



3 May 2024

Market Announcement Office
Australian Securities Exchange
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir,

DIVESTMENT OF ORION SYSTEMS INTEGRATION PTE LTD

The Group wishes to announce that its wholly owned subsidiary Sys-Mac Automation Engineering Pte Ltd (“Sysmac”), has divested its entire investment in its subsidiary, Orion Systems Integration Pte Ltd (“OSI”) to Zhejiang Darcet Technology Co Ltd (“Darcet”) an established China-based company engaged in the production and sale of high-end semi-conductor equipment.

OSI manufactures and markets its proprietary designed packaging machine for fine pitch flip chips in the semi-conductor industry. Although it had sold close to 50 machines to Taiwanese customers for packaging chips for their customers in the People Republic of China (“PRC”), OSI products came to a virtual stand-still after the Trump Administration imposed sanctions on the PRC customers. As a result, Sysmac has been burdened by cumulative idle overheads without certainty of early recovery.

Recent break-through by Chinese companies in advanced chip design and production gives rise to promises of resurgence in demand in China. However, the new-generation chips would require new processes that necessitate upgrading in machines, software and process flows. To meet these requirements, OSI would require forging deep collaboration with potential customers to qualify our machines for the new generation chips. Considerable gestation costs involving relevant human resources, engineering and production trials will have to be incurred.

The Board believes Darcet is a suitable fit and possesses all the prerequisites to support OSI’s products to re-enter the resurgent market.

OSI has been independently valued at S\$9.20m. Darcet agrees to pay 30.9% (S\$2.85m) in cash and balance in shares in their enlarged entity. As the Group owns 98.66% of OSI, it is expected to receive S\$2.72m and 1,412,975 shares or 2.52% of Darcet’s enlarged entity. Darcet has recently secured new equity funding and is working towards a public listing in the Chinese Stock Exchange in the near future.

Sysmac will, henceforth, be relieved of further idle overheads and further gestation costs of OSI. At the same time, the divestment enables us to partially monetise our investment with potentials of further capital gains when Darcet gains public listing. Out of prudence, the Group had, in prior years, fully impaired the goodwill in OSI.

The expected completion date is expected to be around end June 2024.

Yours faithfully
Zicom Group Limited

Sim Kok Yew
Group CEO.