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This Document comprises a prospectus relating to daVictus plc (the "**Company**") prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the "**FCA**") made under section 73A of FSMA and approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

This Document has been approved by the FCA, as competent authority under the Prospectus Regulation. The FCA only approved this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company and the quality of the securities that are the subject of this Document. Investors should make their own assessment as to the suitability of investing in the securities. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

The Acquisition (as defined herein) is classified as a reverse takeover under the listing rules published by the UK Listing Authority ("**UKLA**") under section 73A of FSMA as amended from time to time (the "**Listing Rules**") and, in accordance with the Listing Rules, the UKLA is expected to cancel the listing of all the issued ordinary shares of the Company. Applications will be made to the FCA for the Company's Ordinary Shares (including the Ordinary Shares issued pursuant to the Placing) to be readmitted to the Official List of the UKLA (the "**Official List**") (by way of a standard listing ("**Standard Listing**") under Chapter 14 of the Listing Rules) and to the London Stock Exchange plc (the "**London Stock Exchange**") for such Ordinary Shares to be readmitted to trading, and for dealings to commence, on the London Stock Exchange's Main Market for listed securities ("**Admission**"). It is expected that Admission will become effective at 8.00 a.m. on 24 February 2020. When admitted to trading the Ordinary Shares will have an ISIN JE00BY5RQ34 and SEDOL BYY5RQ3.

**THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE ORDINARY SHARES AS SET OUT IN THE SECTION ENTITLED 'RISK FACTORS' BEGINNING ON PAGE 11 OF THIS DOCUMENT.**

A copy of this Document has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the Jersey Registrar of Companies has given, and has not withdrawn, consent to its circulation. It must be distinctly understood that, in giving this consent, the Jersey Registrar of Companies does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

To the best of the knowledge of the Directors, whose names appear on page 23 of this Document, and the Company, the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.

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# DAVICTUS PLC

*(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 with registered number 117716)*

**Placing of 900,000 new Ordinary Shares at a price of 15 pence per Ordinary Share**

**and**

**Admission of the Enlarged Share Capital to the Official List  
(by way of Standard Listing under Chapter 14 of the Listing Rules) and to  
trading on the London Stock Exchange's Main Market for listed securities**

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Optiva Securities Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as broker exclusively for daVictus plc in connection with the proposed Placing and Admission and is not acting for any other person (including any recipient of this Document) or otherwise responsible to any person for providing the protections afforded to clients of Optiva Securities Limited or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this Document.

Optiva Securities Limited is not making any representation, express or implied, as to the contents of this Document, for which daVictus plc and the Directors are solely responsible. Without limiting the statutory rights of any person to whom this Document is issued, no liability whatsoever is accepted by Optiva Securities Limited for the accuracy of any information or opinions contained in this Document or for any omission of information, for which daVictus plc and the Directors are solely responsible. The information contained in this Document has been prepared solely for the purpose of the Placing and Admission and is not intended to be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with all other Ordinary Shares in issue on Admission.

This Document does not constitute an offer to sell, or the solicitation of an offer or invitation to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, transferred or distributed directly or indirectly, and this Document may not be distributed by any means including electronic transmission within, into, in or from the United States or to or for the account or benefit of persons in the

United States, Australia, the Republic of South Africa, the Republic of Ireland, Canada, Japan or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction. This Document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The Ordinary Shares may not be taken up, offered, sold, resold, transferred or distributed, directly or indirectly within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act. There will be no public offer in the United States. The Company has not been and will not be registered under the US Investment Company Act of 1940 ("**US Investment Company Act**") pursuant to the exemption provided by Section 3(c)(7) thereof, and investors will not be entitled to the benefits of the US Investment Company Act. None of the Ordinary Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon or endorsed the merit of the offer of the Ordinary Shares or the accuracy or the adequacy of this Document. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Document in or into jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

**Application will be made for the Ordinary Shares to be readmitted by way of a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules. It should be noted that the UKLA will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.**

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## SUMMARY

### INTRODUCTION AND WARNINGS

This summary should be read as an introduction to this Document.

Any decision to invest in the Ordinary Shares should be based on a consideration of this Document as a whole by the investor.

Any investor in the Company's Ordinary Shares should be aware that they could lose all or part of their invested capital.

Where a claim relating to the information contained in this Document is brought before a court the plaintiff investor might, under national law, have to bear the costs of translating this Document before legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled this summary including any translation thereof but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Document or where it does not provide, when read together with the other parts of this Document, key information in order to aid investors when considering whether to invest in such securities.

The name of the issuer is daVictus plc. The issuer's ISIN number is E00BY5RQ34 and its LEI is 213800G2DW1Z2HQV6C85. The issuer's registered office is at 43/45 La Motte Street, St Helier, Jersey JE4 8SD. The head office and principal place of business of the issuer, and the business address of each of the Directors, is No. 9A, 1st Floor, Jalan SS15/2A, 47500 Subang Jaya, Selangor, Darul Ehsan, Malaysia. The telephone number of the issuer's head office and principal place of business is +603 5632 0878.

This Document has been approved as a prospectus by the Financial Conduct Authority, whose principal place of business is 12 Endeavour Square, London E20 1JN.

This Document was approved on 19 February 2020.

### KEY INFORMATION ON THE ISSUER

#### Who is the issuer of the securities?

The Company was incorporated and registered in Jersey as a public company limited by shares on 5 February 2015 under the Companies (Jersey) Law 1991, as amended, with the name daVictus plc, under registered number 117716. The Company is domiciled in Jersey. The Company's LEI is 213800G2DW1Z2HQV6C85.

#### *Principal Activities*

The Company was formed to undertake one or more acquisitions of businesses (either shares or assets) which operated in or owned Australian, European and/or North American food and beverage eatery franchises in South East Asia and/or the Far East. The Company has now identified a suitable acquisition target, being the intellectual property rights relating to the "Havana Rolled Cigar Music Café" business concept (the "**Havana**"). Following its announcement on 20 February 2019 of entering into heads of terms to acquire the same, its Existing Ordinary Shares remain suspended pending publication of this Document and Admission. The Company entered into a conditional assignment of intellectual property rights on 19 February 2020 to acquire all of the intellectual property rights of the Vendor relating to the Havana (the "**Acquisition**").

Following completion of the Acquisition, the Company will appoint suitable franchisees for the Havana restaurant businesses throughout South East Asia, starting with Kuala Lumpur, Malaysia and subsequently Bangkok, Thailand. The Directors believe they will be able to develop the business of the Company to focus on developing a premium franchise of Western F&B eatery businesses that fits local appeal. The business will offer a premium dining concept with eat-in operations or destination restaurants offering a differentiated in-dining experience. The objective of the Company will be to offer franchise licenses to suitable entrepreneurs to operate the Havana and implement an operating strategy with a view to generating value for its Shareholders through development and growth.

#### *Major Shareholders*

As at the date of this Document, the Company is aware, of the following persons who hold, directly or indirectly, Ordinary Shares representing 5 per cent. or more of its share capital:

Name	As at the date of this Document		On Admission	
	Number of Existing Ordinary Shares	Percentage of the Existing Ordinary Shares	Number of Ordinary Shares	Percentage of the Enlarged Share Capital
Beldom Limited	1,260,000	11.20%	1,260,000	10.37%
Robert Pincock (Director)	1,250,000	11.11%	1,250,000	10.29%
Amber Oak Holdings Limited	1,127,250	10.02%	1,127,250	9.28%
Eastman Ventures Limited	1,104,750	9.82%	1,104,750	9.09%
Infinity Mission Limited	1,035,000	9.20%	1,035,000	8.52%
Link Summit Limited	988,875	8.79%	988,875	8.14%
Nordic Alliance Holdings Ltd	888,750	7.90%	888,750	7.31%

The Company is not aware of any person who, either as at the date of this Document or immediately following Admission, exercises, or could exercise, directly or indirectly, jointly or severally, control over the Company.

*Directors and Auditors*

The Company's directors are Abd Hadi bin Abd Majid, Robert Logan Pincock and Maurice James Malcolm Groat. The Company's statutory auditors are Crowe U.K. LLP of St Bride's House, 10 Salisbury Square, London EC4Y 8EH.

**What is the key financial information regarding the issuer?**

**Statement of Financial Position**

The audited statement of financial position of the Company as at 31 December 2016, 31 December 2017 and 31 December 2018 and unaudited statement of financial position of the Company as at 30 June 2018 and 30 June 2019 is stated below:

	As at 31 December 2016 (audited) £	As at 31 December 2017 (audited) £	As at 31 December 2018 (audited) £	As at 30 June 2018 (unaudited) £	As at 30 June 2019 (unaudited) £
Total assets	632,220	484,390	355,629	431,122	212,167
Total equity	608,866	467,118	325,741	409,019	198,288

**Statement of Comprehensive Income**

The audited statement of comprehensive income of the Company for the years ended on 31 December 2016 to 31 December 2018 and unaudited statement of comprehensive income of the Company for the six months

period ended 30 June 2018 and 30 June 2019 is stated below:

	Year ended 31 December 2016 (audited)	Year ended 31 December 2017 (audited)	Year ended 31 December 2018 (audited)	Six months period ended 30 June 2018 (unaudited)	Six months period ended 30 June 2019 (unaudited)
	£	£	£	£	£
Revenue	-	-	-	-	-
Operating loss	(223,314)	(141,748)	(141,377)	(58,099)	(127,453)
Total comprehensive income attributable to equity owner	(223,314)	(141,748)	(141,377)	(58,099)	(127,453)

### Statement of Cash Flows

The audited cash flows of the Company for the years ended on 31 December 2016 to 31 December 2018 and unaudited cash flows of the Company for the period ended 30 June 2018 and 30 June 2019 is stated below:

	Year ended 31 December 2016 (audited)	Year ended 31 December 2017 (audited)	Year ended 31 December 2018 (audited)	Six months period ended 30 June 2018 (unaudited)	Six months period ended 30 June 2019 (unaudited)
	£	£	£	£	£
Cash flows from operations	(311,930)	(147,830)	(128,761)	(53,268)	(143,462)
Cash flows from financing	928,400	-	-	-	-

Since incorporation, the Company has been searching for a suitable acquisition target, incurring losses since incorporation.

Other than the significant changes set out above, there has been no other significant change in the financial position of the Company which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published to the date of this Document.

The following pro forma financial information has been prepared to illustrate the effects of the Placing and the acquisition by the Company of the IP rights of Havana at 30 June 2019 and earnings of the Company had Admission occurred on 1 January 2019.

The pro forma financial Information has been prepared for illustrative purposes only. Because of its nature, the pro forma financial Information addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or earnings.

### Unaudited pro forma statement of financial position

	Company as at 30 June 2019 (unaudited) (Note 1) £	Adjustment Placing proceeds (Note 2) £	Adjustment Acquisition of IP of Havana (Note 3) £	Adjustment Transaction expenses (Note 4) £	Unaudited pro forma balance sheet £
Total assets	212,167	135,000	-	(19,500)	327,667
Total equity	198,288	135,000	-	(19,500)	313,788

### Notes

1. The financial information relating to the Company has been extracted without adjustment from the

audited financial information set out in Part III “*Financial Information of the Company*” of this Document.

2. Gross proceeds as a result of the Placing total £135,000.
3. The Acquisition reflects the £100,000 paid by the Company for the intellectual property rights of Havana. There is no impact on the total assets of the Company.
4. Transaction costs payable to professional advisers in respect of the Acquisition totalled £102,000, of which £82,500 had been paid in the six months ended 30 June 2019, therefore £19,500 of transaction expenses were payable as at 30 June 2019.
5. The Pro-Forma Financial Information does not reflect any changes in the trading position or any other changes arising from other transactions, since 30 June 2019 for the Company.

#### Unaudited pro forma statement of comprehensive income

	Company Six months period ended June 2019 (unaudited) (Note 1) £	<u>Adjustment</u> <u>Transaction</u> <u>expenses</u> (Note 2) £	<u>Unaudited pro</u> <u>forma</u> <u>comprehensive</u> <u>income</u> £
Revenue	556	-	556
Operating loss	(127,453)	(19,500)	(146,953)
Loss after taxation	(127,453)	(19,500)	(146,953)

#### Notes

1. The financial information relating to the Company has been extracted without adjustment from the unaudited interim financial information set out in Part III “*Financial Information of the Company*” of this Document.
2. Transaction costs payable to professional advisers in respect of the Acquisition totalled £102,000, of which £82,500 had been paid in the six months ended 30 June 2019, therefore £19,500 of transaction expenses were payable as at 30 June 2019.
3. The Pro-Forma Financial Information does not reflect any changes in the trading position or any other changes arising from other transactions, since 30 June 2019 for the Company.

#### What are the key risks that are specific to the issuer?

##### ***The Company has no operating history***

The Company has not commenced substantive operations as at the date of this Document, therefore it does not have a representative track record or operating history, nor does it have any material assets or liabilities save for the assets that will be acquired pursuant to the Acquisition. Accordingly, as at the date of this Document, the Company has no meaningful historical financial data upon which prospective investors may base an evaluation of the Company. The Company is therefore subject to all of the risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its objectives and that the value of an investment in the Company could decline and may result in the total loss of all capital invested.

##### ***No restaurants have been established under the Havana brand or in the targeted region***

The Company has currently identified a potential Franchisee in Malaysia but not in Thailand, and there is no guarantee that the Company will be able to successfully engage Franchisees there, or, the case of Thailand, be able to identify a Franchisee. The Company may also not be able to identify or engage Franchisees in any other region of South East Asia or the Far East. If the Company is unable to procure Franchisees, its financial performance and profitability will be materially and adversely affected and investors could lose all invested capital.

##### ***Difficulties in expanding into new markets***

The success of the Company’s franchise expansion plan is subject to, amongst other things, the following factors: (a) the availability of suitable locations for Franchisees to open the Havana restaurants; (b) its ability to identify suitable local partners to assist with any rules and regulations regarding launching a franchise in a new jurisdiction; (c) its ability to locate and then negotiate favourable cooperation terms with reliable, local distributors and suppliers in relation to the production of branded merchandise; and (d) its ability to hire, train and retain skilled personnel in the new jurisdiction to assist with marketing and administrative support. Accordingly, the Company cannot give assurance that it will be able to achieve its expansion goals or effectively integrate any operations in new jurisdictions. If the Company encounters difficulties in expanding into jurisdictions, its growth prospects may be limited and financial results negatively impacted.

##### ***Ability to recruit and retain skilled Franchisees***

The ability of the Company to attract and retain new Franchisees with the appropriate attitude, expertise

and skills, in its targeted regions, cannot be guaranteed. The Company may experience difficulties in finding and retaining appropriate Franchisees and the failure to do so may have a detrimental effect upon the trading performance and growth of the Company's business and the reputation of the Havana brand. Reasons for Franchisees leaving a franchise can include a return to employment; ill-health; a change in personal circumstances; financial underperformance; non-compliance with brand standards; and termination by the Company. If the Company experiences a high level of Franchisees leaving the franchise over a sustained period of time, this may result in lower revenues for the Company if the respective territories cannot be allocated to new Franchisees and/or the new Franchisees do not perform to the same level as the previous Franchisees. This could adversely affect the Company's share price.

#### ***Risk of reputational damage***

Franchisees are investing in the Company's business model and the Havana's brand reputation. Likewise, the Company is depending on the Franchisee to maintain that reputation. When one party does something that damages this reputation, both parties can suffer. Reputational damage is costly, and it can also result in legal claims. If a Franchisee is sued, the franchisor (i.e. the Company) may be held accountable due to the standard of vicarious liability. Reputational damage could also cause parties who are interested in becoming Franchisees and existing Franchisees to distance themselves from the Company and the Havana, as well as potential customers who may take their custom elsewhere. Payment of damages, legal fees, costs and expenses could also negatively impact the Company's revenues.

#### ***Competition***

The Company's intended franchising activities in the F&B sector fall within a highly competitive market. Many of the Company's competitors, which include large and diverse groups of restaurant chains and individual restaurants, will have greater financial and other resources than the Company and, as a result, may be in a better position to compete for franchises or restaurant locations. The Company, being a newly established franchisor in a sector dominated by larger multinational franchisors, faces the risk that it may miss out on franchising opportunities as the Franchisees may favour larger, more established franchisors. The Company plans to compete by offering through the Havana restaurants, among other things, high quality food, competitive pricing, excellent customer service and unique locations. However, whilst the Company will attempt to differentiate itself in this manner it is aware that there are other franchisors that operate on similar concepts. The entrance of new competitors into the Company's chosen markets or into the immediate areas surrounding its franchised restaurants could affect the business and turnover of the Company, arising from lower revenue share from the affected Franchisees. In the event a Franchisee and ultimately if the Company is unable to compete effectively in the industry, its financial performance and profitability will be materially and adversely affected.

#### ***Performance of Franchisees***

Franchisees could default on their obligations under their respective Franchisee agreements or underperform, which would result in lower revenues for the Company. The Company plans to follow stringent recruitment processes, inductions and training but may fail to identify inappropriate Franchisees until they are trading under the Havana franchise which could negatively affect the Company's financial performance, reputation and prospects. Further, the Company plans to monitor compliance by its Franchisees with all relevant local laws, legislation and regulations, but contravention of these by Franchisees may expose the Company to legal, regulatory, financial or reputational risk which in turn could result in a negative impact on the Company's operations, financial performance and prospects.

#### ***Risk in failure to deal with customer complaint or adverse publicity involving the Havana***

The Company and the Havana brand could be adversely affected by negative publicity or news reports, whether accurate or not, regarding food quality issues, public health concerns, illness, safety, injury or government or industry findings concerning its franchised restaurants, restaurants operated by other food service providers or others across the food industry supply chain. Any such negative publicity could materially harm the Franchisee's business and results of operations, which will affect the Company's results. Significant numbers of complaints or claims against the Franchisee, even if meritless or unsuccessful, could force the Company to divert management and other resources from other business concerns, which may adversely affect its business and operations. Adverse publicity resulting from such allegations, even if meritless or unsuccessful, could cause customers to lose confidence in the Havana brand, which may adversely affect the business of the restaurants subject to such complaints. As a result, the Company and its Franchisees may experience significant declines in revenues and customer traffic from which they may not be able to recover.

#### ***Cost and availability of food ingredients***

Restaurants are highly dependent on a sufficient supply of food ingredients that meet relevant quality requirements. If suppliers, for any reason whatsoever, are not able to continue supplying the Franchisees' restaurants with an adequate amount of food ingredients to satisfy present and future needs, and/or are not able to do so with food ingredients which meet the Havana quality requirements, there may be interruptions to or a decline in the amount or quality of food ingredients which in turn may materially disrupt and adversely affect the Company's financial performance. The price of food ingredients are also subject to



fluctuations due to various factors beyond the Franchisee's and the Company's control, which might reduce supply, leading to an increase in food and supply costs. In the event that the Franchisees' restaurants are unable to pass on any increase in the costs of food ingredients to customers, the Franchisees and the Company's profit margin may be adversely affected. There is also no assurance that, even if some cost increases can be passed on via selling prices, the profit margin will be maintained, as such price adjustment may result in a decrease in patronage at the franchised restaurants, which would again negatively impact the Company's revenues.

***Reliance on delivery***

The franchised restaurants will be dependent on prompt delivery and quality transportation of food ingredients. Disruptions such as adverse weather conditions, natural disasters and labour strikes in places where supplies of food ingredients are sourced could lead to delayed or lost deliveries to and may result in an interruption to the franchise business. There may also be instances where the condition of food ingredients (such as fresh, chilled or frozen food products or processed foods) deteriorates due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by logistics staff or suppliers. This may result in a failure of the Franchisees' restaurants to comply with relevant environmental legislation and the terms of the franchise agreement, as well as impacting on the provision of quality food and service to customers, thereby damaging the franchised restaurant and Havana brand's reputation. Further, any increase in the cost of transportation (such as increases in fuel price and road tolls) and/or freight charges may increase operating expenses and affect overall financial performance of Franchisees and therefore result in a decline in revenues generated by the Company.

***The Company is reliant on its Directors***

The Company's business, development and prospects, including identifying and securing Franchisees, are wholly dependent upon the continued services and performance of its Directors, in particular, Mr Pincock and Mr Abd Hajid. The Board believe that their experience and commercial relationships help to provide the Company with a competitive edge. The Board believe that the loss of the services of any of its Directors, in particular Mr Pincock or Mr Abd Hajid, for any reason, or failure to attract and retain necessary personnel in the future, could adversely impact the business, development, financial condition, results of operations and prospects of the Company. The Company believes that the Board have been instrumental in setting its strategic direction and will be invaluable in applying the Company's strategy going forward. While the Company has contractual arrangements in place with the Board, the loss of services of any of the Directors could adversely affect the business of the Company until a suitable replacement could be found. There is also a risk that their successors may not have equivalent experience or be as effective in their role.

**KEY INFORMATION ON THE SECURITIES**

**What are the main features of the securities?**

The securities subject to Admission are Ordinary Shares of no par value which will be registered with ISIN number JE00BYY5RQ34.

The Ordinary Shares are denominated in pounds sterling and the placing price of 15p in pounds sterling. The Company has conditionally raised gross proceeds of £135,000 through proceeds of the Placing. The total expenses incurred (or to be incurred) by the Company in connection with the Acquisition, the Placing and Admission are approximately £102,000, of which £82,500 had been paid in the six month period ended 30 June 2019.

11,250,000 Ordinary Shares have been issued at the date of this Document, all of which have been fully paid up. On Admission, there will be 12,150,000 Ordinary Shares in issue, all of which are fully paid. The rights attaching to the Ordinary Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

Each Ordinary Share grants a Shareholder who attends a general meeting (in person or by proxy) the right to one vote for Shareholder resolutions proposed by way of a show of hands and one vote per Ordinary Share for Shareholder resolutions proposed by way of a poll vote. Except as provided by the rights and restrictions attached to any class of shares, Shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

All Ordinary Shares are freely transferable and are not subject to any encumbrances.

The Company intends to pay dividends on the Ordinary Shares following the Acquisition (if any) and in such amounts (if any) as the Board determines appropriate. The Company will only pay dividends to the extent that to do so is in accordance with the Companies Law and all other applicable laws.

**Where will the securities be traded?**

The Acquisition is classified as a reverse takeover under the listing rules published by the UK Listing

Authority ("UKLA") under section 73A of FSMA as amended from time to time (the "Listing Rules") and, in accordance with the Listing Rules, the UKLA is expected to cancel the listing of all the issued ordinary shares of the Company. Applications will be made to the FCA for the Company's Ordinary Shares (including the Ordinary Shares to be issued pursuant to the Placing) to be readmitted to the Official List of the UKLA (by way of a standard listing ("Standard Listing") under Chapter 14 of the Listing Rules) and to the London Stock Exchange plc (the "London Stock Exchange") for such Ordinary Shares to be readmitted to trading, and for dealings to commence, on the London Stock Exchange's Main Market for listed securities.

**What are the key risks that are specific to the securities?**

***The proposed Standard Listing of the Ordinary Shares will afford investors a lower level of regulatory protection than a Premium Listing***

Following the cancellation of the listing of the Existing Ordinary Shares, application will be made for the Ordinary Shares (including the shares issued pursuant to the Placing) to be readmitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing will not permit the Company to gain a FTSE indexation, which may have an adverse effect on the valuation of the Ordinary Shares.

***Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable***

Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor may contribute both to infrequent trading in the Ordinary Shares on the London Stock Exchange and to volatile share price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price.

***Dividend payments on the Ordinary Shares are not guaranteed***

The Company has not paid dividends to date and there can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Although the Board intends to pay dividends to Shareholders in the future there can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends in the future.

**KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET**

**Under what conditions and timetable can I invest in this security?**

The Company has, conditional on Admission raised £135,000 (before costs and expenses) by the issue of 900,000 Ordinary Shares which have been conditionally placed at 15 pence per Ordinary Share by Optiva Securities, the Company's broker, on behalf of the Company with private wealth clients through the Placing.

The Net Proceeds of approximately £115,500, being the gross proceeds of £135,000 raised through the Placing less the remaining transaction costs of the Acquisition, the Placing and Admission of approximately £19,500, will be used for settling the Acquisition cost of £100,000 and for general working capital purposes, such as the Company's ongoing costs and expenses in identifying and recruiting Franchisees and implementing its business strategy.

No public offer of the securities is being made and no expenses are being charged to investors. Investors will be diluted on a pro rata basis to their current shareholdings as a result of the issue of new Ordinary Shares pursuant to the Placing. The Placing is not subject to an underwriting agreement on a firm commitment basis.

**Why is this prospectus being produced?**

The Company was formed to undertake one or more acquisitions of businesses (either shares or assets) which operated in or owned Australian, European and/or North American food and beverage eatery franchises in South East Asia and/or the Far East. The Company has now identified a suitable acquisition target, being the intellectual property rights relating to the "Havana Rolled Cigar Music Café" business concept (the "Havana"). Following its announcement on 20 February 2019 of entering into heads of terms

to acquire the same, its Existing Ordinary Shares remain suspended pending publication of this Document and Admission. This Document is being produced in connection with Admission. The Company is carrying out the Placing conditional on Admission, however, no public offer is being made. There are no material conflicts of interest pertaining to Admission.

The Company entered into a conditional assignment of intellectual property rights on 19 February 2020 to acquire all of the intellectual property rights of the Vendor relating to the Havana (the "**Acquisition**"). Following completion of the Acquisition on Admission, the Company will appoint suitable franchisees for the Havana restaurant businesses throughout South East Asia, starting with Kuala Lumpur, Malaysia and subsequently Bangkok, Thailand, in order to implement its business strategy.

## RISK FACTORS

***Investment in the Company and the Ordinary Shares carries a significant degree of risk, including risks in relation to the Company's business strategy, potential conflicts of interest, risks relating to taxation and risks relating to the Ordinary Shares. Prospective investors should carefully consider risk factors associated with any investment in the Ordinary Shares, together with all other information contained in this Document including, in particular, the risk factors described below.***

***Prospective investors should note that the risks relating to the Company, its proposed sector of activity and the Ordinary Shares summarised in the section of this Document headed "Summary" are the risks that the Company and the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Document headed "Summary" but also, among other things, the risks and uncertainties described below.***

***The risks referred to below are those risks the Company and the Directors consider to be the material risks relating to the Company. However, there may be additional risks that the Company and the Directors do not currently consider to be material or of which the Company and the Directors are not currently aware that may adversely affect the Company's business, financial condition, results of operations or prospects. Investors should review this Document carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares. If any of the risks referred to in this Document were to occur, the results of operations, financial condition and prospects of the Company could be materially adversely affected. If that were to be the case, the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Further, investors could lose all or part of their investment.***

### **RISKS RELATING TO THE COMPANY'S OPERATING HISTORY**

#### ***The Company has no operating history***

The Company has not commenced substantive operations as at the date of this Document, therefore it does not have a representative track record or operating history, nor does it have any material assets or liabilities save for the assets that will be acquired pursuant to the Acquisition. Accordingly, as at the date of this Document, the Company has no meaningful historical financial data upon which prospective investors may base an evaluation of the Company. The Company is therefore subject to all of the risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its objectives and that the value of an investment in the Company could decline and may result in the total loss of all capital invested.

#### ***No restaurants have been established under the Havana brand or in the targeted region***

The Company has currently identified a potential Franchisee in Malaysia but not in Thailand, and there is no guarantee that the Company will be able to successfully engage Franchisees there, or, the case of Thailand, be able to identify a Franchisee. The Company may also not be able to identify or engage Franchisees in any other region of South East Asia or the Far East. If the Company is unable to procure Franchisees, its financial performance and profitability will be materially and adversely affected and investors could lose all invested capital.

#### ***Difficulties in expanding into new markets***

The success of the Company's franchise expansion plan is subject to, amongst other things, the following factors: (a) the availability of suitable locations for Franchisees to open the Havana restaurants; (b) its ability to identify suitable local partners to assist with any rules and regulations regarding launching a franchise in a new jurisdiction; (c) its ability to locate and then negotiate favourable cooperation terms with reliable, local distributors and suppliers in relation to the production of branded merchandise; and (d) its ability to hire, train and retain skilled personnel in the new jurisdiction to assist with marketing and administrative support. Accordingly, the Company cannot give assurance that it will be able to achieve its expansion goals or effectively integrate any operations in new jurisdictions. If the Company encounters difficulties in expanding into jurisdictions, its growth prospects may be limited and financial results negatively impacted.

### **RISKS RELATING TO THE COMPANY'S BUSINESS AND INDUSTRY**

#### ***Ability to recruit and retain skilled Franchisees***

The ability of the Company to attract and retain new Franchisees with the appropriate attitude, expertise and skills, in its targeted regions, cannot be guaranteed. The Company may experience difficulties in finding and retaining appropriate Franchisees and the failure to do so may have a detrimental effect upon the trading

performance and growth of the Company's business and the reputation of the Havana brand. Reasons for Franchisees leaving a franchise can include a return to employment; ill-health; a change in personal circumstances; financial underperformance; non-compliance with brand standards; and termination by the Company. If the Company experiences a high level of Franchisees leaving the franchise over a sustained period of time, this may result in lower revenues for the Company if the respective territories cannot be allocated to new Franchisees and/or the new Franchisees do not perform to the same level as the previous Franchisees. This could adversely affect the Company's share price.

#### ***Risk of reputational damage***

Franchisees are investing in the Company's business model and the Havana's brand reputation. Likewise, the Company is depending on the Franchisee to maintain that reputation. When one party does something that damages this reputation, both parties can suffer. Reputational damage is costly, and it can also result in legal claims. If a Franchisee is sued, the franchisor (i.e. the Company) may be held accountable due to the standard of vicarious liability. Reputational damage could also cause parties who are interested in becoming Franchisees and existing Franchisees to distance themselves from the Company and the Havana, as well as potential customers who may take their custom elsewhere. Payment of damages, legal fees, costs and expenses could also negatively impact the Company's revenues.

#### ***Risk from the shortage of Franchisee operational employees***

The F&B business is a service business which heavily relies upon people as its driving force. Failure to recruit new staff to accommodate expansion or to replace resigning staff in a timely fashion may materially affect a Franchisee's service and operation, which could in turn negatively impact the Company's financial performance. Hiring, motivating and retaining qualified employees is critical in a F&B business. Franchisees will need to attract, retain and motivate a sufficient number of qualified employees, including restaurant staff, cooks, and kitchen assistants. Highly service-oriented and qualified individuals are in short supply and competition for these employees is intense.

Franchisees may not be able to successfully recruit, motivate and retain a sufficient number of employees with necessary qualifications at commercially reasonable costs, or at all. Failure to have and retain enough qualified employees may affect the quality of food products and services or result in higher employee turnover, either of which could have a material adverse effect on Franchisees' business and results of operations. In addition, competition for qualified employees could also require Franchisees to pay higher wages, which could result in higher labour costs. This could result in a decline of revenue received by the Company from its Franchisees, which will adversely affect its performance.

#### ***Risk related to instances of food-borne illnesses and health epidemics***

Restaurants face unique exposure when it comes to food-borne illnesses and contamination. Reliance on third party food suppliers may increase the risk that food-borne illness incidents could be caused outside of the Franchisees' control and could affect multiple Franchisee restaurants. New illnesses resistant to any precautions currently in place may develop in the future, or diseases with long incubation periods could arise, such as mad-cow disease, that could give rise to claims or allegations on a retroactive basis. Reports in the media of instances of food-borne illnesses could, if highly publicised, negatively affect the industry overall and the Company in particular, impacting Franchisees' restaurant sales, forcing the closure of some of the Franchisee restaurants and having significant impact on the Franchisees' and Company's operations. This risk exists even if it were later determined that the illness in fact was not caused by Franchisees' restaurants. Furthermore, other illnesses, such as hand, foot and mouth disease, could adversely affect the supply of some of the restaurant's important food ingredients and significantly increase the costs. The financial and social impact of a food borne-illness outbreak could greatly damage the brand and Company's reputation and even result in the closure of Franchisee operations. Franchisees also face risks related to health epidemics, which could negatively affect the Company's revenues. Past occurrences of epidemics or pandemics, depending on their scale of occurrence, have caused different degrees of damage. SARS or an outbreak of any other epidemics or pandemics, including influenza A (H1N1) and avian flu (H5N1), in the areas of Franchisee restaurants may result in quarantines, temporary closures of Franchisees' restaurants, travel restrictions or the sickness or death of key personnel and customers. Any of the above may cause material decreases in customer traffic and disruptions to Franchisees' operations, which in turn may materially and adversely affect the Company's business and results of operations.

#### ***Competition***

The Company's intended franchising activities in the F&B sector fall within a highly competitive market. Many of the Company's competitors, which include large and diverse groups of restaurant chains and individual restaurants, will have greater financial and other resources than the Company and, as a result, may be in a better position to compete for franchises or restaurant locations. The Company, being a newly established franchisor in a sector dominated by larger multinational franchisors, faces the risk that it may miss out on franchising opportunities as the Franchisees may favour larger, more established franchisors. The Company plans to compete by offering through the Havana restaurants, among other things, high quality food, competitive pricing, excellent customer service and unique locations. However, whilst the Company will attempt to differentiate itself in this manner it is aware that there are other franchisors that operate on similar

concepts. The entrance of new competitors into the Company's chosen markets or into the immediate areas surrounding its franchised restaurants could affect the business and turnover of the Company, arising from lower revenue share from the affected Franchisees. In the event a Franchisee and ultimately if the Company is unable to compete effectively in the industry, its financial performance and profitability will be materially and adversely affected.

***Demand for the Company's products may be adversely affected by changes in consumer preferences***

The Company's success will depend heavily on the maintenance of the Havana brand and the ability of the Company to adapt the brand taking into consideration the changing needs and preferences of Franchisees' customers. Consumer preferences, perceptions and spending habits may shift due to a variety of factors that are difficult to predict and over which the Company has no control (including lifestyle, nutritional and health considerations). For example, there may be a decrease in consumption of food in certain establishments as a result of public perception of the risks associated with sugar or fat content. Any such shift could have a material adverse impact on the Company's financial performance. Any significant changes in consumer preferences or any failure of the Company to anticipate and react to such changes could result in reduced demand for the Havana brand and weaken the Company's competitive position, which would in turn negatively impact the Company's operations and financial performance.

***Performance of Franchisees***

Franchisees could default on their obligations under their respective Franchisee agreements or underperform, which would result in lower revenues for the Company. The Company plans to follow stringent recruitment processes, inductions and training but may fail to identify inappropriate Franchisees until they are trading under the Havana franchise which could negatively affect the Company's financial performance, reputation and prospects. Further, the Company plans to monitor compliance by its Franchisees with all relevant local laws, legislation and regulations, but contravention of these by Franchisees may expose the Company to legal, regulatory, financial or reputational risk which in turn could result in a negative impact on the Company's operations, financial performance and prospects.

***Risk in failure to deal with customer complaint or adverse publicity involving the Havana***

The Company and the Havana brand could be adversely affected by negative publicity or news reports, whether accurate or not, regarding food quality issues, public health concerns, illness, safety, injury or government or industry findings concerning its franchised restaurants, restaurants operated by other food service providers or others across the food industry supply chain. Any such negative publicity could materially harm the Franchisee's business and results of operations, which will affect the Company's results. Significant numbers of complaints or claims against the Franchisee, even if meritless or unsuccessful, could force the Company to divert management and other resources from other business concerns, which may adversely affect its business and operations. Adverse publicity resulting from such allegations, even if meritless or unsuccessful, could cause customers to lose confidence in the Havana brand, which may adversely affect the business of the restaurants subject to such complaints. As a result, the Company and its Franchisees may experience significant declines in revenues and customer traffic from which they may not be able to recover.

***Training of Franchisees and their employees***

The training program is one of the key components of the franchise arrangement between the Company and Franchisees. The Havana has developed the operating manual in order to maintain the standardisation and consistent service delivery to customers at all outlets throughout the Asia Pacific region, however, there is no guarantee that Franchisees and their employees will attend training and/or strictly follow the operating manual. A failure to attend training and/or comply with the operating manual may lead to reputational damage to the Franchisee, which may lead to a decline in guest traffic and the Company's business and financial performance could be adversely affected as a result.

***Cost and availability of food ingredients***

Restaurants are highly dependent on a sufficient supply of food ingredients that meet relevant quality requirements. If suppliers, for any reason whatsoever, are not able to continue supplying the Franchisees' restaurants with an adequate amount of food ingredients to satisfy present and future needs, and/or are not able to do so with food ingredients which meet the Havana quality requirements, there may be interruptions to or a decline in the amount or quality of food ingredients which in turn may materially disrupt and adversely affect the Company's financial performance. The price of food ingredients are also subject to fluctuations due to various factors beyond the Franchisee's and the Company's control, which might reduce supply, leading to an increase in food and supply costs. In the event that the Franchisees' restaurants are unable to pass on any increase in the costs of food ingredients to customers, the Franchisees and the Company's profit margin may be adversely affected. There is also no assurance that, even if some cost increases can be passed on via selling prices, the profit margin will be maintained, as such price adjustment may result in a decrease in patronage at the franchised restaurants, which would again negatively impact the Company's revenues.

***Risk of inability to detect, deter and prevent all instances of fraud or other misconduct committed by Franchisees' employees, customers or other third parties***

In the operation of a F&B business, Franchisees' may receive and handle large amounts of cash in its daily

operations. The Company may therefore be exposed to fraud, theft and other misconduct involving Franchisees' employees, customers and other third parties that may have a material adverse impact on the Company's business and results of operations. The Company may be unable to prevent, detect or deter all instances of misconduct. Any misconduct committed against the Company's interests, could subject the Company to financial losses, harm the Company's reputation and may have a material adverse effect on the Company's business and results of operations.

***Reliance on delivery***

The franchised restaurants will be dependent on prompt delivery and quality transportation of food ingredients. Disruptions such as adverse weather conditions, natural disasters and labour strikes in places where supplies of food ingredients are sourced could lead to delayed or lost deliveries to and may result in an interruption to the franchise business. There may also be instances where the condition of food ingredients (such as fresh, chilled or frozen food products or processed foods) deteriorates due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by logistics staff or suppliers. This may result in a failure of the Franchisees' restaurants to comply with relevant environmental legislation and the terms of the franchise agreement, as well as impacting on the provision of quality food and service to customers, thereby damaging the franchised restaurant and Havana brand's reputation. Further, any increase in the cost of transportation (such as increases in fuel price and road tolls) and/or freight charges may increase operating expenses and affect overall financial performance of Franchisees and therefore result in a decline in revenues generated by the Company.

***RISKS RELATED TO PERSONNEL***

***The Company is reliant on its Directors***

The Company's business, development and prospects, including identifying and securing Franchisees, are wholly dependent upon the continued services and performance of its Directors, in particular, Mr Pincock and Mr Abd Hajid. The Board believe that their experience and commercial relationships help to provide the Company with a competitive edge. The Board believe that the loss of the services of any of its Directors, in particular Mr Pincock or Mr Abd Hajid, for any reason, or failure to attract and retain necessary personnel in the future, could adversely impact the business, development, financial condition, results of operations and prospects of the Company. The Company believes that the Board have been instrumental in setting its strategic direction and will be invaluable in applying the Company's strategy going forward. While the Company has contractual arrangements in place with the Board, the loss of services of any of the Directors could adversely affect the business of the Company until a suitable replacement could be found. There is also a risk that their successors may not have equivalent experience or be as effective in their role.

***The Company may be unable to hire or retain personnel required to support the Company***

Following completion of the Acquisition and once the Company has recruited its first Franchisee, the Company will require increased support to operate and manage its operations in accordance with the Company's overall business strategy. There can be no assurance that personnel that are recruited for this purpose will be adequate or qualified to carry out the Company's strategy, or that the Company will be able to hire or retain experienced, qualified employees to carry out the Company's strategy. This will divert the attention of the Board, which may negatively affect the Company's business and prospects.

***RISKS RELATED TO THE COMPANY'S LISTING AND ORDINARY SHARES***

***The proposed Standard Listing of the Ordinary Shares will afford investors a lower level of regulatory protection than a Premium Listing***

Following the cancellation of the listing of the Existing Ordinary Shares, application will be made for the Ordinary Shares (including the shares issued pursuant to the Placing) to be readmitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules. A Standard Listing will not permit the Company to gain a FTSE indexation, which may have an adverse effect on the valuation of the Ordinary Shares. Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section of this Document entitled "Consequences of a Standard Listing".

***The Company may be unable to transfer to a Premium Listing or other appropriate listing venue following the Acquisition***

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules and does not intend to seek to transfer to either a Premium Listing or other listing venue at this time. Even if the Company did determine to seek a transfer to a Premium Listing in the future there is no guarantee that it would be able to fulfil the relevant eligibility criteria. The Company will therefore not be obliged to comply with the higher standards of corporate governance or other requirements to which it would be subject upon achieving a Premium Listing and, for as long as the Company continues to have a Standard Listing, it will be required to continue to comply with the lesser standards applicable to a company with a Standard Listing.

***Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable***

Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor may contribute both to infrequent trading in the Ordinary Shares on the London Stock Exchange and to volatile share price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price.

***Ordinary Shares available for future sale***

The Company is unable to predict whether substantial amounts of Ordinary Shares will be sold in the open market following Admission. Any sales of substantial amounts of Ordinary Shares in the public markets or the perception that such sales might occur could materially adversely affect the market price of the Ordinary Shares and the market capitalisation of the Company.

***Dividend payments on the Ordinary Shares are not guaranteed***

The Company has not paid dividends to date and there can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Although the Board intends to pay dividends to Shareholders in the future there can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends in the future.

***RISKS RELATING TO LEGAL AND TAX ISSUES***

***Tax and residency***

Since incorporation the Company has been managed and controlled from Malaysia and it is currently anticipated that it will continue to be managed and controlled from Malaysia. It is currently considered to be resident in the Malaysia for tax purposes. However, the location of the management and control of the Company may change in the future, which may affect the Company's tax residency and therefore the Company's tax position. The actual taxation status of the Company will be dependent on the activities of the Company going forward. Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders or alter post tax returns to Shareholders. Furthermore, any change in the rates, manner or interpretation of taxation in the overseas jurisdictions in which the Company operates may adversely affect the Company's financial performance. Statements in Part VI of this Document concerning the taxation of investors in Ordinary Shares are based on current tax law and practice, which is subject to change. Investors should therefore be aware that the taxation rates currently paid by the Company could increase, which could negatively impact their investment.

***Laws and regulations***

The Company is listed in the United Kingdom, is managed and controlled from Malaysia and is incorporated in Jersey, therefore it will be subject to laws in various jurisdictions, potentially including countries in which franchised restaurants are operating. Existing and future legislation, regulation and actions could cause additional expense, capital expenditure and restrictions and delays in the planned activities of the Company, the extent of which cannot be predicted. No assurance can be given that new laws, rules and regulations will not be enacted or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Company's activities or operations.

***Application of UK and Jersey legislation***

The Company is incorporated under the laws of Jersey. Accordingly UK legislation regulating the operations of companies does not generally apply to the Company. In addition, the laws of Jersey apply with respect to the Company and these laws provide rights, obligations, mechanisms and procedures that do not apply to companies incorporated in the United Kingdom. As the rights of Shareholders are governed by Jersey law and the Articles, these rights differ in certain respects from the rights of shareholders in the UK. For example, under Jersey law, it is harder for shareholders to bring a derivative claim against a company than it is under UK law.

***Litigation and claims***

Legal proceedings, with or without merit, may arise from time to time in the course of the Company's business as a franchisor. The Directors cannot preclude litigation being brought against the Company and any litigation brought against the Company could have a material adverse effect on the financial condition, results and/or operations of the Company, as the Company's resources could be substantially reduced if a material claim was brought against it. The Company's business may be materially adversely affected if the Company and/or



its employees, consultants, contractors or Franchisees are found not to have met the appropriate standard of care or exercised discretion or authority in a prudent or appropriate manner in accordance with accepted standards in each region that it operates. It is the Company's intention to take out appropriate insurance policies to cover its planned activities, however, there is no guarantee that any such insurance will be affordable or, if cover is put in place, that it will cover all or any part of any liability incurred by the Company in any such circumstances.

## CONSEQUENCES OF A STANDARD LISTING

As the Acquisition constitutes a Reverse Takeover under the Listing Rules, the London Stock Exchange will cancel trading in the Existing Ordinary Shares on the Main Market for listed securities, and the UKLA will cancel the listing of the Existing Ordinary Shares on the Standard Listing Segment of the Official List.

Application will be made for the Existing Ordinary Shares to be readmitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for standard listings. The Company will comply with the Listing Principles set out in Chapter 7 of the Listing Rules at Listing Rule 7.2.1 which applies to all companies with their securities admitted to the Official List. In addition, the Company will also comply with the Listing Principles at Listing Rule 7.2.1A notwithstanding that they only apply to companies which obtain a Premium Listing on the Official List. With regard to the Listing Principles at 7.2.1A, the Company is not, however, formally subject to such Listing Principles and will not be required to comply with them by the UK Listing Authority.

In addition, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not appointed and does not intend to appoint such a sponsor in connection with the Placing and Admission;
- Chapter 10 of the Listing Rules relating to significant transactions;
- Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, the Company will not enter into any transaction which would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules without the specific prior approval of a majority of the Directors;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares. In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2. Subject to the Companies Law, the Company will have unlimited authority to purchase Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules and does not intend to seek to transfer to either a Premium Listing or any other listing venue at this time. Should the Company determine to seek a transfer to a Premium Listing there is no guarantee that it would be able to fulfil the relevant eligibility criteria.

**It should be noted that the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply. However, the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false or deceptive.**

## IMPORTANT INFORMATION

In deciding whether or not to invest in Ordinary Shares prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Directors. Without prejudice to the Company's obligations under FSMA, the Prospectus Regulation Rules, the Listing Rules, MAR and the Disclosure Guidance and Transparency Rules, neither the delivery of this Document nor any subscription made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date of publication.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company, the Directors, or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed "Summary" should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the investor. In particular, investors must read the section headed Section D (Risks) of the Summary together with the risks set out in the section headed "Risk Factors" beginning on page 11 of this Document.

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Optiva Securities and any affiliate thereof acting as an investor for its or their own account(s) may subscribe for, retain, purchase or sell Ordinary Shares for its or their own account(s) and may offer or sell such securities otherwise than in connection with the Placing. Optiva Securities does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any applicable legal or regulatory requirements.

This Document is being furnished by the Company in connection with an offering exempt from registration under the Securities Act solely to enable prospective investors to consider the purchase of the Placing Shares. Any reproduction or distribution of this Document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Placing Shares hereby is prohibited.

This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document in certain jurisdictions may be restricted. Accordingly, persons outside the UK who obtain possession of this Document are required by the Company and the Directors to inform themselves about, and to observe any restrictions as to the distribution of this Document under the laws and regulations of any territory in connection with any applications for Ordinary Shares including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Directors that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company nor the Directors accept any responsibility for any violation of any of these restrictions by any person.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, the Republic of South Africa, the Republic of Ireland, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, the Republic of South Africa, the Republic of Ireland, Australia, Canada or Japan or to any national, resident or citizen of the United States, Australia, the

Republic of South Africa, the Republic of Ireland, Canada or Japan.

**The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.**

Investors may be required to bear the financial risk of an investment in the Ordinary Shares for an indefinite period. Prospective investors are also notified that the Company may be classified as a passive foreign investment company for US federal income tax purposes. If the Company is so classified, the Company may, but is not obliged to, provide to US holders of Ordinary Shares the information that would be necessary in order for such persons to make a qualified electing fund election with respect to the Ordinary Shares for any year in which the Company is a passive foreign investment company.

A copy of this Document has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002. It must be distinctly understood that, in giving this consent, the Jersey Registrar of Companies does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

#### **Available information**

The Company is not subject to the reporting requirements of section 13 or 15(d) of the Exchange Act. For so long as any Ordinary Shares are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide, upon written request, to Shareholders and any owner of a beneficial interest in Ordinary Shares or any prospective purchaser designated by such holder or owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

#### **Data protection**

The Company may delegate certain administrative functions to third parties and will require such third parties to comply with data protection and regulatory requirements of any jurisdiction in which data processing occurs. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- (a) verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- (b) carrying out the business of the Company and the administering of interests in the Company;
- (c) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere; and/or
- (d) disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- (a) disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and/or
- (b) transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the UK.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

#### **Investment considerations**

In making an investment decision, prospective investors must rely on their own examination, analysis and enquiry of the Company, this Document and the terms of the Admission and the Placing, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either on a liquidation and distribution or otherwise.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objective will be achieved.

It should be remembered that the price of the Ordinary Shares and any income from such Ordinary Shares, can go down as well as up.

This Document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the memorandum of association of the Company and the Articles, which investors should review.

### **Forward-looking statements**

This Document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "should", "could" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, among other things: (i) the Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future deal flow and implementation of active management strategies, including with regard to an investment. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performances. The Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Company's actual performance, results of operations, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to:

- the availability and cost of equity or debt capital for future transactions;
- currency exchange rate fluctuations, as well as the success of the Company's hedging strategies in relation to such fluctuations (if such strategies are in fact used);
- changes in the economic climate; and
- legislative and/or regulatory changes, including changes in taxation regimes.

Prospective investors should carefully review the "Risk Factors" section of this Document for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in paragraph 12 of Part VII of this Document.

Forward-looking statements contained in this Document apply only as at the date of this Document. Subject to any obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and MAR, the Company undertakes no obligation publicly to update or review any forward-looking statements, whether as a result of new information, future developments or otherwise.

### **Third party data**

Where information contained in this Document has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Document, the source of such information has been identified. The Company takes responsibility for compiling and extracting, but has not independently verified, market data provided by third parties or industry or general publications and takes no further responsibility for such data. Reference materials include various historical and recent publications.

**Currency presentation**

Unless otherwise indicated, all references in this Document to “pounds sterling”, “British pound sterling”, “sterling”, “£”, or “pounds” are to the lawful currency of the UK.

**No incorporation of website**

The contents of any website of the Company or any other person do not form part of this Document.

**Definitions**

A list of defined terms used in this Document is set out in “Definitions” beginning at page 70.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	19 February 2020
Admission and commencement of dealings in Ordinary Shares	8.00 a.m. on 24 February 2020
CREST members' accounts credited in respect of Ordinary Shares	8.00 a.m. on 24 February 2020
Ordinary Share certificates dispatched	Within 7 days of Admission

*All references to time in this Document are to London time unless otherwise stated.*

*Each of the above dates is subject to change at the absolute discretion of Optiva Securities and the Company.*

## ADMISSION STATISTICS

Number of Existing Ordinary Shares	11,250,000
Number of Placing Shares being issued	900,000
Number of Ordinary Shares in issue on Admission	12,150,000
Approximate percentage of Enlarged Share Capital on Admission represented by the Placing Shares	8%
Placing Price	15p
Gross proceeds of the Placing	£135,000
Estimated outstanding expenses of the Acquisition, Admission and the Placing (exclusive of VAT)	£19,500
Estimated net proceeds of the Placing	£115,500
Cost of Acquisition (to be deducted from the estimated net proceeds of the Placing)	£100,000
Market capitalisation of the Company at the Placing Price on Admission	£1,818,750

## DEALING CODES

<b>ISIN</b>	JE00BYY5RQ34
<b>SEDOL</b>	BYY5RQ3
<b>TIDM</b>	DVT

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Abd Hadi (“Hadi”) bin Abd Majid ( <i>Non-Executive Chairman</i> ) Robert Logan Pincock ( <i>Chief Executive Officer</i> ) Maurice (“Malcolm”) James Malcolm Groat ( <i>Non-Executive Director</i> )
<b>Registered office</b>	28 Esplanade St Helier Jersey JE1 8SB
<b>Head office and business address of the Directors and principal trading address</b>	No. 9A, 1st Floor, Jalan SS15/2A 47500 Subang Jaya Selangor Darul Ehsan Malaysia
<b>Telephone number</b>	+603 5632 0878
<b>Company website</b>	<a href="http://www.davictus.co.uk">www.davictus.co.uk</a>
<b>Company Secretary</b>	JTC PLC 28 Esplanade St Helier JE1 8SB, Jersey
<b>Broker</b>	Optiva Securities Limited 49 Berkeley Square Mayfair London W1J 5AZ
<b>Legal advisers to the Company – <i>English law</i></b>	Bird & Bird LLP 12 New Fetter Lane London EC4A 1JP
<b>Legal advisers to the Company – <i>Jersey law</i></b>	Collas Crill (Singapore) Pte Limited 3 Church Street Level 8 Samsung Hub Singapore 049483
<b>Auditors and reporting accountants</b>	Crowe U.K. LLP St Bride’s House 10 Salisbury Square London EC4Y 8EH
<b>Registrars</b>	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier Jersey JE1 1ES
<b>Principal banker</b>	Standard Bank Jersey Limited Standard Bank House PO Box 583 47-49 La Motte Street St Helier Jersey JE4 8XR



## PART I

### INFORMATION ON THE COMPANY AND STRATEGY

#### 1. Introduction

The Company was incorporated on 5 February 2015 and was established to undertake one or more acquisitions of businesses (either shares or assets) which operate in or own Western F&B eatery franchises in South East Asia and/or the Far East.

The Company was admitted to the Official List of the UKLA by way of a Standard Listing in accordance with Chapter 14 of the Listing Rules and to trading on the London Stock Exchange's Main Market for listed securities, on 29 January 2016 ("**Initial IPO**"). The Company raised a total of £1,000,000 (before expenses) in conjunction with the Initial IPO through a placing.

On 20 February 2019, the Company announced that it had signed heads of terms to acquire the intellectual property related to a Western concept restaurant, being the "Havana Rolled Cigar Music Café" business concept (the "**Havana**"). The Acquisition constitutes a Reverse Takeover under the Listing Rules since, *inter alia*, in substance it results in a change in the business of the issuer. Therefore, trading in the Existing Ordinary Shares was suspended with effect from 20 February 2019 pending the publication of this Document. At the time of the Announcement, the Acquisition was conditional, *inter alia*, on the entry into a binding agreement, completion of due diligence, compliance with regulatory requirements and Admission.

The consideration for the Acquisition is £100,000 to be satisfied in cash from the gross proceeds of the Placing. The Acquisition, which remains conditional, *inter alia*, on Admission, was approved by the Board on 18 February 2020. All conditions having been satisfied or waived as appropriate, the Acquisition is expected to complete on 24 February 2020, being the date of anticipated Admission.

In conjunction with the Company's application to be re-admitted to the Official List (by way of a Standard Listing) and to the London Stock Exchange, and for the Ordinary Shares to be admitted to trading on the Main Market, the Company has raised £135,000 before expenses, conditional on Admission, through the issue of the Placing Shares with new investors, further details of which are set out in paragraph 6 of this Part I.

#### 2. Business Strategy

##### *The Havana Concept*

The Havana is a franchised Cuban restaurant concept relating to the classical Havana-themed music restaurant, serving a combination of generally accepted and popular international dishes, Havana's own signature fusion dishes as well as a combination of local cuisines. It offers a classic Cuban socialite dining experience with a well laid dining space, live music, cigar bar and merchandise corner. The interior concept is interlaced with rich Cuban culture which captures Havana's restless energy, spirit of independence and rebellion while providing a cosy, friendly and relaxing environment. In terms of dining experience, the Directors' believe that the Havana business concept is placed above the many well-known American casual dining chains.

##### *Strategy and Objectives*

Following completion of the Acquisition, the Company will appoint suitable Franchisees for the Havana restaurant businesses throughout South East Asia, starting with Kuala Lumpur, Malaysia and subsequently Bangkok, Thailand. It is anticipated that the Company's first franchisee in Kuala Lumpur will be engaged as soon as the Acquisition has completed and Admission has occurred, with the franchised restaurant being opened within three months of the date of Admission. As part of the Acquisition, the Vendor has agreed to provide the Company with a list of opportunities that it had already identified in Kuala Lumpur, therefore the Company intends to explore those opportunities in its search for a suitable Franchisee. The Company intends to engage the second franchisee in Bangkok in 2020, with the franchised restaurant anticipated being opened in July 2020.

The objective of the Company going forwards will be to offer franchise licenses to suitable entrepreneurs to operate the Havana and implement an operating strategy with a view to generating value for its Shareholders through development and growth.

The Directors believe they will be able to develop the business of the Company to focus on developing a premium franchise of Western F&B eatery businesses that fits local appeal. The business will offer a premium dining concept with eat-in operations or destination restaurants offering a differentiated in-dining experience. The Directors' view is that the Havana business concept is not dependent on a limited number of customers, as it will be a retail business with walk-in customers and will also be marketed online. In terms of suppliers, the

Directors' intend to allow Franchisees to put forward their recommended suppliers for approval by the Company. The Company will only approve such suppliers that the Board feel are suitable to maintain the high level of quality and standards that the Company requires for the Havana brand.

The Directors believe that Mr Pincock and Mr Abd Majid are key to the Company's short term strategy due to their broad collective business experience in the areas of acquisitions, corporate and financial management in Asia, as well as their strong local connections in South East Asia and the Far East and their experience of the food and beverage sector in Asia. The Company believes this will assist the Board to identify suitable entrepreneurs to subscribe to the Havana franchise. The Board generally has strong industry related contacts in the regions in which the Company intends to operate, and the Board intend to utilise such contacts to identify potential Franchisees and assist them to quickly set up Havana branded restaurants.

#### *Longer-term Strategy*

In the first twenty four months following Admission, the first two franchised restaurants will be opened in Kuala Lumpur and Bangkok.

Following this twenty-four month period, the Company intends to target mainly South East Asian countries due to the Directors' connections and experience in the region. The Company has not at this time made a business plan beyond the first twenty-four months from Admission for additional franchised restaurants, therefore, the Company will have the ability to target any South East Asian countries as it sees fit. The Company does, however, intend to recruit one new Franchisee every 6 months in its selected countries after the initial twenty-four month period in order to generate value for Shareholders.

The Company intends to grow the franchise model for at least one new Havana restaurant per country within South East Asia organically, including through transforming existing casual local restaurants into a more premium restaurant concept as the Havana. The Directors intend to maintain exclusivity by only allowing one franchise restaurant in each Tier-1 city. The Company anticipates that, in addition to the two restaurants in Kuala Lumpur and Bangkok, it will have one Havana branded franchised restaurant in every South East Asian country, most likely in the capital cities, including Jakarta, Manila, Singapore, Hanoi, Phnom Penh and Vientiane. The Company expects this growth to take place over a three year period, commencing after the initial twenty four months following Admission.

As the Company is not restricted to South East Asia and the Far East, it may also consider London, Amsterdam and Poland subject to carrying out a global marketing and branding exercise, however, this is not anticipated until at least five years following Admission and will largely be dependent on demand.

#### *Marketing Strategy*

The Company's strategic marketing plan to expand the franchise business is as follows:

1. Approach the Company's business contacts in the targeted locations and engage with successful independent restaurants to assess appetite to rebrand under the Havana.
2. Register the Havana brand with the International Franchise Association.
3. Participate in any events run by the International Franchise Association in the targeted locations.
4. Advertise the Havana brand through digital marketing, such as social media.
5. Where possible, sponsor local events and seek out other sponsorship opportunities.

The Directors believe they will be able to develop the business of the Company to franchise the Havana to interested restaurateurs in the selected markets arising from the niche market that the Company targets to serve. The Directors' believe that the Havana franchise concept will be welcomed, as they are not aware of a similar concept currently being offered. Whilst South East Asia is the Company's initial focus, the Company can target other regions and countries, as following completion of the Acquisition, the Company will be the sole, exclusive owner of all of the worldwide rights to the Havana franchise.

#### *Assumptions and Sensitivities*

The Company's cash flow analysis is limited to the first 24 months only, and estimating future cash flows requires judgments and assumptions by the Company, including regarding sales, operating margins, royalty rates, discount rates, and future economic conditions. The Directors believe that the following assumptions and sensitivities are considered reasonable and well within achievable targets:

1. The Company anticipates that it will not increase its operational overhead until after two months following recruiting its first Franchisee. This is assumed on the basis that no sales, marketing and administrative support is required until such time. During this period, the Directors will continue to carry out all administrative functions of the Company, including marketing, while seeking suitable Franchisees. The Directors efforts will be initially focused on Kuala Lumpur.
2. The Company anticipates that it will be able to locate and secure a Franchisee in the desired location

within 3 months of initiating its search. The Directors believe that, through their existing contacts, they will be able to recruit the first Franchisee within the first 3 months after Admission, having already being given a list of potential opportunities from the Vendor. In addition, Mr Abd Hadi Abd Majid is based in Kuala Lumpur, Malaysia and has access to a number of restaurant operators and entrepreneurs that may be interested in obtaining a franchise like the Havana. Similarly, Mr Pincock is based in Bangkok, Thailand and being in a similar industry, has a pool of contacts who may be interested in becoming a Franchisee.

The Board has based the 3 month timeframe on the following:

- it is assumed that it will take up to one month to meet with the potential Franchisees;
  - based on the available options, the Directors assume they may need up to an additional one month to research the potential Franchisees and carry out background checks before making a decision on the appointment; and
  - it is assumed that it may take up to one month for the parties to agree and finalise the franchise agreement before the agreement is signed.
3. Upon recruiting its first Franchisee, within the following two months the Company will recruit up to five employees to support the business. This is assumed on the basis that the Company will be able to recruit suitable personnel as support staff within the assumed period. This timeframe is based on the past experience of the Directors, where it will take anywhere between two weeks to one month to interview, short-list, select and appoint a suitable person for any position in the Company, and assumes, given the type of roles the Company is recruiting for, a further that a one month notice period applies for the selected employee to terminate their employment with their current employer, if they are employed at the time of interview. The Company has taken advice from a recruitment company in respect of these timeframes.

Separately, upon appointment of the first Franchisee, it is assumed that it may take up to one month to negotiate the franchise agreement and finalise contractual formalities relating to the Franchisee's appointment. The Directors believe, based on their own experience, that up to a further two month period is required by the Franchisee to complete the renovations and fittings works in accordance with the franchise agreement. Accordingly, the Directors believe that there would be minimum impact to the Company's operations should the requisite employee recruitment take longer than assumed and they have considered in the cash flow sensitivities any additional costs the Company might need to incur if it had to outsource administrative support pending such appointments being made.

4. It is assumed that the first Franchisee will set up its franchised restaurant and begin trading within 3 months of appointment. It is a requirement of the Company that a Franchisee can only sign-up as a Franchisee with a confirmed location in hand and that the renovation and fitting-out period is completed in approximately 60 days (based on the past experience of the Directors). This is based on the assumption that it takes between 2 to 4 weeks to obtain renovation permits/licences and a further 3 to 4 weeks to complete renovation works. A further 2 to 4 weeks is anticipated for training and administrative works relating to the restaurant operations. It is also assumed that the application for and approval of business licenses will be completed within the renovation period. The Directors believe this to be a very close estimate of the time required to establish a restaurant based on the personal experiences of Mr Robert Pincock, who has established more than 5 F&B outlets in the last 20 years, as well as Mr Abd Hadi Abd Majid's previous experience in establishing restaurants.

The Company has considered the following sensitivities in relation to the above assumptions, which have been grouped as the impact is considered to be the same:

- i. The first Franchisee is appointed immediately following Admission and the franchised restaurant is opened 3 months after Admission. Given that the Company assumes that the second Franchisee will be recruited within 12 months of recruiting the first Franchisee, resulting in the Company having two Franchisees within the first 24 months following Admission (see paragraph 7 below), this would result in the best cash flow scenario, with the Company's cash position being approximately £1,556,502 at the end of the 24 month period. The Directors believe that this is the most likely scenario amongst those they have considered in the sensitivity analysis.
- ii. There is a delay of 6 months in the opening of the first franchised restaurant and the second franchised restaurant opens as planned. This will result in the second best scenario, with the Company's cash position being 48% less than in the base case in its business plan being approximately £803,821 at the end of the 24 month period. The Directors believe that this is an unlikely scenario given the fact that the Vendor has already provided a list of parties who are may be interested to sign-up as Franchisees as soon as the Company is in a position to do so. Whilst the impact on the cash flow in this scenario may seem significant, the Board

believes that overall the impact is moderately high, as only a proportionate delay in cash flow would be expected and the Company's cash balance at the end of the 24 month period would remain sufficient for the purposes of the Company's business plan.

- iii. There is a delay of 6 months in the opening of the first franchised restaurant and the Company fails to secure another Franchisee in the next 12 months. This will result in the Company's cash position being less than in the base case in its business plan being approximately £435,817 at the end of the 24 month period. The Directors believe that this is an unlikely scenario but not impossible and accordingly has considered it as an additional sensitivity case. Whilst the cash flows of the Company would be affected in such circumstances, it would continue to have sufficient cash to be able to pursue its business plan and the Company's existing cash balance would be reduced until the first restaurant opens. The impact from this scenario would be considered high, although the Company would be able to continue its operations with its existing cash flows without having to raise additional capital provided that there is at least one franchised restaurant in operation.
  - iv. The Company fails to appoint a Franchisee by the end of February 2020 or at all during the first 18 months following Admission. In this scenario, the Board have undertaken to defer payment of their directors' fees/salary for 1 March 2020 until such time the first Franchisee is recruited, resulting in the Company's cash position remaining positive for at least the next 18 months period but being significantly less than in the base case in its business plan. The Company would be paying its operational costs using its existing cash balance after Admission, given that no revenue will be earned in this scenario and its cash balance will be reduced. Whilst the Board believe this scenario is highly unlikely, if the Company has failed to appoint a Franchisee within the initial 18 months from Admission, the Company would need to look to raise additional working capital by undertaking a further share issue or looking at other alternative sources of finance. The cash position would continue to remain positive for at least 18 months from Admission, however, the impact of this scenario is considered high.
  - v. The Company fails to recruit up to five employees to support the business within two months of recruiting its first Franchisee. These are administrative support positions and are not deemed to be critical to the operation of the Company. Accordingly, if the Company is unable to fill these positions, the Directors will continue to carry out the relevant administrative functions of the Company. Alternatively, the Directors may consider outsourcing the administrative function to a dedicated service provider. Whilst outsourcing the administrative function may cost more than employing dedicated employees, the Directors do not believe this will have a significant impact the Company's cash flows and earnings as such services would be contracted out on an as required basis and any additional costs would be covered by the cash flows generated from the first Franchisee, but this would result in the Company's net cash flows being less than in the base case in its business plan. The impact on cash flow in this scenario is considered to be moderate.
  - vi. There is a significant delay in the negotiation of the franchise agreement or renovating/fitting out of the premises. The worst case scenario resulting from a significant delay in finalising the franchise agreement is similar to if there is a delay in the commencement of operations at the first franchised restaurant by 6 months and this has been factored into the cash flow sensitivities. If there are significant delays in entering into a franchise agreement or renovation/fitting out of the premises, this would result in the Company's cash flows being less than in the base case in its business plan. Whilst the cash flows of the Company would be affected in such circumstance, it would continue to have sufficient cash to be able to pursue its business plan without having to raise additional capital. The impact on the cash flow is considered analogous to the sensitivity set out in paragraph (ii) above and therefore moderately high.
5. The Company assumes that the initial franchisee fee, annual compliance fee and annual brand fee, which are payable by the Franchisee upon signing the franchise agreement, will be paid within 30 days of invoicing by the Company. The Directors have considered the risk that the franchisee does not pay the relevant fee when payable (for example because of an insolvency event of the franchisee or such other events outside the control of the Board). The Board has considered the impact of non-payment of these fees and believes the impact to be similar to having not recruited that Franchisee and therefore its related cash flow sensitivities have been considered. The scenario where no revenue is collected may have a significant impact on the Company's financial position and result in the Company's cash flow being less than the base case in its business plan and it needing to use existing cash balances to operate. Similarly as described in paragraph (iv) above, the Company may need to raise additional capital after 18 months of Admission. Each franchisee will be considered on its own merits, including its demographic target, location and its operations team. Accordingly, non-payment of certain upfront fees by the initial franchisee would not deter the Directors from seeking subsequent franchisees. The impact

on cash flow from this scenario is considered similar to paragraph 4(iv), which is considered high.

6. The Company assumes it will receive its first monthly revenue stream (being, 2% of gross monthly revenue of the franchisee and the 5% royalty fee - see Revenue Streams and Cash Flows at section 4 on page 29 below) two months after the Franchisee opens its restaurant and trading begins. This is based on the assumption that the royalties are invoiced to the Franchisee upon the Company receiving the previous month's trading account from the Franchisee, and on the assumption that payment is collected within 30 days. This is based on the planned operational business process of each restaurant, where the restaurant revenues for each month can only be calculated after each month end, within the first 2 weeks of the following month. The revenue figures provided by the Franchisees may require further audit and confirmation before the Company can proceed to issue its invoice for the relevant month. It is assumed that the process may take approximately 2 weeks to complete but no longer than 4 weeks before the Company issues its invoice to the Franchisee.

It is also assumed that the Company is able to invoice and collect both the monthly fees from each Franchisee (namely, (1) restaurant management fees of two per cent of monthly revenue (or £5,000, whichever is higher), and (2) a royalty on gross restaurant sales of 5 per cent of monthly revenue (or £20,000, whichever is higher). The Company has assumed the collection of the minimum collectable fees as the basis for its cash flow calculations and sensitivities. While the above charges are made according to the agreed standard terms franchise agreement, the Company may insist on conducting a detailed audit for any revenue month in consideration. The Board considers the impact of non-payment of these fees as less critical than the non-payment of the initial fees having recruited a Franchisee and signed a franchise agreement. The Company's cash flow position would be better given it would have collected over £200,000 in initial franchise fees than the worst case scenario where the fees set out in paragraph 5 above have not yet been paid. While this would still result in the Company's cash flows being less than in the base case in its business plan, the Company would nevertheless be able to continue its operations with its existing cash balances without having to raise additional capital. Accordingly, the impact on cash flow is considered moderately high.

7. The Company assumes that the second Franchisee will be recruited within 12 months of recruiting the first Franchisee, resulting in the Company having two Franchisees within the first 18 months following Admission. The Directors anticipate that the Company will recruit the first Franchisee and allow them operate for at least 6 months before embarking on selecting the second Franchisee. The Directors believe this period will allow them to assess the Franchisee operations and associated administrative requirements for the Company, and to avoid replication of any erroneous, cumbersome or faulty processes. Furthermore, this period will allow sufficient time for the Company to generate cash flows before embarking on recruitment of the second Franchisee. Allowing 3 months for selection of the second Franchisee and a further 3 months for establishment of the franchise restaurant, allowing in total a period of 12 months after the first Franchisee is recruited is believed to be a reasonable expectation by the Directors. The Board has considered the sensitivities around this assumption and in the event that a second Franchisee was not recruited in this timeframe, the Company's cash flow would remain positive for at least 24 months due to receiving its revenue streams from the first Franchisee. After the first 24 months, until a second Franchisee has been recruited, and starts trading and paying monthly fees, the Company's future earnings and cash flow of the Company will be impacted and this would result in the Company's cash flows being less than in the base case in its business plan. On the assumption that there remains at least one Franchisee operating, the impact from this scenario would be moderately high as the Company would be able to continue its operations with its existing cash flow.
8. The Company assumes that each Franchisee operates the franchised restaurant for a minimum period of 5 years, based on the assumption that the Franchisee does not cease its business or prematurely terminate the franchise agreement and its business relationship with the Company. The provision for each Franchisee to operate for a minimum period of 5 years is stipulated in the initial franchise agreement. As the Directors will assist the Franchisee in the restaurant site selection process, it is assumed that the choice of the restaurant location will not be an adverse factor to the Franchisee that could lead to premature termination of the franchise by the Company. The Directors believe that having been given the opportunity to franchise an attractive dining concept such as the Havana, coupled with a suitable location jointly selected by the parties, each of the franchised restaurants will have a good prospect in making the restaurant a successful venture. In the event that the Company takes steps to terminate an agreement with one of its Franchisees during the first 18 months after Admission, it will rely on the revenue stream received by its remaining Franchisee and the cash flow of the Company will remain positive. If the Company has not received a revenue stream from its other Franchisee, or such revenue stream ceases for any reason, the impact would be the same on the Company's cash flow as the scenario where a Franchisee has been recruited and only paid the initial fees set out in paragraph 5 above and either some or none of the fees set out in paragraph 6 above and this would result in the Company's cash flows being less than in the base case in its business plan. Accordingly, the impact on cash flow is considered moderately high.

9. The Company assumes that changing market conditions would not affect the Havana franchised restaurants due to the inherent characteristics of the concept, where only one restaurant is franchised in each major city in the Company's target countries. This is further supported by the fact that the target market of the Havana is above average income earners as well as tourists, who the Board believes would usually have more disposable income. The Company has further assumed that deteriorating economic conditions would not affect the franchise restaurants to the point where they would cease operations. This is based on the direct experience of the Directors in running F&B outlets, where the impact on novelty restaurants is somewhat lesser than the impact on other class of restaurants, which is attributed to its affluent target market. However, if within the first 24 months of Admission economic conditions deteriorate and any of the restaurants were to stop trading in a certain country, then the Company's monthly revenue from the affected restaurant would cease. This event would not affect revenues from restaurants in other cities/countries. Although this would result in the Company's cash flow being less than in the base case in its business plan, the Company would continue to have sufficient cash to be able to pursue its business plan without having to raise additional capital. The impact on cash flow arising from closure of any one restaurant would therefore be considered moderately high.
10. The Company has assumed that changes in foreign currency exchange has minimal impact to its cash flows, as the revenues derived from each Franchisee are to be paid in pounds sterling. Initial and annual fees are payable on a fixed rate, while monthly revenue based income is charged as a percentage of revenue with a minimum cap in pounds sterling. As the Company has assumed the minimum mandatory revenue for its monthly receivables in pounds sterling, the impact of currency fluctuations are minimal to the cash flow sensitivities considered. The minimum monthly royalty payment will be stipulated in the franchise agreement and the Company has included this in its cash flow analysis. The impact of foreign currency exchange on the cash flow is therefore considered low.

Based on this analysis, the Board believe that the cash flow position of the Company remains positive for the period considered.

### **3. The franchise business model**

The Company's proposed business model as a restaurant franchisor is not directly dependent on any key personnel. The Company, through the Board, has the general knowledge and understanding of business administration, management and marketing. The Board's additional experience in the F&B industry is very useful, as it will allow the Company to guide Franchisees and assist them to establish Havana branded restaurants in their various locations. The Franchisees themselves will, however, be required to have the appropriate skills and experience to launch and operate the franchised restaurants.

The Company, as the franchisor, will license the Havana brand and intellectual property to suitable Franchisees who will trade under the Havana franchise brand. The standard franchisee agreement (which is being transferred to the Company as part of the Acquisition) will provide that each Franchisee pays an initial franchise fee of £200,000 to the Company and an annual, fixed license fee of £50,000 for the use of the brand, the retention of the territory and continued franchise and technical support and marketing. The franchise agreement also provides for the payment to the Company of an annual compliance fee of £60,000, as well as payment of 2% of gross monthly revenues (to cover global marketing and branding, set at a monthly minimum fee of £5,000) and 5% of gross monthly revenues as a royalty (which includes costs associated with producing branded merchandise, and which is set at a monthly minimum of £20,000). Each Franchisee will be contracted to purchase certain products (being Havana branded merchandise products, such as souvenirs and gift items) from the Company in order to perform the service provided to customers. Franchisees will be awarded the right to operate one Havana franchise restaurant in each city, within geographically defined territories on a non-exclusive basis. Franchisees will propose the location for the franchised restaurant and the Company will reserve the sole right to approve or decline their choice.

It is intended that each Franchisee will enter into a franchise agreement which grants the Franchisee the right to trade under the Havana brand for a five year term. Subject to the Franchisee having substantially observed and performed the terms of the franchise agreement (and certain other conditions), the Franchisee will be able to renew the agreement for a further term, subject to paying the renewal franchise fee of £100,000. Post-termination provisions will be included in the franchise agreement, such as non-compete and passing off restrictions.

Under the terms of the franchise agreement, the Company will have standard and quality controls in place to ensure that the décor, food, drink, music played, pricing and operating procedures within the franchised restaurants comply with the Havana brand. The Company will also seek to ensure the Franchisees adhere to the relevant standards in the franchise agreement. This can be achieved through the active monitoring of complaints that may be received, the Company's internal monitoring processes, quarterly mystery shopping carried out on a sample of Franchisees by a third party agency, and additional Franchisee training as needed.

The franchisor will only be able to decline to renew or terminate on grounds set out in the franchise agreement which includes, amongst other things, non-performance and reputational damage. The Company plans to support each Franchisee with comprehensive initial training, support at launch including business mentoring, follow up training where relevant, as well as ongoing support and business development for the term of the franchise. The Company will not bear any restaurant setup costs for the Franchisees, who will bear that cost themselves.

#### **4. Revenue Streams and Cash Flows**

The Company intends to use its existing cash resources to secure Franchisees in Kuala Lumpur and Bangkok, and the fees payable by Franchisees will be applied towards ongoing training, technical support and marketing by the Company. The Company's expected sources of revenue from Franchisees are as follows:

1. £200,000 initial franchise fee. This is a one-off fee per franchise for the first five years of the franchise which is payable on signing the franchise agreement.
2. £100,000 renewal franchise fee. This is payable on each renewal every five years.
3. £60,000 annual compliance fee, which is payable on signing the franchise agreement.
4. £50,000 annual brand fee, which is payable on signing the franchise agreement.
5. 2% of gross monthly revenues from the franchise to cover global marketing and branding (set at a monthly minimum of £5,000).
6. 5% of gross monthly revenues from the franchise as a royalty (set at a monthly minimum of £20,000). This royalty includes the costs associated with producing the branded merchandise which will be used by Franchisees, thereby passing all of the costs associated with merchandising to the Franchisees.

Given the Company's current limited operating expenditure of £10,000 per month, which will increase to £15,000 per month three months after the first Franchisee is recruited, the Directors' believe this is a cash-flow positive business. The operating expenditure takes into account ongoing listing/compliance fees, directors' fees/salary, rental of existing office premises and fees payable to the Company's broker, Optiva Securities. The Company anticipates a further increase of £5,500 in expenditure per month once additional Franchisees are recruited to account for the hiring of five employees (an accountant/finance manager, an investor relations/administration manager, a business development manager, an IT manager and a marketing manager) and to rent larger office premises.

#### **5. The opportunity for investment in Western F&B eatery franchises in South East Asia and the Far East**

The Board intend to use their range of contacts, the regional reach of its consultants and also the local Malaysian trade bodies in each relevant country to assist in franchise expansion. The Directors believe this Cuban-themed restaurant concept, which will provide premium services and exclusive atmospheres to consumers, will fit with the demand and the changing demographics in the Asian market and take advantage of the lack of supply of F&B businesses looking to establish a presence and grow in Asia.

##### ***The Market Dynamics***

The Asia Pacific is the fastest growing region in terms of consumer spending on eating out, with average annual growth of 9.8% between 2006-16, while average annual growth of 7.5% is forecasted for the 2017-26 period. Average annual growth over the last 10 years consumer spending on eating out in 2016 was USD 1,052 billion (PPP), representing 32% of global consumer spending on eating out.<sup>1</sup>

In 2016, China, India, Japan, Thailand and South Korea were the top five markets in terms of consumer spending on eating out in Asia based on USD PPP (current prices). Full Service Restaurant was the outlet category with the highest volume of sales (70%) as a proportion of total F&B sales in 2016. Indonesia and the Philippines are both expected to see a strong acceleration in growth, with forecasts of 10.1% and 9.6% respectively.<sup>2</sup>

Driving this demand is a relatively high trend of urbanisation across Asia and changes in lifestyle. These developments have a direct effect on consumer behaviour and habits in relation to eating patterns and the growth and performance of the region's food industry. Consumers have also developed an increased focus on their own health and wellbeing and have become more interested in food hygiene.

The following trends have affected food consumption habits in Asia:

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<sup>1</sup> Oxford Economics, "Global Food and Beverage Market, Summer 2017", Cushman and Wakefield

<sup>2</sup> Oxford Economics, "Global Food and Beverage Market, Summer 2017", Cushman and Wakefield

## **Consumer Behaviour Trends**

- **Food adventures** – As consumers travel more widely and experience new flavours and foods, a new wave of global cuisines is emerging, driven by consumer curiosity and greater exposure to international foods and flavours, such as South America, Mediterranean and Caribbean.
- **Experience hunters** – Consumers today are driven by a sense of exploration or simply fear of missing out, and are always looking for new experiences. F&B operators are providing novel, fun and memorable meals through pop-up restaurants, 'secret' venues and entertainment themed venues, where part of the experience may be simply finding the location. Venues that typically place experience over food and drink, including sporting events and music festivals, are now upgrading their menus to complement the experience. Today's educated consumers expect a premium dining experience. This is particularly true at higher-end establishments.
- **Quality and healthy foods** – There is a greater consumer emphasis on freshness and healthy options such as vegan, low fat and gluten free, together with concerns about the environment and sustainability. This is prompting local sourcing of ingredients by food service operators. Consumers also want to know where the food comes from and how to be part of that local community.
- **Technology** – Technology is continuously going to be a disruptor from within the F&B sector and consumers and operators alike will adopt new ways of engaging with each other. The convenience of online ordering, online payments and digital loyalty reward programs will change the nature of how consumers relate to the F&B sector. Online reviewers and food influencers are also part of the purchase decision making of new generation consumers.

With a current population estimate of more than 4.52 billion people, which accounts for 60% of the world's population as of February 2019 and the population is expected to grow by more than 20 per cent. by 2040, the demand for food will continue to increase. The urban population is 50.2% of the total population in Asia with the median age 30.7 years (*Worldometer website*). This increasing demand leads the Directors to believe that the region's F&B industry is ripe for investment. In addition, the Directors believe that there are many large cities in Asia, which have a population of over 1 million, where premier fine dining restaurants are not already represented.

For mid-2018, the Credit Suisse Global Wealth Report 2018 estimates that there are 42 million HNW adults with wealth between USD 1 million and USD 50 million, of whom the vast majority (37.1 million) fall in the USD 1–5 million range. Asia-Pacific countries, excluding China and India, have 6.6 million members (16% of the global total), and a further 3.5 million are found in China (8% of the global total). 976,000 HNW individuals (2% of the global total) reside in India.

The global wealth middle class – those with net worth between USD 10,000 and USD 100,000 – increased from 14% in the year 2000 to 27% in year 2018. By 2023, it will have grown by nearly 196 million adults to reach 29% of all global adults. The middle class population in Asia is rapidly expanding. The Directors expect that by 2020 around 1.75 billion individuals will fall into this category, which is roughly half of the global middle class population.<sup>3</sup>

### **Growth of Fine Dining restaurants**

The restaurant industry has four general segments according to the service customers receive: full service, quick service, eating and drinking place and retail host. Fine dining restaurants are full service restaurants with an upscale menu and extensive beverage offerings. The restaurants generally have a more sophisticated décor and ambiance, the wait staff is usually highly trained and often wears more formal attire, and there is often a dress code for patrons. Whilst the Havana is not categorised as a fine dining concept, its target customers also include fine dining patrons.

The upscale segment of the restaurant industry makes up approximately 10% of total restaurant sales (*Trends in Fine Dining, 2011*). An increase in personal wealth, which usually translates into increased purchasing power, changes the way people live and the choices that they make. Fine diners are not just looking for premium experiences but also expect a response in less than an hour with an exclusive range of food and drink.

The Directors believe that the service, premier quality of food and drink offered and consistency of the products, as well as the great ambience within a theme restaurant, have also helped to promote the fine dining culture in Asia. The Directors believe that there are several reasons why the Western premier fine dining restaurant, music and café concept is fast growing in Asia. These include:

1. an increase in purchasing power amongst the rising number of middle income groups especially in the

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<sup>3</sup> Professor Anthony Shorrocks, Professor Jim Davies and Dr. Rodrigo Lluberás, Global wealth Report 2018, Credit Suisse



cities across Asia;

2. the exclusivity of services and comfortable relaxing environment to cater for the upper middle class and wealth consumer, which are able to differentiate themselves from the competition; and
3. an affinity to fine dining culture especially among the wealth population in Asian countries which provide high quality, imported food and drink including cigars, which wealthy people are keen to be associated with.

Premium western restaurants in Asia offer excellent quality food and dining experience, mostly with above standard price when compared to local fine dining restaurants. The Board believes that the trend to eat in fine dining restaurants will become more popular as many customers search for restaurants through mobile apps and make decisions from their search results and public reviews.

### ***Developing and expanding franchised business models***

With the extensive experience of the Directors in the F&B sector and the Havana brand concept, the Directors believe that the Company can offer a unique restaurant franchise to the F&B Market. There are many advantages to adopting a franchised business model to expand the distribution of a company's product and services. It provides a good opportunity to start a business with relatively low risk as the company's branding, business process and operational procedures, as well as their marketing programmes, will already have been successfully developed. The Company can roll out the franchise model to interested franchisees, specifically in the Asia Pacific Region, and further expand globally.

### ***Investing in established intellectual property***

The Directors believe there are significant benefits of investing in the established intellectual property of a long established restaurant including:

- **Established branding**

Havana has a long and colourful branding with a unique concept to roll out the franchise to the region.

- **Training programs**

Usually the training program is one of the key components of the franchise arrangement, where franchisees are trained both initially and on an on-going basis. Havana has developed the operating manual in order to maintain the standardisation and consistent service delivery to customers at all outlets throughout the Asia Pacific region. The Company will develop comprehensive training programmes that can provide education to franchisees and their employees on the business process, supply-chain, management and overall business operations.

- **Interior design and renovation concept**

Through the Acquisition, the Company will own a well-defined concept of the Havana brand and how the outlets should look, design concepts, logos and accordingly be able to provide assistance in layout designs, and specify types of furniture, equipment and fittings that goes into the outlet design. The Company can opt to source furniture and fittings locally and develop the standard operating procedures to its franchisees during the roll out.

### ***Trends in Franchising***

The sectors that have been identified as having the biggest franchising potential in Southeast Asia include F&B, education and training, business services and retail.

Singapore, Indonesia, Vietnam, Malaysia, the Philippines and Thailand have all been identified as being within the top 20 countries to franchise worldwide based on a composite index of factors, including projected GDP, market size, legal concerns, ease of market entry, ease of business establishment, and assessment of political risks.<sup>4</sup>

Several Southeast Asian countries including Singapore, Malaysia, Thailand, Indonesia, and the Philippines have well developed franchise industries, including a proliferation of both foreign and home-grown brands. Vietnam and Cambodia are also seeing an influx of international franchises and more recently international brands are

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<sup>4</sup> Author Troy Franklin Chief Operating Officer Southeast Asia, World Franchise Associates from website <https://www.worldfranchiseassociates.com/franchise-blog.php?nid=4662>

also turning their attention to Myanmar.

### ***Current and expected market competitors***

The restaurant industry is very competitive and highly fragmented. The Directors believe that the industry can be divided across five segments; namely fast-food, casual, contemporary/premium, fine dining and high end fine dining (i.e. Michelin star). The Board believes that since the Havana is a premium themed music dining concept placed well above the casual American restaurants, its target market is the contemporary/premium sector.

1. **Pricing.** The Havana is priced closer in range to the fine dining sector, with target spending that usually ranges from US\$35.00 per person to above US\$500.00 per person, including cigar lounge spending. This can be contrasted with the casual dining sector, which is affordably priced, usually below US\$20.00 per person.
2. **Ambience.** The Havana is a Cuban themed restaurant with sophisticated interior decoration and a unique location. Each restaurant will have a cigar bar with a wide collection of imported quality cigars, which the Board believes is a main attraction for customers. In comparison, casual dining restaurants are often decorated generically, with no expectation for formal dressing.
3. **Menu.** The Havana's menu will offer high-quality Cuban food that is not common amongst other restaurants (mainly American) in its target locations. The menu includes Cuban/Latin recipes, international Western food and fusion localised food. The restaurant will have an executive chef and will use high quality ingredients to deliver the Havana's dining experience to customers. The Havana also has an extensive wine and cocktail list. By contrast, casual dining restaurants typically offer a variety of items on a fixed menu and standardised preparation procedures. They also usually have no wine or cocktail list.
4. **Service exclusiveness.** The Havana staff will be well trained and expected to behave in a similar manner to fine dining service staff, encouraging diners to take their time to enjoy their dining experience. Each waiter will have up to 5 tables each. Casual dining restaurants are generally focused on quick service and waiters have a large number of tables to look after.
5. **Target customers.** The Havana is targeting casual dining customers and fine dining customers who are looking for an alternative premium dining experience.

Based on the above, it is evident that the Havana is placed well above the casual dining restaurants but somewhat lower in ranking than fine dining restaurants in the target locations. Fine dining restaurants generally compete in the capability and creativity of their executive chefs on quality, mastery of technique, personality, and consistency of the food. The Havana, on the other hand, places more emphasis on non-chef related metrics, such as the location, environment, dining experience and connection between its patrons and the Cuban/Havana cultural settings. While the menu is standardised for all Havana restaurants, each restaurant will have its own executive chef responsible for promoting traditional Cuban dishes, as well as quality of food.

Furthermore, fine dining restaurants are generally not available as chains of restaurants, as opposed to the Havana which is planned in many different cities as a franchised chain of restaurants. While the core of the Havana's dining experience places it close to fine dining restaurants, its intended nature existence of having multiple similar outlets in other cities makes it a more compelling alternative to patrons of chains of casual dining restaurants seeking for a better dining experience.

The Board therefore believes that the Company's current competitors in its target locations are the following franchised restaurant chains (which aim to serve the contemporary/premium market) and independent restaurants (which offer fine dining):

- (1) Outback Steakhouse
- (2) Tony Roma's
- (3) Chili's
- (4) Red Lobster
- (5) TGI Fridays
- (6) Marini's on 57 at KLCC Kuala Lumpur
- (7) Mandarin Grill at the Mandarin Oriental
- (8) Cilantro Restaurant & Wine Bar at the Micasa All Suite Hotel, Kuala Lumpur
- (9) Cantaloupe, Troika Sky Dining at the KLCC Kuala Lumpur
- (10) Marble 8, Level 56 at the KLCC Kuala Lumpur
- (11) Prime at Le'Meridien, Kuala Lumpur

The Directors' believe the franchised Western restaurant chains set out above provide a premium dining service, due to similar reasons as the Havana (i.e. based on pricing, ambience, menu, service exclusiveness and target customers). The Directors also believe that the independent, non-franchised restaurants set out above could compete with the Company, as they may be considered by the Company's target customers to be more exclusive and of a higher quality than the Havana.

The Board also believes that due to their increased popularity in the US, the Company's potential future competitors are:

- (1) Ruth's Chris Steak House
- (2) Fleming's Prime Steakhouse & Wine Bar
- (3) Morton's The Steakhouse
- (4) Texas de Brazil Churrascaria
- (5) Del Frisco's Double Eagle Steak House

The above restaurant chains are fast growing in the US and, based on the trend of many successful American eateries becoming global chains, the Company believes some of these brands, which offer a contemporary/premium dining experience and some American/Caribbean food choices, could be potential competitors to the Havana in the future. The Caribbean/Cuban cuisine to be offered by the Havana is not included in the mainstream offering of any other international chain that the Board is aware of, except as part of a small offering made by the global chain restaurants listed above.

The Board is also not aware of any independent restaurants in its target cities offering a similar dining experience to the Havana, hence the comparisons drawn with the current and potential competitors mentioned above.

#### **4. Directors**

Brief biographies of the Directors are set out below. Paragraph 7 of Part VII of this Document contains further details of current and past directorships and certain other important information regarding the Directors.

##### ***Directors***

##### **Abd Hadi bin Abd Majid (aged 69) – Non-Executive Chairman**

Hadi Majid has, since 2007, been a director and Chairman of VCB Group, a Malaysian capital market services group offering services in fund management, wealth management, corporate finance and private equity. In this capacity Mr Majid has been responsible for growing VCB's business within South East Asia. An MBA graduate, Mr Majid has sixteen years of experience in merchant banking, with roles including General Manager of Capital Markets and Corporate Banking Department of Bumiputra Merchant Bankers Berhad. Mr Majid's capital markets experience and exposure includes reviewing public listing proposals, company take-overs and mergers, underwriting of new share issues, underwriting for bond issues and investment portfolio of the bank. He has experience in managing portfolios involved with making direct loans as well as arranging for various forms of structured fund raisings via syndicated loans, club-deals, married deals, private debt securities namely revolving underwriting facilities, note issuance facilities, medium term notes and bank guarantees for bond issues.

##### **Robert Logan Pincock (aged 40) – Chief Executive Officer**

Robert Pincock is a graduate of the University of Edinburgh. In his career in the hospitality industry he has worked in both the United States and the United Kingdom prior to moving to Bangkok, Thailand in 2004. Mr Pincock began his career within his family's hotel business in the UK, where he worked across the various departments over a six year period. During this time he undertook a hotel management internship with the Hampshire Hotels and Resorts group based in Manhattan, New York. After graduating Mr Pincock had a short stint in retail with Tesco UK before moving to South East Asia. In Bangkok, Mr Pincock began as a General Manager for a new bar and restaurant group and over time was promoted to Operations Director where he oversaw the group growing to seven Western themed venues. Mr Pincock is extremely well versed with the business culture in South East Asia as well as promoting Western brands in the local market.

##### **Maurice James Malcolm Groat (aged 58) – Non-Executive Director**

Malcolm Groat has worked for many years as a consultant to companies in the technology, natural resources, and general commerce sectors. Following an early career with PricewaterhouseCoopers in London, he held posts as Chief Financial Officer, Chief Operating Officer, and Chief Executive Officer in established corporations including the construction firm now known as Arcadis. Since 2004, Mr Groat has served in non-executive director or chairman positions, today including Baronsmead Second Venture Trust PLC and Corps Security. In the food and beverage sector, Mr Groat was a non-executive director at Community Foods Ltd (successor to the UK Milk Marketing Board) from 2005-2009 and is currently non-executive director at Mr Lees Pure Foods Ltd. Mr Groat is a Fellow of the Institute of Directors, Fellow of the Royal Society for the encouragement of Arts, Manufactures and Commerce, and Fellow of the Institute of Chartered Accountants in England and Wales. He holds university degrees from St Andrews (MA) and Warwick (MBA).

#### **5. Current trading and historical financial information**

For the six months period ended 30 June 2019, the Company incurred administration expenses and expenses in relation to the identification of a suitable acquisition of £127,453.

As at 30 June 2019, the Company had cash reserves of £212,167.

## **6. The Placing**

The Company has, conditional on Admission raised £135,000 (before outstanding expenses of approximately £19,500) by the issue of 900,000 Placing Shares which have been conditionally placed at the Placing Price by Optiva Securities, the Company's broker, on behalf of the Company with private wealth clients through the Placing.

The Placing Shares will represent approximately 8 per cent. of the Enlarged Share Capital.

The Placing Shares will rank pari passu in all respects with the Existing Ordinary Shares including all rights to dividends and other distributions declared, made or paid following Admission and will be issued fully paid. The Placing has not been and will not be underwritten.

In the case of Placees requesting Placing Shares in uncertificated form, it is expected that the appropriate stock accounts of Placees will be credited on or around the date of Admission.

In the case of Placees requesting Placing Shares in certificated form, it is expected that certificates in respect of the Placing Shares will be dispatched by post within seven days of the date of Admission.

## **7. Working capital and reasons for Admission**

The Company is of the opinion that the working capital available to the Company, including the Net Proceeds of the Placing, is sufficient for its present requirements, that is for at least 12 months from the date of this Document.

The Company is seeking Admission in order to take advantage of:

- a listed company's public profile thereby promoting the Company and its strategy;
- the possibility to create a broad investor base;
- the potential liquidity offered by a Standard Listing;
- access to institutional and other investors not only on Admission but in the secondary market;
- the ability to issue listed equity as consideration for investments; and
- the listed company status enhancing the Company's perception with franchise owners.

## **8. Borrowings**

The Company does not currently intend to fund the Acquisition with debt or other borrowings. However, debt may be raised in the future to fund the development for expansion. Further information on the borrowing powers of the Company is set out in paragraph 59 of Part VII of this Document.

## **9. Dividend policy**

The Company intends to pay dividends on the Ordinary Shares following the Acquisition and in such amounts (if any) as the Board determines appropriate.

The Company will only pay dividends to the extent that to do so is in accordance with the Companies Law and all other applicable laws.

## **10. Corporate governance**

There is no applicable regime of corporate governance to which the directors of a Jersey company must adhere over and above the general fiduciary duties and duties of care, skill and diligence imposed on such directors under Jersey law. As a Jersey company and a company with a Standard Listing, the Company is not required to comply with the provisions of the UK Corporate Governance Code. Nevertheless, the Directors are committed to maintaining high standards of corporate governance and propose, so far as is practicable given the Company's size and nature, to voluntarily adopt and comply with the QCA Code.

However at present, due to the size of the Company, the Directors acknowledge that they do not currently have a nomination committee, as recommended by the QCA Code. The Board does not consider it appropriate to establish such a committee at this stage of the Company's development. Decisions which would usually be taken by the nomination committee will be taken by the Board as a whole.

The Company will hold timely board meetings as issues arise which require the attention of the Board. The Board is responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is the Directors' responsibility to oversee the

financial position of the Company and monitor the business and affairs of the Company, on behalf of the Shareholders, to whom they are accountable. The primary duty of the Directors is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal control and the Company's approach to risk management and has formally adopted an anti-corruption and bribery policy.

The Directors have established an audit committee and a remuneration committee with formally delegated duties and responsibilities.

Malcolm Groat is considered by the Board to be an independent Non-Executive Director.

#### ***Audit committee***

The audit committee, which currently comprises Malcolm Groat (as chair) and Hadi Majid, has the primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls. The committee is also responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring the financial performance of the Company is properly monitored and reported. The audit committee will meet not less than three times a year.

#### ***Remuneration committee***

The remuneration committee, which currently comprises Hadi Majid (as chair) and Malcolm Groat, is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

#### ***Market Abuse Regulation (EU/596/2014)***

The Company has adopted a share dealing policy which sets out the requirements and procedures for the Board and applicable employees' dealings in any of its Ordinary Shares in accordance with the provisions of the Market Abuse Regulation (EU 596/2014) ("**MAR**").

#### **11. Share option scheme**

The Directors believe that the recruitment, motivation and retention of key employees is vital for the successful growth of the Company. The Directors consider that an important element in achieving these objectives is the ability to incentivise and reward staff (including Directors) through the grant of options. As a result, the Company proposes to establish and adopt a share option scheme following Admission. The total number of Ordinary Shares that may be committed under any share option scheme established by the Company will represent a maximum of 10 per cent. of the Company's issued ordinary share capital from time to time.

#### **12. CREST**

The Articles permit the Company to issue shares in uncertificated form in accordance with the CREST Regulations. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place in the CREST system if the relevant Shareholder wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

#### **13. Admission to trading and settlement**

Application has been made for the Ordinary Shares to be admitted to the Official List, by way of a Standard Listing, and to trading on the Main Market. Dealings in the Ordinary Shares are expected to commence at 8.00 a.m. on 24 February 2020. No application has or will be made for the Ordinary Shares to be admitted to trading or to be listed on any other stock exchange.

#### **14. Takeover Code**

The Company is a public company incorporated in Jersey and will be admitted to the Official List, by way of a Standard Listing, and to trading on the Main Market. Accordingly, the provisions of the Takeover Code will apply to the Company and Shareholders will therefore be entitled to the protections afforded by the Takeover Code.

#### **15. Disclosure Guidance and Transparency Rules**

The Disclosure Guidance and Transparency Rules will apply to the Company. This includes the requirement for a Shareholder to notify the Company of the percentage of its voting rights he holds as a Shareholder or

through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights reaches, exceeds or falls below:

- (i) 5 per cent. and each of the following thresholds thereafter being, 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or
- (ii) an applicable threshold in (i) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure Guidance and Transparency Rules.

Further details of these notifications and disclosure requirements are summarised in paragraph 5.10 of Part VIII of this Document.

## **16. Regulatory Environment**

While the Company may not be directly required to comply with various local laws where a franchise restaurant operates, it is nevertheless exposed through the individual Franchisee(s) and the operation of the franchise restaurants. The regulatory environment in which the franchise restaurants operate will include the following:

### ***Food Hygiene Certificate***

This certificate is required to ensure that the Franchisee is aware of, and operating under, the appropriate food hygiene and health and safety regulations. This is an essential legal requirement for any restaurant. Food hygiene laws are extremely comprehensive. In Malaysia, this is issued by the local council in conjunction with the Ministry of Health. In Thailand, this is issued by the local council in conjunction with the Ministry of Public Health's Department of Medical Sciences.

### ***Pest Control Regulations for Restaurants***

Each of the Franchisees are legally obliged to have adequate procedures in place to ensure pests are controlled. In Malaysia and Thailand, this is regulated by the local council.

### ***Food, Health and Safety Regulations***

Restaurant businesses must satisfy all applicable food and safety regulations, such as storing meat products in a cold chamber storing unit. The Franchisee must ensure that these food, health and safety regulations are met at all times. In Malaysia, this is regulated by the local council in conjunction with the Ministry of Health. In Thailand, this regulated by the local council in conjunction with the Thailand Food & Drug Administration.

### ***Food Safety Supervision***

In some countries, it is a requirement to appoint and have a designated food safety supervisor available at all times. A food safety supervisor is an individual who has the required training, qualifications and registrations to operate the restaurant. Such individual could either be a current employee or an external contractor, and they would be responsible for compliance with all food safety regulations during the operation of the restaurant. In Malaysia, this is regulated by the Ministry of Health, Department of Veterinary Services and the Fishery Department. In Thailand, this is regulated by the Thailand Food & Drug Administration.

### ***Food Premises Approval***

The restaurant will also be inspected by the relevant local councils in order to obtain food premises approvals. In Malaysia and Thailand, this is regulated by the local council.

### ***Music License***

The Franchisee is required to obtain legal permission from the relevant copyright owners for playing music in the restaurant, such as the equivalent to the UK's PRS for Music license. In Malaysia, this is licensed by the Music Rights Malaysia Berhad and in Thailand, it is licensed by MPC Music Company Limited.

### ***Licence to Sell Alcohol***

This licence covers things such as selling alcoholic drinks between certain times and providing entertainment, such as film screenings, sporting events, live music, recorded music, dancing facilities and facilities for making music. In Malaysia, this is regulated by the local council and in Thailand, it is regulated by the District Office.

### ***Occupational Safety & Health (OSH)***

To ensure compliance with OSH regulations, food service managers must follow protocols around many operational functions, including how many fire extinguishers are present, what types of work employees under a certain age may perform, how floors must be cleaned during operating hours, and what signage must be present throughout the restaurant. While the list of safety codes affecting restaurants is extensive, the general requirements can be obtained from the local council or state government offices. In Malaysia, this is regulated under the Department of Safety & Health (Occupational Safety and Health Act 1994) under the Malaysian Ministry of Human Resources. In Thailand, this is regulated by The Bureau of Occupational Safety and Health, under the Department of Labour Protection and Welfare of the Ministry of Labour, which is the main authority responsible for

OSH matters in Thailand.

### ***Building Permit***

Where applicable, a Franchisee may decide to build their own premises, or make additions or alterations to an existing building structure. Usually, this will require a construction permit from the local council (in both Malaysia and Thailand).

### ***Planning Permission***

In some cases, the Franchisee may be required to check or obtain permission to use a certain building location for a restaurant business. This will typically require planning permission to be submitted and approved by local councils or state government (in both Malaysia and Thailand).

### ***Franchise Regulation***

In some countries, the Company may be required to comply with the local franchise laws where a Franchisee is appointed, which may comprise of a combination of federal and state laws that govern the offer and sale of franchises. Generally, the applicable franchise law sets the minimum standards regarding a franchisor's disclosure obligations and compliance with state specific franchise laws and requirements.

Franchising in Malaysia is governed by the Franchise Act 1998 ("**Franchise Act**"), as amended by the Franchise (Amendment) Act 2012, which came into force on 1 January 2013, and the Franchise Regulations 1999 (amended by the Franchise (Forms and Fees) (Amendment) Regulations 2007). The Franchise Act applies to the sale and operation of any franchise in Malaysia.

The Malaysian Franchise Association ("**MFA**") has a code of ethics that applies to all of its members. Although the code of ethics is not legally binding, it does regulate and provide for responsible business practices by its members. However, membership of the MFA is not compulsory for franchisees and franchisors. Obligations under the code include:

- Not to sell or distribute products, or offer services, which confuse or deceive purchasers (both franchisor and franchisee).
- Not to use marks similar to other franchisors in a confusing or deceptive manner.
- To provide a complete and proven business format (franchisor).
- To protect the franchisor's business format and trade secrets (franchisee).
- Non-discrimination based on race, skin colour, religion, nationality or sex (both franchisor and franchisee).
- To supervise franchisee's business to ensure obligations are complied with and the public protected (franchisor).
- To reveal to the prospective franchisee precisely and completely all-important information regarding the franchise (franchisor).
- To settle any complaint or dissatisfaction and conflict with franchisees sincerely, through communication and fair and reasonable negotiation.

Under the Franchise Act there are a number of compulsory provisions or information which must be present in all franchise agreements, such as:

- Name and description of the product and business under the franchise.
- Territorial rights granted to the franchisee.
- Franchise fee, promotion fee, royalty or any related type of payment that may be imposed on the franchisee, if any.
- Obligations of the franchisor and franchisee.
- Franchisee's rights to use the mark or any other intellectual property, pending or after the registration of the franchise.
- Conditions under which the franchisee may assign the rights under the franchise.
- Statement on the cooling-off period during which the franchisee has the option to terminate the agreement (which cannot be less than seven working days).
- Description relating to the mark or any other intellectual property owned or related to the franchisor which is used in the franchise.
- If the agreement is related to a master franchisee, the franchisor's identity and the rights obtained by the master franchisee from the franchisor.
- The type and particulars of assistance provided by the franchisor.
- The duration of the franchise (which must not be less than five years) and the terms of renewal.
- The effect of termination or expiration of the agreement.

The Act makes it very clear that any condition, stipulation or provision in the agreement purporting to bind a

franchisor or a franchisee to waive compliance with any provision of the Act, is void.<sup>5</sup>

The Company will comply with any compulsory obligations in Malaysia.

Thailand does not currently have any specific legislation regulating franchise agreements. However, there is a draft Franchise Business Act, which has been pending for a few years. Thailand is generally a "freedom of contract" jurisdiction where judges rarely attempt to look beyond the specific terms of a mutually agreed written contract to determine the intent of the parties at the time of agreement. However, there are mandatory provisions in franchise agreements such as quality control provisions and written grants of trade mark usage rights.

Although many franchise agreements provide strong protection to the franchisor, some terms are generally forbidden by law in Thailand. For example, an agreement made in advance, exonerating a debtor from his own fraud or gross negligence, is void as a matter of law. The Trade Secrets Act affects the ongoing franchise relationship in that a franchisor must be vigilant in identifying and carefully controlling the use and disclosure of its proprietary trade secrets.<sup>6</sup>

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<sup>5</sup> Franchising in Malaysia by Adhuna Kamarul Ariffin & Nur Atiqah Samian, Bustaman

<sup>6</sup> Franchising in Thailand: overview by Alan Adcock, Tilleke & Gibbins



## PART II

### THE ACQUISITION AND THE PLACING

#### 1. Description of the Acquisition

The Company was formed to undertake one or more acquisitions of businesses (either shares or assets) which operated in or owned Australian, European and/or North American food and beverage eatery franchises in South East Asia and/or the Far East.

The Company entered into a conditional assignment of intellectual property rights on 19 February 2020 (the "**Assignment**") to acquire all of the intellectual property rights relating to the Havana for a total sum of £100,000 from an Aruban Company, Typical Dutch N.V (the "**Vendor**"). The Assignment is conditional on, inter alia, Admission.

The Vendor currently operates a small, family-owned café in Cuba, whose primary business is selling souvenirs to tourists. During 2018, the Vendor planned to re-launch the café, therefore it developed the Havana business concept. In late December 2018, the Vendor was introduced to the Company through a common supplier contact. The Vendor formed the view that the Company had better resources to implement the Havana franchise concept, therefore the Vendor proposed to sell all of the intellectual property rights related to the Havana concept to the Company. The Vendor's café in Cuba is not, therefore, a franchised restaurant operating under the Havana brand, nor does the café currently use the Havana brand and/or the intellectual property rights associated with it.

The Vendor's café will continue in operation as a standalone venture following completion of the Acquisition and no discussions have been had between the Company and the Vendor regarding the Vendor licensing the Havana intellectual property rights from the Company or becoming a Franchisee. Following completion of the Acquisition, the Vendor will retain no intellectual property in relation to the Havana brand. All of the intellectual property in connection with the Havana concept is being acquired by the Company and the Vendor will have no further rights in relation to the Havana.

Following completion of the Acquisition, the Company intends to operate franchise businesses in selected countries starting from South East Asia and thereafter expanding to greater Asia utilising the Havana business concept.

#### 2. Admission and dealings

As the Acquisition is classed as a Reverse Takeover, upon completion of the Acquisition the listing of the Existing Ordinary Shares then in issue will be cancelled. Application will be made for the Existing Ordinary Shares to be immediately readmitted to the Official List of the UK Listing Authority (by way of a Standard Listing under Chapter 14 of the Listing Rules published by the UK Listing Authority under section 73A of FSMA, as amended from time to time) and to the London Stock Exchange for such Ordinary Shares to be readmitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that unconditional dealings will commence on the London Stock Exchange at 8.00 a.m. on 24 February 2020.

If the Acquisition does not complete, the suspension of the Existing Ordinary Shares will be lifted and trading in the Existing Ordinary Shares will recommence.

#### 3. Placing and pricing

All Ordinary Shares issued pursuant to the Placing will be issued at the Placing Price, which has been determined by the Directors. The Company and the Directors have ensured that the Company shall have sufficient Ordinary Shares in public hands, as defined in the Listing Rules. The Placing is conditional on Admission occurring on or before 24 February 2020 or such later date as Optiva Securities and the Company may agree.

Conditional upon Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 24 February 2020 (or such later date as Optiva Securities and the Company may agree) each of the Placees has agreed to become a member of the Company and agrees to subscribe for those Ordinary Shares. To the fullest extent permitted by law, investors will not be entitled to rescind their agreement at any time. In the event that Admission does not become effective by 8.00 a.m. London time on, or prior to, 24 February 2020 (or such later date as Optiva Securities and the Company may agree), the Placees will receive a full refund of all monies subscribed.

The rights attaching to the Placing Shares will be uniform in all respects and all of the Ordinary Shares will form

a single class for all purposes.

#### **4. Payment**

Each Placee has confirmed their commitment to pay the amounts payable under the Placing for their respective Placing Shares and settlement will be on a delivery versus payment basis within CREST. Liability (if any) for stamp duty and stamp duty reserve tax is as described in paragraph 1.6 of Part VI of this Document.

#### **5. Use of proceeds**

The gross proceeds of the Placing of £135,000 will be applied to pay the outstanding associated costs and expenses of the Acquisition, the Placing and Admission of £19,500.

The Net Proceeds of £115,500 will be applied towards the Acquisition cost of £100,000 and for general working capital purposes, such as the Company's ongoing costs and expenses in identifying and recruiting Franchisees and implementing its business strategy as more particularly described in Part I of this Document.

#### **6. CREST**

The Ordinary Shares are in registered form and can also be held in uncertificated form pursuant to the CREST Regulations. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company will apply for the Ordinary Shares to be admitted to CREST with effect from Admission and it is expected that the Ordinary Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any investor so wishes.

CREST is a voluntary system and investors who wish to receive and retain certificates for their securities will be able to do so. Placees may elect to receive Ordinary Shares in uncertificated form if such investor is a member (as defined in the CREST Regulations) in relation to CREST.

#### **7. Selling restrictions**

The Ordinary Shares will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the US and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or in the US.

The Placing is being made by means of a subscription of Ordinary Shares to certain investors in the UK. The Company has not been and will not be registered under the US Investment Company Act, and investors will not be entitled to the benefits of the US Investment Company Act.

Certain restrictions that apply to the distribution of this Document and the Ordinary Shares being issued pursuant to the Placing in certain jurisdictions are described in Part VIII of this Document.

#### **8. Transferability**

The Company's Ordinary Shares are freely transferable, free from all liens and are tradable and there are no restrictions on transfer.

## PART III

### FINANCIAL INFORMATION ON THE COMPANY

The audited financial statements of the Company for the period for the year ended 31 December 2016, 31 December 2017 and 31 December 2018, as set out in the Company's 2016, 2017 and 2018 annual report and accounts are incorporated by reference into this Document.

The historical financial information referred to above was audited by Crowe U.K. LLP. All reports were without qualification and contained no statements under section 498(2) or (3) of CA 2006 and were prepared in accordance with International Financial Reporting Standards and are being incorporated by reference.

The annual reports incorporated by reference, all of which have been filed with the Jersey Companies Registry and previously published as required by the Listing Rules and the Company's original admission prospectus, are available on the Investor section of the Company's website at [www.davictus.co.uk](http://www.davictus.co.uk).

The Company's unaudited interim accounts for the six months ended 30 June 2019 (which include comparative unaudited interim accounts for the six months ended 30 June 2018) are also incorporated by reference into this Document. The unaudited interim accounts have not been reviewed by the Company's auditor pursuant to the Financial Reporting Council guidance on "Review of Interim Financial Information".

The following list is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this Document:

*IFRS financial statements for the period ended 31 December 2016 and the audit report thereon. The page numbers below refer to the relevant pages of the annual report and accounts of the Company for the year ended 31 December 2016:*

- \* independent auditors' report—pages 11-12;
- \* statement of comprehensive income—page 13;
- \* statement of cash flows—page 16;
- \* statement of financial position—page 14;
- \* statement of changes in equity—page 15; and
- \* notes to the financial statements (including a summary of significant accounting policies)— pages 17-25, and in particular note 15 at page 25 in relation to related party disclosures.

*IFRS financial statements for the year ended 31 December 2017 and the audit report thereon. The page numbers below refer to the relevant pages of the annual report and accounts of the Company for the year ended 31 December 2017:*

- \* independent auditors' report—pages 11-15;
- \* statement of comprehensive income—page 16;
- \* statement of cash flows—page 19;
- \* statement of financial position—page 17;
- \* statement of changes in equity—page 18; and
- \* notes to the financial statements (including a summary of significant accounting policies)— pages 20-26, and in particular note 13 at page 26 in relation to related party disclosures.

*IFRS financial statements for the year ended 31 December 2018 and the audit report thereon. The page numbers below refer to the relevant pages of the annual report and accounts of the Company for the year ended 31 December 2018:*

- \* independent auditors' report—pages 11-15;
- \* statement of comprehensive income—page 16;
- \* statement of cash flows—page 19;
- \* statement of financial position—page 17;
- \* statement of changes in equity—page 18; and
- \* notes to the financial statements (including a summary of significant accounting policies)— pages 20-26, and in particular note 13 at page 26 in relation to related party disclosures.

*IFRS financial statements for the six months ended 30 June 2019. The page numbers below refer to the relevant pages of the half year report of the Company for the six months ended 30 June 2019.*

\* statement of comprehensive income—page 3;

\* statement of cash flows—page 5;

\* statement of financial position—pages 4;

\* statement of changes in equity—pages 6-7; and

\* notes to the financial statements (including a summary of significant accounting policies)—pages 8-9 and in particular note 6 on page 9 in relation to related party disclosures.

Any parts of the financial statements for the year ended 31 December 2016, 31 December 2017 and 31 December 2018 and for the six months ended 30 June 2019 that have not been listed above and are not therefore incorporated by reference into this Document, are either not relevant for investors or are covered elsewhere in this Document.

## PART IV

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### SECTION A – ACCOUNTANT’S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION



The Directors  
daVictus plc  
43/45 La Motte Street  
St. Helier  
Jersey JE4 8SD

19 February 2020

Dear Sirs,

#### Introduction

We report on the unaudited pro forma statement of financial position and on the unaudited pro forma statement of comprehensive income set out in Part IV (Section B) (together, the “**Pro Forma Financial Information**”) set out in Section (B) “*Unaudited Pro-Forma Financial Information*” of Part IV “*Unaudited Pro-Forma Financial Information*” of daVictus plc’s (the “**Company**”) prospectus (the “**Document**”) dated 19 February 2020, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the Admission of the Company and its securities to trading on the standard segment of the Official List of the UK Listing Authority and completion of:

- the Placing by the Company, raising £135,000;
- the Acquisition by the Company the IP rights of Havana for £100,000; and
- payment of the costs associated with the Acquisition of £102,000, of which £82,500 had been paid in the six months ended 30 June 2019

might have affected the assets, liabilities, equity and earnings presented on the basis of the accounting policies adopted by the Company in preparing the unaudited financial information for the six months ended 30 June 2019. This report is required by Annex I, item 18.4 of the Prospectus Regulation and is given for the purpose of complying with that requirement and for no other purpose.

#### Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Pro-Forma Financial Information in accordance with Annex I, item 18.4 and Annex 20 of the Prospectus Regulation.

It is our responsibility to form an opinion, in accordance with Annex I, item 18.4 of the Prospectus Regulation, as to the proper compilation of the Pro-Forma Financial Information and to report that opinion to you in accordance with Annex 20, Section 3 of the Prospectus Regulation.

#### Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro-Forma Financial Information with the Directors.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro-Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally

accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion:

- the Pro-Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of PR 5.3.2R(2)(f) of the Prospectus Regulation Rules, we are responsible for this report as part of the Document and declare that we have ensured that the information contained in this report is, to the best of our knowledge, in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Document in compliance with Annex I, item 1.2 and Article 11 of the Prospectus Regulation.

Yours faithfully,

**Crowe U.K. LLP**  
*Chartered Accountants*

## PART IV

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### SECTION B – PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Set out below are the unaudited pro-forma statement of financial position as at 30 June 2019 and statement of comprehensive income of the Company as if admission had occurred on 1 January 2019 (the “**Pro Forma Financial Information**”). The Pro Forma Financial Information has been prepared on the basis set out in the notes below to illustrate the effects of completion of:

- the Placing by the Company;
- the acquisition by the Company of the IP rights of Havana; and
- the payment of transaction costs,

on the assets, liabilities and equity of the Company, had Admission occurred on 30 June 2019 and on the earnings of the Company, had Admission occurred on 1 January 2019. The Pro Forma Financial Information has been prepared for illustrative purposes only. Due to its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Company’s actual financial position or earnings. It is based on the schedules used in preparing the unaudited statement of financial position and statement of comprehensive income of the Company as at 30 June 2019 and the six months then ended.

Users should read the whole of this Document and not rely solely on the Pro Forma Financial Information contained in this Part III “Financial Information of the Company” of this Document.

The report on the Pro Forma Financial Information is set out in Part IV (A) “Accountant’s Report on the Unaudited Pro Forma Financial Information of the Company” of this Document.

#### Unaudited pro forma statement of financial position

	Company as at 30 June 2019 (Note 1)	<u>Adjustment</u> Placing proceeds (Note 2)	<u>Adjustment</u> Acquisition of IP of Havana (Note 3)	<u>Adjustment</u> Transaction expenses (Note 4)	<u>Unaudited</u> <u>pro forma</u> <u>balance sheet</u>
Intangible assets	-	-	100,000	-	100,000
<b>Non-current assets</b>	<b>-</b>		<b>100,000</b>		<b>100,000</b>
Cash at bank	212,267	135,000	(100,000)	(19,500)	227,667
<b>Current assets</b>	<b>212,267</b>	<b>135,000</b>	<b>(100,000)</b>	<b>(19,500)</b>	<b>227,667</b>
<b>Total assets</b>	<b>212,267</b>	<b>135,000</b>	<b>100,000</b>	<b>(19,500)</b>	<b>227,667</b>
Share capital	1,053,400	135,000	-	-	1,188,400
Accumulated deficit	(855,112)	-	-	(19,500)	(874,612)
<b>Equity</b>	<b>198,228</b>	<b>135,000</b>	<b>-</b>	<b>(19,500)</b>	<b>313,788</b>
Current liabilities	13,879	-	-	-	13,879
<b>Total liabilities</b>	<b>13,879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,879</b>
<b>Total equity and liabilities</b>	<b>212,167</b>	<b>135,000</b>	<b>-</b>	<b>-(19,500)</b>	<b>327,667</b>

#### Notes

1. The financial information relating to the Company has been extracted without adjustment from the audited financial information set out in Part III “Financial Information of the Company” of this Document.
2. Gross proceeds as a result of the Placing totalling £135,000.
3. The Acquisition reflects the £100,000 paid by the Company for the intellectual property rights of Havana.
4. Transaction costs payable to professional advisers in respect of the Acquisition totalled £102,000, of

which £82,500 had been paid in the six months ended 30 June 2019, therefore £19,500 of transaction expenses were payable as at 30 June 2019.

- The Pro-Forma Financial Information does not reflect any changes in the trading position or any other changes arising from other transactions, since 30 June 2019 for the Company.

#### Unaudited pro forma statement of comprehensive income

	<b>Company six months period ended 30 June 2019 (Note 1) £</b>	<b>Adjustment Transaction expenses (Note 2) £</b>	<b><u>Unaudited pro forma comprehensive income</u> £</b>
Interest income	556	-	556
Administration expenses	(128,009)	(19,500)	(147,509)
<b>Operating loss</b>	<b>(127,453)</b>	<b>(19,500)</b>	<b>(146,953)</b>
Interest payable	-	-	-
<b>Loss before taxation</b>	<b>(127,453)</b>	<b>(19,500)</b>	<b>(146,953)</b>
Taxation	-	-	-
<b>Loss after taxation</b>	<b>(127,453)</b>	<b>(19,500)</b>	<b>(146,953)</b>

#### Notes

- The financial information relating to the Company has been extracted without adjustment from the audited financial information set out in Part III "*Financial Information of the Company*" of this Document.
- One-off transaction costs payable to professional advisers in respect of the Acquisition totalled £102,000, of which £82,500 had been paid in the six months ended 30 June 2019, therefore £18,500 of transaction expenses were payable as at 30 June 2019.
- The Pro-Forma Financial Information does not reflect any changes in the trading position or any other changes arising from other transactions, since 30 June 2019 for the Company.



## PART V

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### SECTION C – OPERATING AND FINANCIAL REVIEW

##### OPERATING AND FINANCIAL REVIEW

###### *Operating and financial review for the year ended 31 December 2016*

In the year ended 31 December 2016, the Company incurred a loss of £223,000, with expenses predominantly relating to the Company's admission to the London Stock Exchange in January 2016.

As at 31 December 2016, Company held cash reserves of £632,000.

###### *Operating and financial review for the year ended 31 December 2017*

In the year ended 31 December 2017, the Company incurred a loss of £142,000, with expenses predominantly relating to the Company's search for a suitable acquisition.

As at 31 December 2017, Company held cash reserves of £484,000.

###### *Operating and financial review for the year ended 31 December 2018*

In the year ended 31 December 2018, the Company incurred a loss of £141,000, with expenses predominantly relating to the Company's search for a suitable acquisition.

As at 31 December 2018, Company held cash reserves of £356,000.

###### *Operating and financial review for the six months ended 30 June 2019*

In the six months period ended 30 June 2019, the Company incurred a loss of £127,453 with expenses predominantly relating to the Company's payments to professional advisers in relation to the Proposed Acquisition.

As at 30 June 2019, Company held cash reserves of £212,167.

##### LIQUIDITY AND CAPITAL RESOURCES

###### *Sources of cash and liquidity*

The Company's initial source of cash will be the residual net proceeds from the Company's initial admission on to the Standard List, which occurred on 29 January 2016, and the proceeds of the Placing. As at 30 June 2019, the latest date of the unaudited interim financial statements, cash reserves were £212,167. The Company's current cash position as at 20 January 2020 is £116,640. Following completion of the Placing, the gross Proceeds will be £135,000. The consideration payable for the Acquisition of £100,000 will be paid from the Net Proceeds of the Placing. The Company's remaining cash balance will be used for working capital and to pay the outstanding costs and any expenses incurred in connection with the Acquisition, the Placing and Admission, which amounts to £19,500.

Following the Acquisition (which will be funded from the proceeds of the Placing) the Company's future liquidity will depend in the medium to longer term primarily on: (i) the profitability of the franchised restaurants; (ii) the Company's ability to recruit Franchisees; (iii) the Company's management of available cash; (iv) the use of borrowings, if any, to fund short-term liquidity needs; and (v) dividends or distributions from subsidiary companies, if any.

###### *Cash uses*

The Company's principal use of cash will be as working capital. The Company's current intention is to retain earnings for use in its business operations and it does not anticipate declaring any dividends in the foreseeable future. The Company intends to use cash consideration in relation to the Acquisition. The Company will incur day-to-day expenses that will need to be funded through the Company's existing cash reserves, including the Net Proceeds of the Placing as well as from revenues earned from the franchises (in the form of fees and royalties). Such expenses include:

1. all costs relating to the Acquisition, legal, accounting, registration, printing, advertising and distribution costs and any other applicable expenses;
2. transaction costs and expenses - the Company will bear all due diligence costs and legal and accounting costs; and
3. Directors' fees; and
4. Franchisee recruitment, marketing and training costs.

The Board intends to be prudent so as to preserve Company funds as far as possible and will keep costs within the Company's cash reserves at all times.

## CAPITALISATION AND INDEBTEDNESS

The Company's capitalisation, as at the date of the latest unaudited financial information, being 30 June 2019, is summarised in the table below:

	<b>Unaudited As at 30 June 2019 £</b>
<b>Total current debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	-
<b>Total non-current debt</b>	
Guaranteed	-
Secured	-
Unguaranteed/Unsecured	-
	<b>Audited As at 30 June 2019 £</b>
<b>Shareholder's equity</b>	
Share capital	1,053,400
Share premium	-
Reserves	(855,112)
Total	198,288

Since 30 June 2019 there have been no material changes in the capitalisation of the Company.

### *Indebtedness (Company)*

The Company's indebtedness, as at 30 November 2019, is summarised in the table below:

	<b>Unaudited As at 30 November 2019 £</b>
A. Cash	129,920
B. Cash equivalents	-
C. Trading securities	-
<b>D. Liquidity (A)+(B)+(C)</b>	<b>129,920</b>
E. Current financial receivable	-
F. Current bank debt	-
G. Current portion of non-current debt	-
H. Other current financial debt	-
<b>I. Current financial debt (F)+(G)+(H)</b>	<b>-</b>
<b>J. Net current financial indebtedness (I)-(E)-(D)</b>	<b>-</b>
K. Non-current bank debt	-
L. Bonds issued	-
M. Other non-current loans	-
<b>N. Non-current financial indebtedness (K)+(L)+(M)</b>	<b>-</b>
<b>O. Net financial indebtedness (J)+(N)</b>	<b>-</b>

Since 30 November 2019 there have been no material changes in the indebtedness of the Company.

## PART VI

### TAXATION

The following section is a summary guide only to certain aspects of tax in the UK and Jersey. This is not a complete analysis of all the potential tax effects of acquiring, holding and disposing of Ordinary Shares in the Company, nor will it relate to the specific tax position of all Shareholders in all jurisdictions. This summary is not a legal opinion. Shareholders are advised to consult their own tax advisers.

#### 1.1 Taxation in the United Kingdom

The following information is based on current UK tax law and HM Revenue and Customs ("**HMRC**") practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

#### 1.2 Tax treatment of the Company

The following information is based on the law and practice currently in force in the UK.

Provided that the Company is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the Company should not be liable for UK taxation on its income and gains, other than in respect of interest and other income received by the Company from a UK source (to the extent that it is subject to the withholding of basic rate income tax in the UK).

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK in order that the Company does not become resident in the UK for taxation purposes. The Directors intend, insofar as this is within their control, that the affairs of the Company are conducted so the Company is not treated as carrying on a trade in the UK through a permanent establishment.

#### 1.3 Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- (i) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- (ii) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- (iii) who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

#### 1.4 Dividends

Where the Company pays dividends no UK withholding taxes are deducted at source, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

*UK resident individual Shareholders who are domiciled in the UK, and who hold their Shares as investments,*

*will be subject to UK income tax on the amount of dividends received from the Company.*

Dividend income received by UK tax resident individuals will have a £2,000 annum dividend tax allowance. A Dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

## **1.5 Disposals of Ordinary Shares**

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary shares by basic rate taxpayers is 10 per cent., and for upper rate and additional is 20 per cent.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19 per cent. falling to 17 per cent. after 1 April 2020.

## **1.6 Further information for Shareholders subject to UK income tax and capital gains tax**

### ***“Transactions in securities”***

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”.

### ***Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

No UK stamp duty or stamp duty reserve tax (SDRT) will be payable on the allotment and issue of Ordinary Shares pursuant to the placing.

Most investors will purchase existing Ordinary Shares using the CREST paperless clearance system and these acquisitions will be subject to stamp duty reserve tax at 0.5%. Where Ordinary Shares are acquired using paper (i.e. non-electronic settlement) stamp duty will become payable at 0.5% if the purchase consideration exceeds £1,000.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

**THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.**

**PART VII**  
**ADDITIONAL INFORMATION**

**1. RESPONSIBILITY STATEMENT**

To the best of the knowledge of the Directors (whose names, business address and functions appear on page 23 of this Document) and the Company (whose registered office address appears on page 23 of this Document), the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.

**2. INCORPORATION AND STATUS**

- 2.1 The Company was incorporated and registered in Jersey as a public company limited by shares on 5 February 2015 under the Companies Law, with the name daVictus plc, and registered number 117716. The Company is domiciled in Jersey.
- 2.2 The legal and commercial name of the Company is daVictus plc.
- 2.3 The Company's registered office is at 43/45 La Motte Street, St Helier, Jersey JE4 8SD. The head office and principal place of business of the Company, and the business address of each of the Directors, is No. 9A, 1st Floor, Jalan SS15/2A, 47500 Subang Jaya, Selangor, Darul Ehsan, Malaysia. The telephone number of the Company's head office and principal place of business is +603 5632 0878. The Company's principal objects and activities are to act as a general commercial company.
- 2.4 As at the date of this Document the Company does not have any subsidiaries and is not a member of a group.
- 2.5 The principal legislation under which the Company was incorporated and operates is the Companies Law and regulations made under the Companies Law.
- 2.6 The liability of the members of the Company is limited to the amount, if any, unpaid on the shares held by them.
- 2.7 The address of the Company's website is [www.davictus.co.uk](http://www.davictus.co.uk).
- 2.8 The Company's auditor since the date of incorporation of the Company is Crowe U.K. LLP. Crowe U.K. LLP is a member of the Auditing Practices Board.

**3. SHARE CAPITAL HISTORY**

- 3.1 The issued share capital of the Company as at the date of this Document and as it will be immediately following Admission is as follows:

	<i>Amount fully paid up (£)</i>	<i>Number</i>
<i>As the date of this Document:</i>		
Ordinary Shares	£1,125,000	11,250,000
<i>As at Admission:</i>		
Ordinary Shares	£1,215,000	12,150,000

As at 30 June 2019, being the most recent balance sheet date, the issued share capital of the Company was 11,250,000 fully paid up Ordinary Shares.

- 3.2 The following changes to the issued share capital of the Company have occurred since incorporation:
- 3.2.1 on incorporation, the issued share capital of the Company was £2.00 comprising two ordinary shares of £1.00 each in the capital of the Company. Those two ordinary shares of £1.00 each in the capital of the Company were issued, credited as fully paid, to the subscribers to the memorandum of association of the Company: Minerva Nominees Limited and Minerva Services Limited. The authorised share capital of the Company (both issued and unissued shares) on incorporation was 10,000 ordinary shares of £1.00 each;
- 3.2.2 by way of special resolutions dated 8 June 2015, the authorised share capital of the

- Company (both issued and unissued) was converted from 10,000 par value shares of £1.00 each into an unlimited number of no par value shares in accordance with the Companies Law. Each one par value share of £1.00 in the capital of the Company was converted to one no par value share, and the Company was authorised to issue an unlimited number of no par value shares. As a result, the two issued £1.00 ordinary shares in the capital of the Company were converted to two Ordinary Shares;
- 3.2.3 on 8 June 2015, the existing Ordinary Shares were transferred by Minerva Nominees Limited and Minerva Services Limited, and 1,249,998 new Ordinary Shares were issued and allotted in consideration for an investment of £125,000 being made in the Company;
  - 3.2.4 on 19 January 2016, 1,249,999 Ordinary Shares, were acquired by Robert Pincock;
  - 3.2.5 on 26 January 2016, Minerva Nominees Limited transferred the single Ordinary Share held by it to Robert Pincock. As a result of the transfers of 19 January 2016 and 26 January 2016, the total shareholding of Robert Pincock at the date of this Document is 1,250,000 Ordinary Shares; and
  - 3.2.6 on 29 January 2016, 10,000,000 Ordinary Shares were issued in connection with the Initial IPO.
- 3.3 The Ordinary Shares have no par value.
  - 3.4 All Ordinary Shares in issue as at 30 June 2020, being the most recent balance sheet date, were, and at the date of this Document are, fully paid up.
  - 3.5 The Placing Price of 15 pence per Placing Share is payable in full on Admission.
  - 3.6 The Placing Shares will on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends or other distributions hereafter declared, paid or made on the ordinary share capital of the Company.
  - 3.7 The Existing Ordinary Shares are, and the Placing Shares will be, in registered form and may be held in either certificated form or uncertificated form. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares in CREST. Accordingly, it is intended that following the Admission the settlement of transactions in the Placing Shares may take place in CREST if the relevant Shareholders so wish. The records in respect of Ordinary Shares held in uncertificated form will be maintained by Euroclear and the Company's registrars, Computershare.
  - 3.8 Otherwise than pursuant to the Placing, none of the Ordinary Shares have been sold, or are available in whole or in part, to the public in conjunction with the application for the entire issued share capital to be admitted to trading on the Main Market.
  - 3.9 There are no listed or unlisted securities of the Company not representing share capital.
  - 3.10 No Ordinary Shares are held by or on behalf of the Company by itself.
  - 3.11 There are no convertible securities, exchangeable securities or securities with warrants in the Company.
  - 3.12 Other than the current application for Admission, the Ordinary Shares are not being admitted to dealings on any recognised investment exchange, nor has any application for such admission been made, nor are there intended to be any other arrangements in place for there to be such dealings in the Ordinary Shares.
  - 3.13 No Ordinary Shares will be in issue on Admission with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
  - 3.14 No person has any acquisition right over, and the Company has incurred no obligation over, the Company's authorised but unissued share capital or given any undertaking to increase the Company's capital except in relation to the issue of the Placing Shares on Admission.
  - 3.15 Save in connection with the Placing:
    - 3.15.1 no unissued share or loan capital of any member of the Company is proposed to be issued or is under option or agreed, conditionally or unconditionally, to be put under option;
    - 3.15.2 no share capital or loan capital of the Company is in issue and no such issue is proposed;

- 3.15.3 there are no acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital;
- 3.15.4 no persons have preferential subscription rights in respect of any share or loan capital of the Company; and
- 3.15.5 there is no present intention to issue any share capital of the Company nor is there an undertaking to increase the capital of the Company at the date of this Document.

#### 4. DIRECTORS' AND OTHER INTERESTS IN ORDINARY SHARES

- 4.1 Save as disclosed in this paragraph 4.1 neither the Directors nor any Connected Persons has at the date of this Document, or will have at or immediately after Admission, any interests, beneficial or otherwise, in Ordinary Shares, options or warrants to acquire Ordinary Shares.

<i>Name</i>	<i>As at the date of this Document</i>		<i>On Admission</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of the Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of the Enlarged Share Capital</i>
Robert Pincock	1,250,000	10.29 %	1,250,000	10.29 %.

- 4.2 Save as disclosed in paragraph 4.1 above, as at the date of this Document, so far as the Company is aware, there are no persons who are interested, directly or indirectly, in voting rights representing five per cent. or more of the Company's Ordinary Shares or who will be interested, directly or indirectly, in voting rights representing five per cent. or more of the Enlarged Share Capital on Admission (being the threshold set out in Chapter 5 of the DTRs). Any person who is directly or indirectly interested in 5 per cent. or more of the Company's issued share capital, will be required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the DTRs, and such interests will be notified by the Company to the public.
- 4.3 The Company's share capital consists of one class of Ordinary Shares with equal voting rights (subject to the Articles). All Shareholders have the same voting rights and no major Shareholder has any different voting rights from the other Shareholders.
- 4.4 Save as disclosed in this paragraph 4, as at the date of this Document, neither the Directors nor senior managers or members of the administrative, management or supervisory bodies of the Company have any interests in options or warrants or in the Existing Ordinary Shares.
- 4.5 The Company is not aware of any person who exercises, or could exercise, directly or indirectly, jointly or severally, Control over the Company.
- 4.6 There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of Control of the Company.

#### 5. ARTICLES OF ASSOCIATION

A summary of the principal provisions of the Articles, including the provisions relating to the rights attaching to the Ordinary Shares, is set out below. The summary below is not a complete copy of the terms of the Articles. A complete copy of the Articles is available for inspection as described in paragraph 18 of this Part VII below.

##### 5.1 Objects of the Company

Under the Companies Law, the capacity of the Company is not limited by anything contained in the memorandum of association or the Articles, as such there is no limit to the objects and powers of the Company.

##### 5.2 Placing of shares and share rights

Subject to the provisions of the Articles, all shares of the Company are under the control of the Board who may allot and issue the same in such manner, at such times and subject to such terms and conditions as they may determine.

The Articles require that, whilst the Company is admitted to trading on the Main Market, the Board shall not exercise any power of the Company to allot Relevant Securities (as defined in the Articles) unless they are authorised to do so by the Company in a general meeting in accordance with the Articles. The maximum amount of securities that may be allotted under such authority and the date on which the authority will expire must be stated, such date must not be more than five years from the date on which the resolution was passed.

Subject to the provisions of the Companies Law, and without prejudice to any special rights conferred on Shareholders, any share may be issued with such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Board may determine.

Save as ordered by a court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or recognise interest in any share or (except only as by the Articles or by law otherwise provided) any other right in respect of any share other than an absolute right to the whole of the share in the holder.

### 5.3 **Alteration of share capital**

Subject to the Companies Law, the Company may by special resolution: increase or reduce the number of shares which it is authorised to issue; consolidate all or any of its shares (whether issued or not) into fewer shares; divide all or any of its shares (whether issued or not) into more shares; cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person; and alter its share capital in such other manner as may be permitted by the Companies Law.

### 5.4 **Redeemable shares**

The Company may, subject to the provisions of the Companies Law, issue or convert any existing non-redeemable shares, whether issued or not, into, shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the Shareholder, on such terms and in such manner as may be determined by the Board.

### 5.5 **Repurchase of shares**

Subject to the provisions of the Companies Law, the Company may purchase its own shares and make a payment in respect of the purchase of its shares out of its distributable profits, the proceeds of a fresh issue of shares or otherwise, and any shares to be so purchased may be selected in any manner whatsoever.

If the Company purchases any of its own shares it may cancel such shares or hold such shares (or any of them) as treasury shares and deal with any of them, at any time, in accordance with the Companies Law.

### 5.6 **Modifications to share class rights**

Subject to the provisions of the Companies Law, all or any of the rights or privileges attached to any class of shares forming part of the capital for the time being of the Company may (unless otherwise provided in respect of such rights) be varied with the consent in writing of the holders of not less than three-quarters in number of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class, but not otherwise. These conditions are more significant than is required by law.

### 5.7 **Share transfers**

#### 5.7.1 ***Pre-emption rights***

The Articles contain pre-emption rights on the issue of shares. These rights are that the Company shall not allot any Equity Securities (as defined in the Articles, and which excludes shares to be allotted pursuant to an employees' share scheme) for cash to a person unless it has made an offer to each person who holds relevant shares or employee shares to allot to him on the same or more favourable terms a proportion of those securities which is, as nearly as is practical, equal to the proportion of the total number of relevant shares and relevant employee shares held by him. The Company may by special resolution give the Board power to allot Equity Securities as if the above pre-emption rights do not apply or as if such rights apply with such modifications as the Board may determine. The Articles provide that the pre-emption rights shall not apply to an allotment of Equity Securities:



- 5.7.1.1 wholly or partly paid up otherwise than in cash;
- 5.7.1.2 made at the time of or in connection with admission (for the Initial IPO), or in pursuance of agreements in existence at the time of or in connection with the Admission; or
- 5.7.1.3 made for cash at any time between admission (for the Initial IPO) and the earlier of the date which is 15 months following admission (for the Initial IPO), or the date of the first annual general meeting, up to an amount equal to 10 per cent. of the Enlarged Share Capital.

The Companies Law does not include an equivalent to sections 560 to 571 of the Act and the purpose of the above-mentioned pre-emption rights provisions of the Articles is to provide similar provisions in favour of Shareholders.

#### 5.7.2 **Transfer of shares**

Subject to the exceptions listed in this paragraph below:

- 5.7.2.1 any Shareholder may transfer all or any of his uncertificated shares by means of a relevant system authorised by the Board in such manner provided for, and subject as provided, in the Articles and the rules of such relevant system, and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the shares to be transferred;
- 5.7.2.2 any Shareholder may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in any other form which the Board may approve, signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee; and
- 5.7.2.3 the Board shall not be bound to register more than four persons as joint holders of any share.

The Directors may, in the case of shares in certificated form, in their absolute discretion, refuse to register any transfer of any share which is not fully paid (provided that where any such shares are traded via a recognised clearing house or recognised investment exchange, the refusal does not prevent dealings in the shares taking place on an open and proper basis).

#### 5.8 **Share warrants**

Subject to the provisions of the Companies Law, the Company may issue share warrants entitling the holders to subscribe for any shares or securities of the Company. The Directors may prescribe and vary the conditions on which share warrants are issued and held, and every bearer of a share warrant is subject to the conditions for the time being in force, whether made before or after the issue of the warrant.

#### 5.9 **Dividends and other distributions**

Subject to the provisions of the Companies Law, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Shareholders, but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of the Companies Law, the Board may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. Save as otherwise provided by the rights attached to the shares, all dividends shall be declared and paid *pro rata* amongst the shares on which the dividend is declared. A general meeting declaring a dividend may, upon the recommendation of the Board, direct that it shall be satisfied wholly or partly by the distribution of assets in the manner prescribed in the Articles.

Any dividend which has remained unclaimed for 10 years from the date when it became due for payment shall, if the board so resolves, be forfeited and cease to remain owing by the Company.

#### 5.10 **Interests in shares not disclosed to the Company**

Whilst the Company is admitted to trading on any stock exchange in the UK or elsewhere, the provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules (“DTR5”) are deemed to be incorporated by reference into the Articles and, accordingly, the vote holder and issuer notification rules set out in DTR5 apply to the Company and each Shareholder. These rules require the Directors and other persons discharging managerial responsibilities, together with substantial Shareholders, to disclose to the Company without delay (and in any event within four trading days) certain transactions involving Ordinary Shares in which they have an interest.

In addition, the Articles expressly provide that for so long as the Company is admitted to trading on any

stock exchanged in the UK or elsewhere:

- 5.10.1 A member shall, without delay after his shareholding reaches, exceeds or falls below 5 per cent. of the Company's issued share capital, give notice in writing to the Company, stating certain information as specified in the Articles. Each member is also required, to the extent that he is lawfully able to do so, to notify the Company if any other person acquires or ceases to have a notifiable interest of which he is the registered holder, or, if unable lawfully to provide such notification, to use his reasonable endeavours to procure that such other person makes notification of his interest to the Company.
- 5.10.2 Where the percentage of voting rights reaches, exceeds or falls below each of the following thresholds, being 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent., as a result of an acquisition or disposal of shares or such financial instruments the member shall give notice in writing to the Company without delay (and in any event within four trading days), stating certain information as specified in the Articles.

If the Company determines that a Shareholder (a "Defaulting Holder") has not complied with the provisions of DTR5 with respect to some or all of the shares held by that Shareholder ("DTR Default Shares"), the Company shall have the right by delivery of notice to the Defaulting Holder (a "Default Notice") to:

- 5.10.3 suspend the right of such Defaulting Holder to vote the DTR Default Shares at any meeting of the Company, with effect from the date the Default Notice is delivered to the Defaulting Holder until a date that is not more than seven days after the Company has determined that the Defaulting Holder has cured the non-compliance (the Company may at any time by subsequent written notice cancel or suspend the operation of a Default Notice);
- 5.10.4 withhold, without any obligation to pay interest, any dividend or other amount payable with respect to the DTR Default Shares with such amount to be payable only after the Default Notice ceases to have effect;
- 5.10.5 render ineffective any election to receive shares of the Company instead of cash in respect of any dividend or part thereof; and/or
- 5.10.6 prohibit the transfer of any shares of the Company held by the Defaulting Holder except with the consent of the Company or if the Defaulting Holder can provide satisfactory evidence to the Company to the effect that, after due inquiry, such stockholder has determined that the shares to be transferred are not DTR Default Shares.

The Directors may serve notice on any person whom the Company knows or has reasonable cause to believe is (or was at any time in the previous 3 years) interested in the Company's shares requiring that person to disclose to the Company the identity of any person (other than that person) who has an interest in the shares held by that person and the nature of such interest. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine. Such provisions are equivalent to the powers contained in section 793 of the Act which would apply to UK companies.

A member who holds less than 0.25 per cent. of the issued shares is obliged to disclose to the Company whether such shares are held legally and beneficially by that member without any other interest (e.g. encumbrances, third party interests, etc.), in what capacity the shares are held and the class of persons for whom they are held (if applicable). However, such member is under no obligation to disclose the actual identity of the persons concerned. A member who holds 0.25 per cent. or more of the issued shares is obliged to disclose the same information to the Company, but is also required to disclose the actual identity of all the persons for whom or on whose behalf the relevant shares are ultimately held.

If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 days after service of the notice), the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the shares of which the default has occurred ("Default Shares") and any other shares held by such Shareholder, such Shareholder shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent. of the shares for the time being in issue, the direction notice may additionally direct that dividends on such Default Shares will be retained by the Company (without interest), and that no transfer of Default Shares (other than a transfer approved under the Articles) shall be registered until the default is rectified.

#### 5.11 Appointment and removal of Directors

The Board shall have power at any time to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. A Director so appointed by the Board shall retire at the next annual general meeting, and he shall not be taken into account in determining the Directors to retire by rotation at the meeting.

The Company may by ordinary resolution appoint any person to be a Director, or remove any person from the office of Director. Unless otherwise determined by ordinary resolution, the number of Directors shall not be subject to any maximum but shall not be less than two. A Director may retire from office as a Director by giving notice in writing to that effect to the Company at its registered office.

#### **5.12 Alternate directors**

Any Director (other than an alternate director) may appoint any other Director, or any other person willing to act, to be an alternate director and may remove from office an alternate director so appointed by him. An alternate director shall be entitled to attend, be counted towards a quorum and vote at any meeting of the Board (and of any meeting of committees of the Board of which his appointer is a member) at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as a Director in his absence. An alternate director shall be entitled to such remuneration as may be determined by the Board.

#### **5.13 Retirement by rotation of Directors**

At each annual general meeting one third of the Directors who are subject to retirement by rotation shall retire from office. The Directors subject to retirement by rotation are, firstly, a Director who wishes to retire and not offer himself for reappointment and, secondly, those Directors who have been longest in office since their last appointment or reappointment. A Director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed (or deemed reappointed by the Company failing to fill the vacancy) he may retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting.

#### **5.14 Directors' benefits**

Unless otherwise determined by the Company by ordinary resolution, there shall be paid to the Directors such fees for their services in the office of Director as the Board may determine up to an aggregate amount of £200,000. The Articles contain provisions to allow payment to Directors of additional remuneration for certain roles (such as executive positions or sitting on a committee), reimbursement of reasonable expenses properly incurred in discharging their duties, and other approved gratuities, pensions and/or insurance.

#### **5.15 Powers and proceedings of the Board**

Subject to the provisions of the Companies Law, the memorandum of association, the Articles and to any directions given by special resolution, the business of the Company shall be managed by the Board who may exercise all the powers of the Company.

Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote. A Director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

The quorum necessary for the transaction of the business of the Board shall be two or such greater number as may be fixed by the Company in general meeting from time to time. A person who is an alternate director shall be counted in the quorum. All or any of the Directors or members of a committee may take part in a meeting of the Board or a committee by way of a conference telephone or any communication machinery.

The continuing Directors (or Director) may act notwithstanding any vacancies in their number, but, if the number of Directors is less than the number fixed as the quorum, the continuing Directors (or Director) may act only for the purpose of filling vacancies or of calling a general meeting to appoint Directors.

A resolution in writing signed by all the Directors entitled to receive notice of a meeting of the Board (or of a committee) shall be as valid and effectual as if it had been passed at a meeting of the Board (or such committee).

#### **5.16 Directors' interests**

A Director may not vote or be counted in the quorum in respect of any resolution of the Board (or a committee of the Board) relating to any contract, transaction, arrangement or proposal in which he has an interest which (together with any interest of any person connected with him) is a material interest (otherwise than by virtue of his interests, direct or indirect, in shares or debentures or other securities of, or otherwise in or through, the Company), but such prohibition shall not apply to:

5.16.1 the giving of any security, guarantee or indemnity in respect of: (a) money lent or obligations incurred by him or by any other person for the benefit of the Company or any of its

- subsidiaries; or (b) a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- 5.16.2 where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to or may participate;
- 5.16.3 any contract, transaction, arrangement or proposal affecting any other body corporate in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor or otherwise howsoever, provided that he (together with persons connected with him) does not to his knowledge hold an interest representing one per cent. or more of any class of the equity share capital of such body corporate (or of any third body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purposes of this Article to be a material interest in all circumstances);
- 5.16.4 any act or thing done or to be done in respect of any arrangement for the benefit of the employees of the Company or any of its subsidiaries under which he is not accorded as a Director any privilege or advantage not generally accorded to the employees to whom such arrangement relates; or
- 5.16.5 any matter connected with the purchase or maintenance for any Director of insurance against any liability.

#### **5.17 Indemnification and insurance of Directors**

To the fullest extent allowed by the Companies Law, every present or former officer of the Company shall be exempted from liability, and shall be indemnified out of the assets of the Company against any loss or liability incurred by him by reason of being or having been such an officer. The Board may, without sanction of the Company in general meeting, authorise the purchase or maintenance by the Company for any officer or former officer of the Company of any such insurance as is permitted by the Companies Law in respect of any liability which would otherwise attach to such officer or former officer.

The Board shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers or employees of the Company (or any group or associated company), or who are or were at any time trustees of any pension fund or employees' share scheme in which employees of the Company (or any such other company) are interested.

#### **5.18 Borrowing powers**

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and amounts uncalled on shares and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### **5.19 Meetings of Shareholders and Shareholder voting**

##### ***General meetings***

The Company shall hold an annual general meeting each year in accordance with Jersey law. The Company's first annual general meeting will be held within 18 months of the Company's incorporation and not more than 18 months may elapse between the date of one annual general meeting of the Company and the date of the next. All other general meetings of the members are called general meetings and may be convened at such times and places as the Directors may determine.

No Shareholder is entitled to be present at or vote at any general meeting or annual general meeting of the Company unless all amounts due in respect of his shares have been paid.

A member may attend and/or vote at annual general meetings, general meetings or class meetings in person or by proxy. The Articles contain provisions for the appointment of proxies, including electronic communication of appointments and cut off times for appointments prior to annual general meetings and general meetings. Even if a Director is not a member, he is entitled to attend and speak at any annual general meeting, general meeting or class meeting. A quorum for annual general meetings and general meetings is three people (including members and/or proxies) entitled to vote at the meeting. If a quorum is not present within 30 minutes of the time set for the annual general meeting or general meeting (or such longer time not exceeding one hour as the chairman of the meeting may determine), the meeting shall be adjourned to such later time and date as the chairman of the meeting may determine, unless the meeting was called at the request of the members in which case it shall be dissolved. If the annual general meeting or general meeting is adjourned for more than 30 days, the Board must give members at least seven clear days' notice of the adjourned meeting.

### ***Calling of general meetings***

The Directors may convene general meetings from time to time by notice to the Shareholders either in writing or by electronic communication in accordance with the Articles. Annual general meetings can only be held if members have been given at least 21 clear days' notice and members must be given at least 14 clear days' notice of all other general meetings. Notice of a general meeting must be sent to all of the Company's members (subject to certain exceptions for holders of partly-paid shares), the Board and the auditors. The notice calling a general meeting must specify the place, day, time and general nature of the business of the meeting. A notice calling an annual general meeting must state that the meeting is an annual general meeting.

The members can require the Board to call a general meeting in accordance with the Companies Law. Upon receipt by the Company of a requisition of a Shareholder or Shareholders who, at the date of the deposit of the requisition, hold not less than one-tenth of the total voting rights of the Shareholders who have the right to vote at the meeting requisitioned, the Directors shall convene a general meeting of the Company. A requisitioned general meeting must be held as soon as practicable, but in any case not later than 2 months after the date of the deposit of the requisition. In the event the Directors do not for any reason proceed duly to call a general meeting within 21 days from the date of the deposit of a properly formed requisition, to be held within 2 months of that date, the requisitionists (or any of them representing more than one half of the total voting rights of all of the requisitionists), may themselves call a general meeting to be held within 3 months from that date.

### ***Length of notice***

All general meetings shall be called by at least 14 clear days' notice, but a general meeting may be called by shorter notice if it is so agreed:

- 5.19.1 in the case of an annual general meeting, by all the Shareholders entitled to attend and vote thereat; and
- 5.19.2 in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 90 per cent. of the total voting rights of the Shareholders who have that right.

### ***Proceedings at general meetings***

No business shall be transacted at any general meeting unless a quorum is present. Save as otherwise provided in the Articles, two persons entitled to vote upon the business to be transacted, each being a Shareholder (or a proxy or corporate representative for a Shareholder) shall be a quorum.

If within half an hour from the time appointed for the meeting a quorum is not present or if during a meeting such a quorum ceases to be present, the meeting, if convened on the requisition of or by Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the meeting shall be dissolved.

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is demanded. Subject to the provisions of the Companies Law, a poll may be demanded by:

- 5.19.3 the chairman;
- 5.19.4 at least five Shareholders having the right to vote on the resolution;
- 5.19.5 one or more Shareholders representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote on the resolution; or
- 5.19.6 one or more Shareholders holding shares conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

### ***Votes of Shareholders***

On a show of hands, each Shareholder present in person or by proxy, and each duly authorised representative of a Shareholder that is a corporation present in person or by proxy, has one vote. On a poll each Shareholder present in person or by proxy or (being a corporation) by a duly authorised representative or proxy has one vote for each share held by the Shareholder.

No Shareholder shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all monies presently payable by him in respect of that share have been paid.

## 5.20 Change of Control

Other than the Board's power to refuse to register transfers of shares in certain specified circumstances (as described in paragraph 5.7 above, and none of which are specifically directed towards a Change of Control of the Company), and the minority Shareholder protections and rights of pre-emption as described in this paragraph 5, there are no other provisions of the Articles that would have an effect of delaying, deferring, or preventing a change in Control of the Company.

## 5.21 Winding up

If the Company shall be wound up the liquidator (or, where there is no liquidator, the Directors) may, with the sanction of a special resolution and any other sanction required by the Companies Law: (i) divide the whole or any part of the assets of the Company among the Shareholders in specie; and/or (ii) vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he (or they) may determine, but no Shareholder shall be compelled to accept any assets upon which there is a liability.

## 6. COMPARISON OF JERSEY LAW AND ENGLISH LAW

6.1 There are a number of differences between company law in England and company law in Jersey, which may impact upon the holders of Ordinary Shares. However, where permitted by the Law and considered to be appropriate, rights and protections similar to those provided to shareholders under English law have been conferred on holders of Ordinary Shares by the Articles, including as described in the summary of certain provisions of the Articles set out in paragraph 5 of this Part VII.

6.2 Key differences between company law in England and company law in Jersey include (without limitation) the following:

6.2.1 the Companies Law does not confer statutory pre-emption rights on shareholders relating to new share issues; however, pre-emption rights broadly based on the provisions of the Act have been included in the Articles;

6.2.2 under the Companies Law, the directors of a company do not need the sanction of the shareholders to issue and allot shares; however, the requirement to obtain such sanction has been included in the Articles;

6.2.3 under the Companies Law, any change to the authorised share capital of the Company requires a special resolution (two-thirds majority). The concept of authorised share capital no longer applies to UK companies incorporated under the Act;

6.2.4 under the Companies Law, a special resolution is required to be passed by a majority comprising two-thirds of shareholders present (in person or by proxy) and voting at the relevant meeting, compared with a three-quarters majority required under English law. Thus, for example, a buy-back of shares requiring the sanction of a special resolution will only require a two-thirds majority instead of a three-quarters majority;

6.2.5 the circumstances in which the Companies Law permits a Jersey company to indemnify its directors in respect of liabilities incurred by its directors in carrying out their duties are limited, and differ slightly to the analogous rules under English law. There is, however, no general prohibition on the granting of loans by a company to its directors (but directors remain subject to fiduciary duties when considering the grant of any such loans) and any costs incurred in defending any proceedings which relate to anything done or omitted to be done by that director in carrying out his duties may be funded by way of loans;

6.2.6 Jersey law does not require that shareholders approve compensation payments made to directors for loss of office, whereas under English law a payment by a company for loss of office to a director of a company or its holding company must be approved by a resolution of shareholders;

6.2.7 unless the articles of association of a public company provide otherwise, proxies are not entitled to vote on a show of hands under Jersey law;

6.2.8 any general meeting of a Jersey company may be convened on 14 days' notice (rather than 21 days' notice required under English law in certain circumstances, including for the convening of an Annual General Meeting);

6.2.9 the Companies Law does not require the directors of a Jersey company to disclose to the company their beneficial ownership of any shares in the company (although they must disclose to the company the nature and extent of any direct or indirect interest which conflicts, or may conflict to a material extent with, a transaction into which the company or any of its subsidiaries is proposing to enter). As a Jersey company whose shares are admitted to trading on the Main Market, it is directly bound by the Disclosure Guidance and Transparency Rules;

6.2.10 the Companies Law does not grant the directors of a Jersey company a statutory power to request information concerning the beneficial ownership of shares, but powers based on

- section 793 of the Act have been incorporated into the Articles entitling the Directors to request information to establish details of interests in shares in the Company;
- 6.2.11 under the Companies Law, shareholders holding not less than one-tenth of the total voting rights of the shareholders of the Company may requisition a meeting of shareholders (whereas under the Act, this right may be exercised by shareholders representing at least 5 per cent., of the paid up voting capital of a company);
- 6.2.12 the Companies Law does not confer on members the right to an independent scrutiny of a poll taken, or to be taken, at a general meeting, nor does it confer rights on members to require a company to circulate resolutions proposed to be moved by members at the next annual general meeting, or to circulate explanatory statements relating to any matter relating to a proposed resolution at a general meeting, or rights for a nominee holder of shares to have information rights granted to the underlying beneficial owner of the share;
- 6.2.13 there is no restriction on donations by a company to political organisations under Jersey law;
- 6.2.14 under the Companies Law, at a meeting of shareholders a poll may be demanded in respect of any question by:
- 6.2.14.1 no fewer than 5 shareholders having the right to vote on the question; or
- 6.2.14.2 a shareholder or shareholders representing not less than one tenth of the total voting rights of all shareholders having the right to vote on the question (whereas, under the Act, a shareholder or shareholders representing 10 per cent., of the total sum paid up on all shares giving the right to vote may also demand a poll);
- 6.2.15 Jersey companies are permitted to make distributions to shareholders without reference to distributable reserves. Instead, distributions may be made out of a company's assets (other than its nominal capital account or any capital redemption reserve), provided the directors approving the distribution give the appropriate solvency statement required by the Companies Law (to the effect that the company will be able to continue its business and meet its liabilities as they fall due for the next 12 months);
- 6.2.16 a Jersey company's redeemable shares may be redeemed out of any capital source which, in particular, allows shares to be redeemed in whole or in part out of share capital accounts without the need for capital redemption reserves, provided such shares are fully paid;
- 6.2.17 a Jersey company may, by special resolution, apply a capital redemption reserve in issuing shares to be allotted as fully paid bonus shares;
- 6.2.18 under Jersey law, it is harder for shareholders to bring a derivative claim against a company than is the case under the Act. However, Jersey law includes an equivalent provision relating to protection of shareholders against unfair prejudice (which, in English law, has not changed substantially between the UK Companies Act 1985 and the Act) and Jersey has (subject to certain exceptions) a broadly similar position under customary law to the common law position under English law; and
- 6.2.19 under Jersey law, the two procedures for dissolving a Jersey company are winding up and *désastre* (bankruptcy). Concepts such as receivership, administration and voluntary arrangements do not exist under Jersey law. The concept of a winding up is broadly similar to that under English law except that, under Jersey law, a winding up may only be commenced by the Jersey company and not by one of its creditors. If the company is solvent, the winding up will be a summary winding up. If the company is insolvent, the winding up will be a creditors' winding up. A creditor wishing to dissolve a Jersey company would seek to have the company's property declared *en désastre* (literally meaning "in disaster"). If the company's property is declared *en désastre*, all of the powers and property of the company (whether present or future or situated in Jersey or elsewhere) are vested in the Viscount (an officer of the court). The role of the Viscount is similar to that of a liquidator. The Viscount's principal duty is to act for the benefit of the company's creditors. He is not under an obligation to call any creditors' meetings, although he may do so.

**THIS LIST IS INTENDED TO BE ILLUSTRATIVE ONLY AND DOES NOT PURPORT TO BE EXHAUSTIVE OR TO CONSTITUTE LEGAL ADVICE. ANY SHAREHOLDER WISHING TO OBTAIN FURTHER INFORMATION REGARDING HIS OR HER RIGHTS AS A HOLDER OF ORDINARY SHARES UNDER JERSEY LAW SHOULD CONSULT HIS OR HER JERSEY LEGAL ADVISERS.**

- 6.3 Following and subject to Admission, the Company and its Shareholders will be required, *inter alia*, to comply with the Disclosure Guidance and Transparency Rules. In respect of the disclosure of interests in shares, provision has also been made in the Articles to require disclosure to be made by Shareholders.
- 6.4 It should be noted that insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings with Ordinary Shares, alongside the relevant provisions of Jersey law and MAR.

## **7. ADDITIONAL INFORMATION ON THE DIRECTORS AND EMPLOYEES**

- 7.1 The Directors and each of their respective functions are set out in paragraph 4 of Part I of this Document.
- 7.2 The Directors have no interests, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current financial year, or since incorporation, and which remains in any respect outstanding or unperformed.
- 7.3 The Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this Document in addition to the Company:

<i>Position</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Abd Hadi bin Abd Majid ( <i>Non-Executive Chairman</i> )	BVS Trinity Sd Bhd VCB Malaysia Berhad VCB Capital Sdn Bhd Equity Ventures Berhad Trumer Capital Consultancy Sdn Bhd Trumer International Berhad Trumer Shoppe Sdn Bhd	VCB (UK) plc VCB Investment Berhad
Robert Pincock ( <i>Executive Director</i> )	A Salt & Battery Co., Ltd The Irish Xchange Co., Ltd The Rat Pack., Co., Ltd	None
Malcolm Groat ( <i>Non-Executive Director</i> )	Baronsmead Second Venture Trust PLC Maritime House Ltd Tekcapital Europe Limited Tekcapital LLC Tekcapital plc Corps of Commissionaires Management Ltd TomCo Energy PLC Golden Saint Technologies Ltd InfraStrata PLC Mr Lees Pure Foods Ltd	London Mining plc Baronsmead VCT4 plc MMM Consulting Ltd (formerly known as Med Mining and Minerals Ltd) Landmark Development Group Ltd

- 7.4 Malcolm Groat was a director of London Mining plc, an AIM quoted company incorporated on 14 April 2005 which operated an iron ore mine in Sierra Leone. In 2014 iron prices fell and Ebola affected Sierra Leone both of which contributed to the company defaulting on a bank loan which had been entered into by the company in 2013 to finance expansion. Following the default, London Mining plc was put into administration on 16 October 2014 with a deficiency to creditors of approximately \$500 million. £1.1m was distributed to secured creditors in October 2016 and approximately \$154,000 was distributed to unsecured creditors around 5 April 2017. London Mining plc was dissolved on 30 July 2017.
- 7.5 Save as disclosed in paragraph 7.4 above, none of the Directors has:
- 7.5.1 had any convictions in relation to fraudulent offences within the previous five years prior to the date of this Document;
- 7.5.2 been declared bankrupt or has been a director of a company or been a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years prior to the date of this Document which has entered into any bankruptcy, receivership or liquidation proceedings;
- 7.5.3 been the subject of any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) within the previous five years prior to the date of this Document;
- 7.5.4 been disqualified by a court from acting as a director of any company or as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of an company within the previous five years prior to the date of this Document;
- 7.5.5 any family relationship with any of the other Directors;
- 7.5.6 had any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by or to the Company, or any such interest in any contract or arrangement subsisting at the date of this Document and which is significant to the business of the Company; or
- 7.5.7 any conflict of interest in performing his duties as a Director of the Company.
- 7.6 There are no conflicts of interest between any duties to the Company of the Directors and their private interests and/or other duties.



## **8. DIRECTORS SERVICE AGREEMENTS AND TERMS OF APPOINTMENT, AND CONSULTANCY AGREEMENT**

### **8.1 Chief Executive Officer's service agreement**

On 26 January 2016 the Company entered into a service agreement with Robert Pincock pursuant to which Mr Pincock was employed as the Chief Executive Officer with effect from the date of the Initial IPO. Mr Pincock was appointed as a Director on 8 June 2015.

Following completion of the Acquisition, Mr Pincock will be employed full-time to ensure the smooth operation of the Company's franchise business model. Mr Pincock will continue in his role as executive Director and he will directly manage and implement programs and practices related to the business administration, sales support and financial coaching of franchisees.

Under the terms of the agreement, Mr Pincock is required to work full-time on the Company's matters. Mr Pincock will be paid a gross annual salary of £30,000. Mr Pincock is eligible to participate in the Company's discretionary annual bonus scheme in an amount to be determined by the Remuneration Committee at its absolute discretion.

The employment of Mr Pincock will continue until terminated by either party giving written notice to the other of: (i) one month, during the first four years of the agreement; or (ii) one week's notice for each complete year of continuous employment completed by Mr Pincock thereafter, up to a maximum of twelve weeks' notice. In addition, the Company may terminate Mr Pincock's employment without notice in certain circumstances. The agreement contains garden leave provisions which can be utilised in the event that Mr Pincock's employment is terminated by the Company.

The agreement contains confidentiality, non-competition and non-solicitation provisions effective for a period of 12 months following the termination of Mr Pincock's employment.

### **8.2 Non-Executive Directors' letters of appointment**

Abd Hadi bin Abd Majid was appointed as a Non-Executive Director on 5 February 2015. Subsequently, Mr Majid entered into a letter of appointment with the Company dated 26 January 2016, under the terms of which he agreed to continue to act as the Non-Executive Chairman of the Board from the date of the Initial IPO. The appointment will continue for an initial term of 12 months following which the appointment will continue for a period of up to three years from the date of the Initial IPO (subject to re-election by Shareholders as required by the Articles), and is terminable earlier by the Company in various specified circumstances and in any event by either party on one month's prior written notice. The Company has agreed that Mr Majid shall receive an annual fee of £15,000 for his services and he will be required to spend at least 3 days per month working for the Company.

Malcolm Groat, who was appointed as a Non-Executive Director on 8 June 2015, has also agreed to continue to act as a Non-Executive Director of the Company with effect from the date of the Initial IPO and has entered into a letter of appointment with the Company dated 26 January 2016. Mr Groat's letter of appointment is on the same terms as that for Mr Majid, with the exception that Mr Groat is to be paid an annual fee of £4,000 under the terms of his letter of appointment. In addition, for any services performed to the Company by Mr Groat outside of the requirements of his role as a Non-Executive Director, Mr Groat will be paid £500 per day provided that the provision of such services is agreed in advance with the Company.

### **8.3 Consultancy agreement with MMM Consulting**

The Company has entered into a consultancy agreement, dated 26 January 2016, with the consultancy firm that Mr Groat is engaged by, MMM Consulting. Pursuant to the consultancy agreement, MMM Consulting has agreed to provide Mr Groat's services as a consultant to the Company for an annual fee of £21,000. The agreement will continue until terminated by either party giving one month's notice of termination. In certain circumstances, the agreement can be terminated without notice by either party. The agreement contains confidentiality provisions to protect the confidential information of the Company and is governed by English law.

### **8.4 General**

8.4.1 Save as disclosed in this paragraph 8, the Company has not amended or entered into any service agreements with any Director within the last 6 months and no Director has a service agreement that has more than 12 months to run.

- 8.4.2 Save as disclosed in paragraphs 8.1 to 8.3 (inclusive) above, there are no service contracts or agreements, existing or proposed, between any Director, or parties in which they are interested, and the Company.
- 8.4.3 There are no service contracts between any member of the administrative, management or supervisory bodies of the Company or any other person and the Company which provide for benefits upon termination of employment or in connection with retirement from office.
- 8.4.4 Save as disclosed below, in paragraph 8.4.5 of this Part VII from the date of the Company's incorporation, being 5 February 2015, to the date of this Document, no remuneration has accrued or been paid, including pension contributions and benefits in kind, to any of the Directors.
- 8.4.5 It is estimated that, as at the date of this Document, a total of £1,250 has been paid for the services of Robert Pincock as the Chief Executive Officer of the Company for the financial period commencing on 1 January 2019.

## 9. MATERIAL CONTRACTS

The following material contracts are those contracts which have been entered into by the Company: (a) in the two years immediately preceding the date of this Document (other than in the ordinary course of business); and (b) which contain any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this Document (other than those entered into in the ordinary course of business).

### 9.1.1 *Assignment of intellectual property rights*

On 19 February 2020, the Company entered into a conditional assignment of intellectual property rights with the Vendor (the "**Assignment**"). Pursuant to the Assignment, the following intellectual property rights, comprising unregistered trade marks, unregistered assigned rights and materials, are to be acquired by the Company:

- unregistered trade mark "The Havana";
- the Havana logo and description;
- the Havana Rolled Cigar Music Café logo and description;
- the Havana concept paper;
- the Havana menu;
- the Havana recipes and food preparation manual;
- the Havana merchandise list and description;
- the restaurant franchise agreements;
- the license agreement;
- the restaurant management agreement;
- the operations manual;
- the policies and procedures;
- the operational checklist and forms;
- the restaurant ambience management document;
- the restaurant maintenance documents;
- the interior design concept manual;
- the uniform design;
- the list of suppliers;
- selected artworks;
- a list of currently identified opportunities for Havana branded franchises, together with the names of any potential Franchisees.

The consideration payable to the Vendor for the Acquisition is £100,000. The Assignment is conditional on:

- Admission;
- the completion of all due diligence by the Company and the results of the diligence exercise being satisfactory to the Company in its sole discretion;
- the Vendor having obtained any relevant consents and approvals for the transfer of the intellectual property rights from the Vendor to the Company;
- a written confirmation in the agreed form from the Vendor that it is not aware of any matter or thing which is a breach of, or is inconsistent with, any of the warranties or any of its obligations, covenants or undertakings under the terms of the Assignment;
- the publication of this Document by the Company, in a form which has been approved by the Directors.

The Assignment is governed by the laws of England and Wales.

## **10. LITIGATION**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

## **11. WORKING CAPITAL**

The Company is of the opinion that the working capital available to the Company, including the Net Proceeds of the Placing, is sufficient for its present requirements, that is for at least 12 months from the date of this Document.

## **12. SIGNIFICANT CHANGES**

There has been no significant change in the financial position and financial performance of the Company since the end of the last financial period for which financial information has been published to the date of this Document.

## **13. CONSENTS**

Crowe U.K. LLP has given and not withdrawn its written consent to the inclusion, in this Document, of its accountants' report on the historical financial information of the Company in the form and context in which they are included and has authorised the contents of these reports for the purposes of PR 5.3.2R(2)(f) of the Prospectus Regulation Rules. In addition, Crowe U.K. LLP has given and not withdrawn its written consent to the issue of this Document with the inclusion herein of the references to its name in the form and context in which they appear.

## **14. TAKEOVER CODE, MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES RELATING TO ORDINARY SHARES**

### **14.1 Takeover Code**

The Company is a public company incorporated in Jersey and will be admitted to the Official List by way of a Standard Listing and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the Main Market. Accordingly, the Takeover Code will apply to the Company from Admission.

### **14.2 Mandatory bids**

Under Rule 9 of the Takeover Code, if an acquisition of an interest in Ordinary Shares were to increase the aggregate holding of the acquirer and persons acting in concert with it to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, the persons acting in concert with it would be required (except with the consent of the UK Panel on Takeovers and Mergers) to make a cash offer for all of the remaining Ordinary Shares not held by that party (or those parties). Any such offer must be in cash (or accompanied by a cash alternative) at not less than the highest price paid by the acquirer or any person acting in concert with it for an interest in shares in the Company during the previous 12 months.

A similar obligation to make a mandatory cash offer would also arise on an acquisition of an interest in Ordinary Shares in the Company by a person who (together with persons acting in concert with it) is interested in shares which in the aggregate carry between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of the acquisition were to increase the percentage of shares carrying voting rights in the Company in which that person is interested.

### **14.3 Squeeze-out rules**

Under the Companies Law, if an offeror were to acquire 90 per cent. or more of the Ordinary Shares within the period specified by the Companies Law, it could then compulsorily acquire the remaining Ordinary Shares. It would do so by sending a notice to the relevant Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold such consideration on trust for such Shareholders.

The consideration offered to Shareholders whose Ordinary Shares are compulsorily acquired under the Companies Law must, in general, be the same as the consideration that was available under the relevant takeover offer, unless such Shareholders can show that the offer value is unfair.

#### **14.4 Sell-out rules**

The Companies Law also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all of the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror holds or has agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of Ordinary Shares to which such offer relates who has not accepted the offer can by written communication to the offeror require it to acquire those Ordinary Shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. If a Shareholder exercises its right to be bought out, the offeror is bound to acquire the relevant Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

### **15. DATA PROTECTION**

15.1 For the purposes of the Data Protection (Jersey) Law 2005, the data controller in respect of any personal information provided by or for investors in the Company shall be the Company.

15.2 The personal information provided to the Company by Shareholders may be used for a number of different purposes, including to manage and administer accounts, to contact Shareholders in connection with holdings of Ordinary Shares, to comply with legal or regulatory requirements in Jersey or elsewhere (including verifying identity to prevent fraud or other financial crime) and to identify Shareholders who contact the Company.

### **16. EMPLOYEES AND PREMISES**

Save for Mr Pincock, the Company has not had any employees since incorporation and does not own or lease any premises as at the date of this Document.

### **17. GENERAL**

17.1 The gross proceeds of the Placing are expected to be £135,000. The outstanding expenses relating to the Acquisition, the Placing and Admission are payable by the Company are estimated to amount to approximately £19,500 (excluding VAT). Therefore the Net Proceeds are expected to be approximately £115,500.

17.2 No commission is payable by the Company to which this Document relates or of his procuring or agreeing to procure any subscriptions for such securities.

17.3 No payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.

17.4 The Company has made no investments since incorporation, has no investments in progress and there are no future investments on which the Directors have already made firm commitments which are or may be significant to the Company.

17.5 Temporary documents of title will not be issued in connection with the Placing Shares. Pending the dispatch of definitive share certificates (as applicable), instruments of transfer will be certified against the register of members of the Company.

17.6 The Directors are unaware of any exceptional factors which have influenced the Company's activities.

17.7 Save for the intellectual property rights being acquired pursuant to the Acquisition, the Directors are not aware of any patents, licences or other intellectual property rights, industrial, commercial or financial contracts or new manufacturing processes which are or may be of material importance to the business or profitability of the Company.

17.8 Save as disclosed in relation to the Placing and Admission, the Company does not hold any capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

17.9 The Directors are not aware of:

17.9.1 any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year; and/or

17.9.2 any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

17.10 There have been no public takeover bids by third parties in respect of the Ordinary Shares during the period from incorporation to the date of this Document.

## **18. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal office hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company from the date of this Document:

18.1 the Articles;

18.2 the service contract of the Executive Director referred to in paragraph 8.1 of this Part VII of this Document;

18.3 the letters of appointment of the Non-Executive Directors referred to in paragraph 8.2 of this Part VII of this Document;

18.4 the material contract referred to in paragraph 9 of this Part VII of this Document; and

18.5 this Document.

In addition, this Document will be published in electronic form and be available and free to download from the Company's website at [www.davictus.co.uk/page/uploads/readmission-prospectus.pdf](http://www.davictus.co.uk/page/uploads/readmission-prospectus.pdf) from the date of publication.

## **PART VIII**

### **NOTICE TO INVESTORS**

The distribution of this Document and the Placing may be restricted by law in certain jurisdictions and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

#### **General**

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

No arrangement has however been made with the competent authority in any other EEA state (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction. Issue or circulation of this Document may be prohibited in countries other than those in relation to which notices are given below. This Document does not constitute an offer to sell, or the solicitation of an offer to subscribe for, or buy, shares in any jurisdiction in which such offer or solicitation is unlawful.

A copy of this Document has been delivered to the Jersey Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the Jersey Registrar of Companies has given, and has not withdrawn, consent to its circulation. It must be distinctly understood that, in giving these consents, the Jersey Registrar of Companies does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions.

#### **For the Attention of UK investors**

This Document has been approved by the FCA, as competent authority under the Prospectus Regulation. The FCA only approved this Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company. Investors should make their own assessment as to the suitability of investing in the securities.

This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

**19 February 2020**

## DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise.

<b>“£” or “pound(s) sterling”</b>	UK pound sterling;
<b>“Acquisition”</b>	the acquisition by the Company of the intellectual property rights relating to the Havana pursuant to the terms of the Assignment;
<b>“Act”</b>	the UK Companies Act 2006, as amended;
<b>“Admission”</b>	the admission of the Existing Ordinary Shares to the Official List, by way of a Standard Listing, and to trading on the Main Market becoming effective;
<b>“Articles”</b>	the articles of association of the Company as amended and/or restated from time to time;
<b>"Assignment"</b>	the conditional assignment of intellectual property rights entered into on 19 February 2020 made between the Company and the Vendor;
<b>“Board” or “Directors”</b>	the directors of the Company, whose names are set out on page 23 of this Document;
<b>"CA 2006"</b>	the Companies Act 2006;
<b>“certificated” or “in certificated form”</b>	an Ordinary Share which is not in uncertificated form;
<b>“Change of Control”</b>	following Admission, the acquisition of Control of the Company by any person or party (or any group of persons or parties who are acting in concert);
<b>“Companies Law”</b>	the Companies (Jersey) Law 1991, as amended;
<b>“Company” or “daVictus”</b>	daVictus plc, a company incorporated in Jersey with registered number 117716 having its registered office at 28 Esplanade, St Helier, Jersey JE1 8SB;
<b>“Connected Person”</b>	as defined in section 252 of the Act;
<b>“Control”</b>	an interest, or interests, in Ordinary Shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give <i>de facto</i> control;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 of the UK (SI 2001/3755) (as amended) and the Companies (Uncertificated Securities) (Jersey) Order 1999 (as amended);
<b>“CREST”</b>	the computer-based system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear;
<b>“Disclosure Guidance and Transparency Rules” or “DTRs”</b>	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA, as amended from time to time;
<b>“Document”</b>	this prospectus;
<b>“EEA”</b>	the European Economic Area;
<b>"Enlarged Share Capital"</b>	the 12,150,000 issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the Placing Shares;
<b>“EU”</b>	the European Union;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, a company incorporated under the

	laws of England and Wales;
<b>“Exchange Act”</b>	the US Securities Exchange Act of 1934, as amended;
<b>"Existing Ordinary Shares"</b>	the 11,250,000 Ordinary Shares in issue immediately prior to Admission;
<b>“F&amp;B”</b>	food and beverage;
<b>“FCA”</b>	the UK Financial Conduct Authority;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended);
<b>“GDP”</b>	Gross Domestic Product;
<b>“Group”</b>	the Company and its subsidiaries from time to time;
<b>"Havana"</b>	the "Havana Rolled Cigar Music Café" business concept acquired by the Company pursuant to the Acquisition
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs;
<b>"HNW"</b>	high net worth;
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the EU;
<b>“Listing Rules”</b>	the listing rules made by the FCA pursuant to section 73A of FSMA, as amended from time to time;
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc;
<b>“Main Market”</b>	the LSE’s main market for listed securities;
<b>"MAR"</b>	the Market Abuse Regulation (EU 596/2014);
<b>“Member States”</b>	member states of the EU;
<b>"Net Proceeds"</b>	the funds received in relation to the Placing less expenses;
<b>“Official List”</b>	the Official List of the UKLA;
<b>"Optiva Securities"</b>	Optiva Securities Limited, the Company's broker;
<b>“Ordinary Shares”</b>	ordinary shares of no par value in the capital of the Company from time to time;
<b>"Placees"</b>	institutional and other investors who are subscribing for Placing Shares;
<b>"Placing"</b>	the conditional placing of the Placing Shares by Optiva Securities as agent for and on behalf of the Company;
<b>"Placing Price"</b>	15 pence per Placing Share;
<b>"Placing Shares"</b>	the 900,000 Ordinary Shares to be issued at the Placing Price by the Company pursuant to the Placing;
<b>"PPP"</b>	purchasing power parity;
<b>“Premium Listing”</b>	a Premium Listing in accordance with Chapter 6 of the Listing Rules;
<b>"Prospectus Regulation"</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
<b>“Prospectus Regulation Rules”</b>	the Prospectus Regulation Rules sourcebook made by the FCA pursuant to section 73A of the FSMA, as amended from time to time;



<b>“QCA Code”</b>	the Quoted Companies Alliance Corporate Governance Code published by the Quoted Companies Alliance (as amended from time to time);
<b>“Registrars” or “Computershare”</b>	Computershare Investor Services (Jersey) Limited, a company registered in Jersey under company registration number 75005 and whose registered office is at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES and, at the date of this Document, the Company’s registrars;
<b>“Reverse Takeover”</b>	a transaction defined as a reverse takeover under Listing Rule 5.6.4 (1) and (2);
<b>“Securities Act”</b>	the US Securities Act of 1933, as amended;
<b>“Shareholder”</b>	a holder of Ordinary Shares from time to time;
<b>“Standard Listing”</b>	a Standard Listing in accordance with Chapter 14 of the Listing Rules;
<b>“Takeover Code”</b>	the UK City Code on Takeovers and Mergers;
<b>“UK Corporate Governance Code”</b>	the UK corporate governance code published by the Financial Reporting Council and as amended from time to time;
<b>“UK Listing Authority” or “UKLA”</b>	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“US” or “United States”</b>	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction;
<b>"US Investment Company Act"</b>	the US Investment Company Act of 1940;
<b>“VAT”</b>	UK value added tax;
<b>"Vendor"</b>	Typical Dutch N.V. incorporated and registered in Aruba with company number 22829.0 and having its registered office address at Seroe Pita 47-B, Paradera, Aruba; and
<b>“Western”</b>	Australian, European and/or North American.