#### 2.3 Pro Forma Financial Information for ZICOM post Capital Reduction

The group structure of ZICOM and its controlled entities post Capital Reduction (“**ZICOM**”) is reflected in 1.3 of Schedule 2.

##### ***Pro Forma consolidated statements of comprehensive income***

The pro forma consolidated statements of comprehensive income for ZICOM post Capital Reduction for the years ended 30 June 2018 and 30 June 2017 have been prepared using the audited financial statements for the relevant years as if the Capital Reduction had been completed on 1 July 2017 and 1 July 2016 (“Relevant Dates”) respectively and the pro forma adjustments set out in paragraph 2.5 of this Schedule 5.

ZIG Group operated as part of ZICOM during the periods for which financial information is presented and therefore ZICOM's pro forma consolidated statements of comprehensive income do not purport to represent the actual financial performance that would have occurred had ZIG Group been a separate legal entity and operated independently of ZICOM during the periods presented.

### ***Pro Forma Consolidated Balance Sheets***

ZICOM pro forma consolidated balance sheets as at 30 June 2018 and 30 June 2017 have been prepared using the audited financial statements on the basis that the Capital Reduction had been completed on 30 June 2018 and 30 June 2017 ("Relevant Dates") respectively and the proposed in specie distribution of the entire share capital of ZIG has been undertaken at the book values of ZIG Group as at 30 June 2018 and 30 June 2017 respectively and the pro forma adjustments set out in paragraph 2.5 of this Schedule 5.

ZICOM post Capital Reduction pro forma consolidated balance sheets as at 30 June 2018 and 30 June 2017 do not represent the actual financial position of ZICOM at the actual time of the Capital Reduction, but represents an indication of ZICOM post Capital Reduction pro forma consolidated balance sheets as at 30 June 2018 and 30 June 2017 in the circumstances set out above.

## **2.4 Pro Forma Financial Information for ZIG Group**

The group structure of the ZIG Group is shown in 1.3 of Schedule 1.

The pro forma consolidated statements of comprehensive income for ZIG Group for the years ended 30 June 2018 and 30 June 2017 have been prepared using the audited financial statements for the relevant years as if the ZIG Group existed as at 1 July 2017 and 1 July 2016 ("Relevant Dates") respectively and the pro forma adjustments set out in paragraph 2.5 of this Schedule 5.

The pro forma consolidated balance sheets of ZIG Group at 30 June 2018 and 30 June 2017 have been prepared using the audited financial statements assuming that ZIG Group existed as at 30 June 2018 and 30 June 2017 ("Relevant Dates") respectively and the pro forma adjustments set out in paragraph 2.5 of this Schedule 5.

ZIG Group operated as part of ZICOM during the periods for which financial information is presented and therefore ZIG Group's pro forma consolidated statements of comprehensive income and balance sheets do not purport to represent the actual financial performance and financial position that would have occurred had ZIG Group been a separate legal entity during the periods presented, principally because:

- ZIG Group did not operate independently of ZICOM during the periods for which financial information is presented;
- ZIG Group's pro forma consolidated statements of comprehensive income and balance sheets may not reflect the strategies or operations that ZIG Group may have followed or undertaken as a separate legal entity rather than as part of ZICOM; and
- ZIG Group may have been exposed to different financial and business risks had it operated as a separate legal entity rather than as part of ZICOM.

## 2.5 Pro Forma Adjustments - Reconciliation Between Pro Forma and Historical Financial Information

### *Reconciliation of Loss After Taxation per consolidated Statements of Comprehensive Income*

	<b>FY 2018</b>	<b>FY 2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Loss after taxation		
- Per pro forma financials of ZICOM post Capital Reduction	(5,951)	(767)
- Per pro forma financials of ZIG Group	(4,073)	(2,932)
	<u>(10,024)</u>	<u>(3,699)</u>
Consolidation adjustments:		
Elimination of unrealised profits on goods manufactured by ZICOM for ZIG Group		
- Goods manufactured in prior years	(1,054)	(649)
- Goods manufactured in current year	(64)	(405)
	<u>(1,118)</u>	<u>(1,054)</u>
Loss after taxation per ZGL Historical Financials	<b><u>(11,142)</u></b>	<b><u>(4,753)</u></b>

### *Reconciliation of Net Assets per Consolidated Balance Sheets*

	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Net Assets</b>		
- Per pro forma financials of ZICOM post Capital Reduction	52,796	63,365
- Per pro forma financials of ZIG Group	17,873	18,157
	<u>70,669</u>	<u>81,522</u>
Consolidation adjustments:		
Elimination of unrealised profits capitalised in ZIG Group's fixed assets	(74)	(58)
Elimination of unrealised profits capitalised in ZIG Group's intangible assets	(335)	(280)
Elimination of unrealised profits from investments in associates	(167)	(112)
Elimination of unrealised profits capitalised in ZIG Group's inventories	(542)	(586)
Elimination of unrealised profits capitalised in ZICOM's gross amount due from customer for contract work	–	(17)
Net Assets per ZGL Historical Financials	<b><u>69,551</u></b>	<b><u>80,469</u></b>

### 3. ZGL - Historical and Pro Forma Financial Information

#### 3.1 Consolidated Statements of Comprehensive Income for the financial years ended 30 June 2018 and 30 June 2017

	Historical (before Demerger)		Pro Forma (after Demerger)	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>	78,994	92,628	79,137	93,960
Other operating income	2,512	1,892	2,232	1,731
Total revenue	81,506	94,520	81,369	95,691
Cost of materials	(40,156)	(45,571)	(39,642)	(46,080)
Employee, contract labour and related costs	(32,742)	(28,601)	(30,445)	(26,776)
Depreciation and amortisation	(5,208)	(5,356)	(4,748)	(4,998)
Property related expenses	(2,599)	(2,484)	(2,485)	(2,371)
Other operating expenses	(10,523)	(17,119)	(9,797)	(16,409)
Finance costs	(424)	(421)	(470)	(468)
Share of results of associates	(1,273)	(724)	–	–
<b>Loss before taxation</b>	(11,419)	(5,756)	(6,218)	(1,411)
Tax benefit	277	1,003	267	644
<b>Loss after taxation</b>	(11,142)	(4,753)	(5,951)	(767)
<b>Other comprehensive income:</b>				
<b>Items that may be subsequently reclassified to profit and loss</b>				
Share of other comprehensive income of associates	2	(19)	–	–
Foreign currency translation on consolidation	(208)	915	(208)	915
Effect of tax on other comprehensive income	–	–	–	–
Other comprehensive (loss)/income for the year, net of tax	(206)	896	(208)	915
<b>Total comprehensive (loss)/income</b>	(11,348)	(3,857)	(6,159)	148
<b>Loss attributable to:</b>				
Equity holders of the Parent	(10,873)	(4,620)	(5,782)	(711)
Non-controlling interests	(269)	(133)	(169)	(56)
<b>Loss for the year</b>	(11,142)	(4,753)	(5,951)	(767)
<b>Total comprehensive (loss)/income attributable to:</b>				
Equity holders of the Parent	(11,079)	(3,724)	(5,990)	204
Non-controlling interests	(269)	(133)	(169)	(56)
<b>Total comprehensive (loss)/income</b>	(11,348)	(3,857)	(6,159)	148

### 3.2 Consolidated Balance Sheets as at 30 June 2018 and 30 June 2017

	Historical (before Demerger)		Pro Forma (after Demerger)	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	21,301	22,969	20,923	22,588
Intangible assets	14,602	14,725	9,600	10,202
Deferred tax assets	3,054	2,767	3,054	2,767
Convertible loans to an associate	1,131	602	–	–
Investments in associates	8,798	9,448	–	–
	48,886	50,511	33,577	35,557
<b>Current assets</b>				
Cash and bank balances	9,739	18,591	9,417	17,768
Inventories	28,007	23,145	27,189	22,046
Trade and other receivables	21,802	19,195	21,084	18,632
Gross amount due from customers for contract work	4,227	3,305	4,227	3,322
Prepayments	398	409	378	381
Tax recoverable	–	32	–	32
	64,173	64,677	62,295	62,181
<b>TOTAL ASSETS</b>	<u>113,059</u>	<u>115,188</u>	<u>95,872</u>	<u>97,738</u>
<b>Current liabilities</b>				
Trade and other payables	19,122	19,991	18,814	19,791
Gross amount due to customers for contract work	1,844	19	1,844	19
Interest-bearing liabilities	18,407	9,935	18,407	9,935
Provisions	1,882	2,281	1,813	2,199
Provision for taxation	192	219	192	219
	41,447	32,445	41,070	32,163
<b>NET CURRENT ASSETS</b>	<u>22,726</u>	<u>32,232</u>	<u>21,225</u>	<u>30,018</u>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	664	652	664	652
Deferred tax liabilities	983	1,224	928	1,160
Provisions	414	398	414	398
	2,061	2,274	2,006	2,210
<b>TOTAL LIABILITIES</b>	<u>43,508</u>	<u>34,719</u>	<u>43,076</u>	<u>34,373</u>
<b>NET ASSETS</b>	<u>69,551</u>	<u>80,469</u>	<u>52,796</u>	<u>63,365</u>
<b>Equity attributable to equity holders of the Parent</b>				
Share capital	38,314	38,314	20,657	20,384
Reserves	(1,562)	(1,501)	(1,754)	(1,536)
Retained earnings	32,581	43,444	33,703	44,434
	69,333	80,257	52,606	63,282
<b>Non-controlling interests</b>	218	212	190	83
<b>TOTAL EQUITY</b>	<u>69,551</u>	<u>80,469</u>	<u>52,796</u>	<u>63,365</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>113,059</u>	<u>115,188</u>	<u>95,872</u>	<u>97,738</u>

#### 4. ZIG - Pro Forma Financial Information (after Demerger)

##### 4.1 Consolidated Statements of Comprehensive Income for the financial years ended 30 June 2018 and 30 June 2017 (after Demerger)

	2018 S\$'000	2017 S\$'000
<b>Revenue</b>	863	570
Other operating income	1,163	685
	<hr/>	<hr/>
Total revenue	2,026	1,255
Cost of materials	(247)	(216)
Employee, contract labour and related costs	(2,609)	(1,944)
Depreciation and amortisation	(527)	(409)
Property related expenses	(128)	(114)
Other operating expenses	(1,144)	(1,090)
Finance costs	(181)	(49)
Share of results of associates	(1,273)	(724)
	<hr/>	<hr/>
<b>Loss before taxation</b>	(4,083)	(3,291)
Tax benefit	10	359
	<hr/>	<hr/>
<b>Loss after taxation</b>	<u>(4,073)</u>	<u>(2,932)</u>
<b>Other comprehensive income:</b>		
<b>Items that may be subsequently reclassified to profit and loss</b>		
Share of other comprehensive income of associates	2	(19)
Effect of tax on other comprehensive income	–	–
	<hr/>	<hr/>
Other comprehensive income/(loss) for the period, net of tax	2	(19)
	<hr/>	<hr/>
<b>Total comprehensive loss</b>	<u>(4,071)</u>	<u>(2,951)</u>
<b>Loss attributable to:</b>		
Equity holders of the Parent	(3,968)	(2,855)
Non-controlling interests	(105)	(77)
	<hr/>	<hr/>
<b>Loss for the year</b>	<u>(4,073)</u>	<u>(2,932)</u>
<b>Total comprehensive loss attributable to:</b>		
Equity holders of the Parent	(3,966)	(2,874)
Non-controlling interests	(105)	(77)
	<hr/>	<hr/>
<b>Total comprehensive loss</b>	<u>(4,071)</u>	<u>(2,951)</u>

## 4.2 Pro Forma Consolidated Balance Sheets as at 30 June 2018 and 30 June 2017 (after Demerger)

	2018 S\$'000	2017 S\$'000
<b>Non-current assets</b>		
Property, plant and equipment	452	439
Intangible assets	5,337	4,803
Convertible loans to an associate	1,131	602
Investments in associates	8,965	9,560
	<u>15,885</u>	<u>15,404</u>
<b>Current assets</b>		
Cash and bank balances	322	823
Inventories	1,360	1,685
Trade and other receivables	848	811
Prepayments	20	28
	<u>2,550</u>	<u>3,347</u>
<b>TOTAL ASSETS</b>	<u>18,435</u>	<u>18,751</u>
<b>Current liabilities</b>		
Trade and other payables	438	448
Provisions	69	82
	<u>507</u>	<u>530</u>
<b>NET CURRENT ASSETS</b>	<u>2,043</u>	<u>2,817</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	55	64
<b>TOTAL LIABILITIES</b>	<u>562</u>	<u>594</u>
<b>NET ASSETS</b>	<u>17,873</u>	<u>18,157</u>
<b>Equity attributable to equity holders of the Parent</b>		
Share capital	20,664	19,425
Reserves	2	2
Retained earnings	(3,009)	(1,498)
	<u>17,657</u>	<u>17,929</u>
<b>Non-controlling interests</b>	<u>216</u>	<u>228</u>
<b>TOTAL EQUITY</b>	<u>17,873</u>	<u>18,157</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>18,435</u>	<u>18,751</u>



## **Schedule 6 – Additional Information**

### **1.1 Directors' Interests in the Capital Reductions**

Except as disclosed in this document, no Director of ZICOM or ZIG will receive any payment or benefit of any kind as a consequence of the Capital Reduction other than as a Shareholder of ZICOM. Directors who hold Shares in ZICOM at the Record Date will participate in the Capital Reduction to the same extent as all other Shareholders.

Mr GL Sim discloses that SNS Holdings Pte Ltd, a substantial holder in ZICOM, which has committed to provide a S\$4 million loan to ZIG if the Demerger proceeds (on the terms described in Section 7 of this document), is associated with him and will receive a financial benefit from that loan including by way of interest on the loan principal and the right to convert into ZIG Shares.

All ZICOM Directors not associated with SNS Holdings Pte Ltd or Mr GL Sim consider the proposed loan to be on terms and conditions which are at least on reasonable arm's length commercial terms.

Currently, ZIG has agreed consultancy fees of S\$20,000 with Dr Thong Yuen Poon, who is a Non-Executive Director of ZIG. No other fees have been agreed with the other Directors, but it is anticipated that post Demerger, director fees may be paid to the other Non-Executive Directors of ZIG, namely Mr GL Sim, Mr Kok Yew Sim and Ms Jenny Lim, subject to Shareholders' approval.

Mr Kok Hwee Sim and Mr Kok Yew Sim are directors and minority shareholders of SNS Holdings Pte Ltd.

Mr Kok Hwee Sim shall cease employment with ZICOM upon the completion of the Demerger and thereafter immediately enter into a new employment agreement with ZIG as its Chief Executive Officer. Details of the new employment agreement shall be negotiated by the Board of ZIG. In addition, Mr Kok Hwee Sim shall remain as a Non-Executive Director of ZICOM and may be paid director fees by ZICOM.

### **1.2 Revaluation Surplus on ZICOM's properties**

ZICOM Board, at the end of September 2018, engaged professional appraisers to carry out valuations of the Group's Thailand freehold properties and Singapore leasehold properties. The total value of these assets amount to S\$26.36m giving rise to a revaluation surplus of approximately S\$16.11m. This revaluation surplus will be taken up in the half year's accounts to 31 December 2018. The effect would be an increase in ZICOM's carrying amount of its properties with a corresponding increase in the asset revaluation reserve, thereby increasing ZICOM's net equity. It has no impact to ZICOM's results for the half year ending 31 December 2018.

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# **ZICOM GROUP LIMITED**

**ACN 009 816 871**

## **SHORT FORM PROSPECTUS**

**For an offer to issue up to 217,140,780 ZIG Ordinary Shares fully paid to Eligible Shareholders of Zicom Group Limited pursuant to a Capital Reduction by way of in specie distribution contemplated in the Capital Reduction Resolution in the Notice of Meeting dated 15 October 2018.**

### **IMPORTANT NOTICE**

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

Shareholders are reminded that the securities of the Company are listed on ASX. Due to the fact that the listing of the securities of the Company is ASX, the content of this document has been compiled in accordance with mandated Listing Rules of ASX and the Australian Corporations Act.

The Directors consider an investment in the ZIG Shares that will be distributed and transferred under this Prospectus and in accordance with the Capital Reduction Resolution, to be speculative.

<b>1</b>	<b>OFFER .....</b>	<b>5</b>
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## **IMPORTANT INFORMATION**

### **General**

This Prospectus is dated 15 October 2018 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus, or the merits of the investment to which this Prospectus relates.

No ZIG Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

The ZIG Shares which are the subject of this Prospectus should be considered speculative. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to lodge or register this Prospectus in any jurisdiction other than Australia.

In making representations in this Prospectus, regard has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Shareholders and professional advisers whom Shareholders may consult.

### **Independent advice**

If you are uncertain about the terms and conditions of the Offer, you should seek the advice of an appropriately qualified financial adviser.

### **No ASX listing**

As ZIG Ventures is an unlisted public company, ZIG Shares will not be listed on the ASX or any other securities exchange upon issue.

### **Defined terms**

Defined terms and abbreviations used in this Prospectus have the same meanings as used in the Notice of Meeting.

### **Short Form Prospectus**

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on Monday, 15 October 2018. This Prospectus is issued pursuant to Section 710 of the Corporations Act.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of ZIG Shares under this Prospectus and contains information that will assist Shareholders and their professional advisers in making an informed assessment of:
  - (i) the rights and liabilities attaching to the ZIG Shares; and

- (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of ZIG Ventures;
- (b) refers Shareholders and their professional advisers to this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;
- (c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Joint Company Secretary at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Shareholders and their professional advisers or analysts.

### **Forward-looking statements**

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward-looking statements or information.

Whilst the Company considers the expectations reflected in any forward-looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined Schedule 4 of the Notice of Meeting, as well as other matters not yet known to the Company or not currently considered material to ZIG Ventures, may cause actual events to be materially different from those expressed, implied or projected in any forward-looking statements or information. Any forward-looking statement or information contained in this Prospectus is qualified by this cautionary statement.



## 1 Offer

### 1.1 Terms and conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

The Capital Reduction Resolution of the Notice of Meeting is as follows:

*"That for the purposes of Sections 256B and 256C(1) of the Corporations Act 2001 and for all other purposes:*

- (a) the capital of the Company be reduced, without cancelling any ZICOM Shares, by an amount equal to the amount determined by the Directors as being the net book value of all of the issued ordinary shares in ZIG Ventures Private Limited ("ZIG Shares"), with effect as at 7.00pm Sydney time on the Record Date of 20 November 2018; and*
- (b) the reduction be satisfied by the Company distributing and transferring the ZIG Shares to Eligible Shareholders registered on the Record Date on a pro rata basis, to be effected in accordance with the Constitution, the ASX Listing Rules and as otherwise determined by the Directors, with the consequence that each shareholder on the Record Date shall be deemed to have consented to becoming a shareholder in ZIG and be bound by its Constitution,*

*and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.*

Pursuant to the Capital Reduction Resolution, the Company is inviting Shareholders to vote on a reduction of capital by way of an in specie distribution of ZIG Shares to Shareholders on a pro rata basis.

The Demerger will only proceed if the Capital Reduction Resolution is passed by Shareholders.

Based on ASIC Regulatory Guide 188, the invitation to vote on the Capital Reduction Resolution in the Notice of Meeting constitutes an offer to transfer the ZIG Shares for the purposes of Section 707(3) of the Corporations Act. Accordingly, the Company has prepared this Prospectus.

The distribution of ZIG Shares under the reduction of capital to Shareholders with registered addresses overseas is subject to legal and regulatory requirements in those relevant overseas jurisdictions. The Company has determined that it would be unreasonable to issue ZIG Shares under the Demerger to those Shareholders on the Record date with an address outside Australia and Singapore (**Ineligible Foreign Shareholders**). Accordingly, Foreign Ineligible Shareholders on the Record date will not be issued the ZIG Shares to which they would otherwise be entitled and instead their ZIG Shares will be issued to the Company to be held on their behalf, pending a liquidity event in the form of a sale opportunity.

### 1.2 Effect of the Offer on the Company

The effect of the Offer on the Company will be:

- (a) the Company ceasing to own all ZIG Shares (being those ZIG Shares that it currently holds); and
- (b) Eligible Shareholders that are registered on the Record Date will receive 1 ZIG Share for every 1 ZGL Share held.

### 1.3 Effect of the Offer on ZIG

The effect of the Offer on ZIG will be that 100% of the issued capital of ZIG will no longer be held by the Company and instead will be held by Eligible Shareholders that are registered on the Record Date of the Demerger.

## **1.4 Action required by Shareholders**

No action is required by Shareholders under this Prospectus.

Should Shareholders' approval be obtained for the Demerger and the conditions to the Demerger are satisfied, the ZIG Shares will be transferred to Eligible Shareholders in accordance with the terms set out in the Notice of Meeting.

A prospectus is normally required to include an application form for shares. ASIC has granted relief from this requirement in *ASIC Corporations (Application Form Requirements) Instrument 2017/241* so that an application form is not required to be included in this Prospectus.

In due course, Eligible Shareholders will receive a share certificate or a shareholding statement for the ZIG Shares to which they are entitled.

If you have any queries regarding this Prospectus, please contact the Joint Company Secretaries Nick Sushko at +61-7-39086088 or Jenny Lim at + 65-68611388.

## **2 Information deemed to be incorporated in this Prospectus**

### **2.1 Short form prospectus**

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Shareholders require in relation to the Demerger and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarised below in Section 2.2 of this Prospectus and will primarily be of interest to Shareholders and their professional advisers.

A copy of the Notice of Meeting has been sent to Shareholders with this Prospectus. However, Shareholders and their professional advisers may also obtain, free of charge, a copy of the Notice of Meeting by contacting the Joint Company Secretary at its registered office during normal business hours.

### **2.2 Summary of material provisions of Notice of Meeting**

The material provisions of the Notice of Meeting are summarised below. The Sub-sections and Schedules referred to below are a reference to Sub-sections and Schedules respectively in the Explanatory Statement to the Notice of Meeting:

#### **(a) Sub-Section 1 – Introduction to ZICOM and ZIG**

This Section provides an introduction to the nature of businesses carried on by ZICOM and ZIG respectively.

#### **(b) Sub-Section 2 – Overview of Resolution 3 on the Capital Reduction**

This Section provides an overview of Resolution 3 on the Capital Reduction.

#### **(c) Sub-Section 3 – Background to the Proposed Resolution 3 – Capital Reduction**

This Section provides the background, rationale and events leading to the proposal on Capital Reduction.

**(d) Sub-Section 4 – Advantages and Disadvantages of the Demerger**

This Section outlines the principal advantages and disadvantages to Shareholders of the Demerger.

**(e) Sub-Section 5 – Future of the Company following Completion of the Demerger**

This Section outlines the Company's anticipated future plans if the Demerger is completed.

**(f) Sub-Section 6 – Future of the Company if the Demerger is not approved**

This Section outlines the Company's anticipated future plans if the Demerger is not completed.

**(g) Sub-Section 7 – Future of ZIG if the Demerger is approved**

This Section outlines ZIG's anticipated future plans if the Demerger is completed which will be to:

- (i) continue to grow and scale the HBMS Businesses;
- (ii) assist the HBMS Businesses to seek funding for their development and commercialisation needs
- (iii) seek liquidity events for its investments whether by way of trade sales, stock exchange listings in conjunction with initial public equity offerings for its investee companies or otherwise, if a suitable opportunity arises.

**(h) Sub-Section 8 – Equity Structure**

This Section provides an overview of the equity structure of ZICOM and ZIG before and after the implementation of the Capital Reduction.

**(i) Sub-Section 9 and Schedule 5 – Effect of the Proposed Capital Reduction on ZICOM and ZIG**

This Section refers to the Schedule which contains selected financial information detailing the pro forma balance sheets of ZICOM and ZIG as at 30 June 2017 and 30 June 2018, showing the proforma financial impact of the Capital Reduction on the Company and the proforma adjustments.

**(j) Sub-Section 10 – Effect of the Proposed Capital Reduction on Shareholders**

This Section outlines the effect of the proposed Capital Reduction on Shareholders which is that Eligible Shareholders registered on the Record Date will receive a pro rata distribution in specie of ZIG Shares.

**(k) Sub-Section 11 – Effect of the Proposed Capital Reduction on Option Holders**

This Section outlines the effect of the proposed Capital Reduction on Option holders which is that the number of Options on issue following the Demerger will remain the same, but the exercise price of each Option will be reduced by the amount of capital returned in relation to each Share.

**(l) Sub-Section 12 – Rights attaching to ZIG Shares**

This Section contains a summary of the more significant rights and liabilities attaching to ZIG Shares.

**(m) Sub-Section 13 – ZIG Shares illiquid**

This Section outlines that the market for ZIG Shares will be illiquid.

**(n) Sub-Section 14 and Schedule 4 – Risk factors**

This Section and Schedule list a number of specific and general risks that may have a material effect on the financial position and performance of ZIG and the value of its shares.

**(o) Sub-Section 15 and Schedule 3 – Taxation Considerations**

This Section and Schedule outline the potential Australian and Singapore tax consequences relating to the Demerger to Shareholders.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences for Shareholders.

**(p) Sub-Section 16 – Impact on Creditors and Share Capital**

This Section describes the impact on creditors and share capital.

**(q) Sub-Section 17 – Regulatory Requirements under Section 256B and Section 256C of the Corporations Act**

This Section includes a statement that the Directors believe that the Capital Reduction is fair and reasonable to Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors.

**(r) Sub-Section 18 – Board Recommendation**

This Section outlines the recommendation by the Board on the Demerger.

**(s) Sub-Section 19 – Timetable**

This Section sets out the indicative timetable for the Demerger.

**(t) Sub-Section 20 – ASX Waiver**

This Section outlines the ASX waiver granted to Zicom.

**(u) Sub-Section 21 – Other information**

This Section outlines any other information which is relevant to the consideration by ZICOM Shareholders of the proposed Capital Reduction.

**(v) Sub-Section 22 – Definitions**

This Section sets out the definitions of various terms.

**(w) Schedule 1 – Overview of ZIG (after Capital Reduction)**

This Schedule provides information on the background, history, corporate structure, business activities, board composition, management team, and sources of funding for ZIG.

**(x) Schedule 2 – Overview of ZICOM (after Capital Reduction)**

This Schedule provides information on the background, history, corporate structure, business activities, board composition, management team, and sources of funding for ZICOM.

**(y) Schedule 6 – Additional Information**

This Schedule provides other information such as Directors' interest as a result of the Demerger.

### 3 Additional information

#### 3.1 Interests of ZICOM and ZIG Directors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any ZICOM or ZIG Director either to induce him to become, or to qualify, as a ZICOM or ZIG Director or otherwise for services rendered by them in connection with the formation or promotion of ZIG or the Offer.

#### 3.2 Interests of advisors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of ZIG or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in the formation or promotion of ZIG or the Offer and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of ZIG or the Offer.

Thomson Geer has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Thomson Geer approximately \$15,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

#### 3.3 Substantial ZIG Shareholders

On completion of the Demerger the substantial ZIG Shareholders (being the ZIG Shareholders with a voting power in 5% or more of the ZIG Shares on issue) will be as set out below (assuming no outstanding Options are exercised):

Name of ZIG Shareholder	Number of ZICOM Shares (as last notified to ZICOM)	Number of ZIG Shares in which the ZIG Shareholder has a relevant interest (1:1 ratio)	Interest (%)
GL Sim and his Associates	101,267,137	101,267,137	46.64%
Juat Koon Sim and his Associates	14,569,189	14,569,189	6.71%

#### 3.4 Litigation

To the knowledge of the Directors, other than as disclosed in the Notice of Meeting or in this Prospectus, as at the date of this Prospectus, ZIG is not involved in any legal proceedings, and the Directors are not aware of any legal proceedings pending or threatened against ZIG or any of the entities that will become subsidiaries of ZIG.

#### 3.5 Dividend policy

The Company does not expect ZIG to declare any dividends in the near future as it is not yet profit-making and its focus will primarily be on using cash reserves and profits (if any) to continue to build and scale the HBMS Businesses.

Any future determination as to the payment of dividends by ZIG will be at the discretion of the ZIG Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of ZIG, future capital requirements and general business and other factors considered relevant by the ZIG Directors. No assurances can be given by the Directors in relation to the payment of dividends by ZIG.

### **3.6 Forecast financial information**

Given the nature of the ZIG business and the fact that it is the early stages of commercialisation, there are significant uncertainties associated with forecasting future revenues and expenses of ZIG. In light of uncertainty as to timing and outcome of ZIG growth strategies, ZIG's performance in any future period cannot be reliably estimated. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for ZIG cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

### **3.7 Exposure period**

The Corporations Act prohibits the Company from transferring ZIG Shares in the seven day period after the date of lodgement of this Prospectus. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable this Prospectus to be examined by market participants prior to the transfer of the ZIG Shares. Given the General Meeting will be held on Thursday, 15 November 2018 and the Demerger will occur some time after that date, the exposure period would have expired by the time the Demerger occurs.

## **4 Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this Section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this Section.

Thomson Geer has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as solicitors to the Company in relation to the Offer in the form and context in which it is named.

Ernst & Young has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as auditor to the Company in the form and context in which it is named.

## **5 Directors' authorisation**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Company Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.



**Sim Giok Lak**

Executive Chairman and Managing Director

For and on behalf of Zicom Group Limited  
15 October 2018

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## Zicom Group Limited

ABN 62 009 816 871

### LODGE YOUR VOTE



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)



#### BY MAIL

Zicom Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



#### ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of Zicom Group Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY



the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (Brisbane time) on Thursday, 15 November 2018 at The Colmslie Hotel, Corner of Wynnum and Junction Roads, Morningside, Queensland 4170, Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

**Important for Resolution 2:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 2, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

#### Resolutions

For Against Abstain\*

1 Re-election of Mr Kok Hwee Sim as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Adoption of Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Approval for Capital Reduction by way of Distribution in Specie

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------



\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

ZGL PRX1801C



## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Brisbane time) on Tuesday, 13 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

Zicom Group Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**