

**ZICO HOLDINGS INC.**

Incorporated in Labuan, Malaysia

Company Registration No. LL07968

**PROPOSED PLACEMENT OF 20,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF ZICO HOLDINGS INC.****1. INTRODUCTION**

The board of directors (the “**Board**” or “**Directors**”) of ZICO Holdings Inc. (the “**Company**”, and together with its subsidiaries and associates, the “**Group**”) wishes to announce that the Company has on 14 March 2019 entered into two (2) conditional placement agreements (collectively, the “**Placement Agreements**”, and each a “**Placement Agreement**”) with two (2) Placees (as described in Section 2 below), pursuant to which the Company shall allot and issue an aggregate of 20,000,000 ordinary shares in the capital of the Company (the “**Placement Shares**”) at the issue price of S\$0.15 per Placement Share (“**Issue Price**”) to the Placees for an aggregate subscription amount of S\$3,000,000 (the “**Placement**”).

**2. INFORMATION RELATING TO THE PLACEES**

*Shareholders should note that information relating to the Placees in this paragraph and elsewhere in this Announcement was provided by each Placee. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.*

Placee	No. of Placement Shares	% of Placement Shares based on Enlarged Share Capital	Subscription Amount
<u>James Khong Poh Wah (“JK”)</u>  JK is an existing shareholder of the Company. As of the date of this Announcement, JK holds 2,519,200 shares in the Company representing approximately 0.83% of the total issued and paid up capital of the Company.	6,666,667	2.07% <sup>(1)</sup>	S\$1,000,000.05
<u>Yeo Keng Joon (“YKJ”)</u>  YKJ is the Chairman of Bharat Luxindo Agrifeeds Pvt Ltd, which manufactures and markets aquaculture feeds in Andhra Pradesh, India. He has been in the specialty chemicals and biotechnology business for the majority of his career. He was previously director/ general manager for the adhesives and coatings business in the Cold Storage Group of	13,333,333	4.15%	S\$1,999,999.95

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companies in Malaysia and Singapore. He also held roles as marketing director, regional director and aquaculture director for the Gold Coin Group, one of the leading animal feeds and nutrition companies in Asia.  As of the date of this Announcement, YKJ does not hold any ordinary shares of the Company.			
<b>Total</b>	20,000,000	6.22% <sup>(2)</sup>	S\$3,000,000.00

**Notes:**

- (1) Following completion of the Placement and including the 2,519,200 shares currently held by JK, the aggregate shareholding interest of JK in the Company will represent 2.86% of the Enlarged Share Capital.
- (2) The 20,000,000 Placement Shares represent 6.22% of the Enlarged Share Capital. For the avoidance of doubt, this 6.22% figure does not include the existing 2,519,200 shares currently held by JK.

JK is an existing shareholder of the Company, whereas YKJ was introduced to the Group by Mr Chew Seng Kok and has expressed interest to invest in the Company. As the Company understands, each Placee has entered into the Placement Agreements for their respective financial investment purposes.

No placement agent has been appointed in respect of the Placement and no introducer fee/commission is paid or payable by the Company in connection with the Placement.

To the best knowledge of the Directors, save as disclosed above and in relation to the Placement, none of the Placees have any other connections (including financial and business relationships) with the Company, its directors and substantial shareholders. The Placees do not fall within any of the prohibited categories as set out in Rule 812(1) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") to whom the Company is prohibited from issuing the Shares. The Placement is not likely to give rise to any material conflict of interests.

### 3. THE PLACEMENT

#### 3.1. Overview

Subject to the terms and conditions of the Placement Agreements, the Company agrees to allot and issue:

- (a) 6,666,667 Placement Shares to JK ("**JK Placement Shares**") on the Completion Date (as defined below), and JK agrees to subscribe for the JK Placement Shares; and
- (b) 13,333,333 Placement Shares to YKJ ("**YKJ Placement Shares**") on the Completion Date, and YKJ agrees to subscribe for the YKJ Placement Shares.

For the avoidance of doubt, the key terms and conditions of each Placement Agreement are substantially similar, save for *inter alia*, the number of Placement Shares and the subscription amount.

#### 3.2. Key Terms of the Placement

The Placement Shares shall be allotted and issued to the Placees on the Completion Date on, *inter alia*, the following terms and conditions of the Placement Agreements:

- (a) **Subscription Amount** : James Khong Poh Wah: S\$1,000,000.05

Yeo Keng Joon: S\$1,999,999.95

(b) **Number of Placement Shares** : James Khong Poh Wah: 6,666,667

Yeo Keng Joon: 13,333,333

(c) **Issue Price** : S\$0.15 per Placement Share

The Issue Price of S\$0.15 represents a premium of approximately 3.448% to S\$0.145, being the weighted average price of the Shares based on the trades done on the SGX-ST on 14 March 2019 (being the full market day on which the Placement Agreements were signed).

(d) **Completion Date** : The Placement Shares shall be issued within seven (7) business days after the later of the satisfaction or waiver of the Conditions, or on such other date as the parties may agree in writing.

(e) **General Mandate** : The Placement Shares shall be allotted and issued by the Company to each Placee pursuant to the share issue mandate approved by the shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 20 April 2018 ("**2018 AGM**") authorising the Directors to allot and issue Shares pursuant to Rule 806 of the Catalist Rules.

(f) **Warranties** : The subscription by the Placees of the Placement Shares is subject to certain warranties as are customary for transactions of this nature or other similar transactions.

(g) **Indemnity** : Each party (the "**Indemnifying Party**") to the Placement Agreement, being either a Placee or the Company, has undertaken to fully indemnify the other party ("**Indemnified Party**") against all liabilities which may be suffered or incurred by the Indemnified Party as a result of or in connection with, *inter alia*, any breach of warranties and/or undertakings by the Indemnifying Party in the Placement Agreement.

### 3.3. Status of the Placement Shares

The Placement Shares shall be issued by the Company to the Placees free from all claims, charges, liens and other encumbrances whatsoever and the Placement Shares shall rank *pari passu* in all respects with and carry all rights similar to the then existing Shares, except that they will not rank for any dividend, right, allotment or other distribution, the record date for which falls on or before the Completion Date.

As at the date hereof, the Company has 301,569,463 ordinary shares ("**Shares**") that have been issued and are fully paid-up ("**Existing Issued Share Capital**"). Assuming there is no change to the Existing Issued Share Capital of the Company, the enlarged share capital of the Company immediately following the issuance of 20,000,000 Placement Shares will comprise 321,569,463 Shares ("**Enlarged Share Capital**"). Following issuance of the Placement Shares, JK and YKJ will hold approximately 2.86% (including the 2,519,200 shares currently held by JK) and 4.15% shareholding interest in the Enlarged Share Capital respectively.

There will not be any Prospectus or Offer Information Statement issued by the Company in connection with the Placement as it will be made pursuant to exemptions under the Securities and Futures Act (Chapter 289) of Singapore.

### 3.4. Conditions to the Placement

The allotment and issuance of the Placement Shares by the Company to the Placees under each Placement Agreement is conditional upon the satisfaction or the wavier (as the case may be) of certain conditions (“**Conditions**”), including but not limited to the following:

- (a) approval-in-principle for the listing of and quotation for the Placement Shares on the Catalist Board of SGX-ST having been obtained from the Company’s sponsor and/or the SGX-ST;
- (b) the general mandate of the Directors of the Company to allot and issue new Shares approved by the shareholders of the Company at the 2018 AGM (the “**Share Issue Mandate**”) being in full force and effect as at the Completion Date;
- (c) the issue and subscription of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of each Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or Labuan which is applicable to the Company; and
- (d) the warranties by each of the Placee and the Company as set out in the respective Placement Agreement remaining true and correct in all material respects as at the Completion Date.

### 3.5. Long-Stop Date

If the Conditions are not satisfied within three (3) months from the date of a Placement Agreement, the Placement Agreement shall terminate and the obligations of the Company to issue the Placement Shares shall *ipso facto* cease and determine thereafter.

## 4. SHARE ISSUE MANDATE

The Placement Shares are intended to be issued pursuant to the authority given to the Directors under the Share Issue Mandate.

Pursuant to the Share Issue Mandate, the Directors are authorised and empowered to, *inter alia*, issue Shares in the Company not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing of the Share Issue Mandate, of which the aggregate number of Shares to be issued other than on a pro-rata basis to all existing shareholders shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company. Pursuant to such thresholds, based on the Company’s issued share capital as at the date of the 2018 AGM and after adjustments under Rule 806(3), the Company is authorised to issue up to 150,784,731 Shares (being 300,229,096 issued Shares in the Company as at the date of the 2018 AGM, 799,985 Shares issued on 23 April 2018 pursuant to ZICO Holdings Performance Share Plan (“**PSP**”), and 540,382 Shares issued on 21 May 2018 pursuant to the PSP) other than on a pro-rata basis (after adjusting for such events stated in Rule 806(3) of the Catalist Rules), and the 20,000,000 Placement Shares represent 13.26% of these 150,784,731 Shares.

As of the date of this Announcement, the Company has not issued any Shares under the Share Issue Mandate. As such, the Placement will be done within the limits of the Share Issue Mandate.

## 5. PURPOSE OF THE PLACEMENT AND USE OF PROCEEDS

The purpose of the Placement is to increase the working capital of the Company. The Board intends to apply the entire gross proceeds (“**Gross Proceeds**”) of the Placement, amounting to S\$3,000,000, towards working capital and general corporate purposes, mainly to support the working capital requirements of operation costs.

Shareholders should note that the proposed use of the Gross Proceeds only serves as a general guideline. In the event that the Gross Proceeds initially allocated for the purposes set out above are not fully applied towards such uses for any reasons, the Company may use such proceeds for such other purposes as the Company in its discretion may deem fit.

Pending the deployment of the Gross Proceeds, such proceeds may be placed as deposits with banks and/or financial institutions, invested in short term money markets or debt instruments or for any other purpose on a short term basis as the Directors may, in their absolute discretion, deem fit from time to time.

Pursuant to Rule 704(30) and Rule 1204(22), the Company will make periodic announcements on the utilisation of the Gross Proceeds, as and when such proceeds from the Placement are materially disbursed or utilised and whether such use is in accordance with the stated use and, if applicable, in accordance with the percentage allocated. The Company will subsequently provide a status report and a breakdown with specific details on the specific use of such proceeds for working capital in relevant announcements and the annual report of the Company. Where there is any material deviation from the stated use of the Gross Proceeds, the Company will announce the reasons for such deviation.

## **6. CONFIRMATION BY DIRECTORS**

The Directors are of the opinion that:

- (a) after taking into consideration the Group's present banking facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the Company has decided to undertake the Placement for the reasons set out in Section 5 above; and
- (b) after taking into consideration the present banking facilities available to the Group and the Gross Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

## **7. FINANCIAL EFFECTS OF THE PLACEMENT**

The financial effects as set out below, prepared according to the relevant accounting standards, are strictly for illustrative purposes and do not necessarily reflect the actual financial position and performance of the Company or its subsidiaries following the Placement.

The financial effects of the Placement are prepared based on the latest announced unaudited consolidated financial statements of the Group for the financial year ended 31 December 2018 ("FY2018") and the following assumptions:

- (a) the allotment and issuance of 20,000,000 Placement Shares;
- (b) exchange rate of S\$1: RM3.0193 as at 14 March 2019 (Source: Monetary Authority of Singapore);
- (c) the Group's NTA was computed assuming that the Placement was completed on 31 December 2018;
- (d) the Group's EPS was computed assuming that the Placement was completed on 1 January 2018; and
- (e) expenses in connection with the Placement are disregarded for the purposes of calculating the financial effects.

## 7.1. Share Capital

Issued and Paid-up Share Capital	As at 31 December 2018	Immediately following issuance of the entire Placement Shares
Number of Shares including Treasury Shares	301,569,463	321,569,463
Number of Treasury Shares	0	0
Number of Shares excluding Treasury Shares	301,569,463	321,569,463
Share Capital (RM'000)	84,132	93,190

## 7.2. Net tangible assets ("NTA")

	As at 31 December 2018	Immediately following issuance of the entire Placement Shares
NTA of the Group (RM'000)	52,626	61,684*
Number of Shares excluding Treasury Shares (in thousands)	301,569	321,569
NTA Per Share (RM cents)	17.45	19.18*

\* Excluding share issuance expenses.

## 7.3. Earnings per Share ("EPS")

	FY2018	Immediately following issuance of the entire Placement Shares
Net earnings of the Group for FY2018 (RM'000)	3,260	3,260 *
Weighted average number of Shares excluding Treasury Shares on fully diluted basis (in thousands)	305,688	325,688
Net earnings per Share (RM cents) - Fully diluted	1.07	1.00 *

\* Excluding share issuance expenses.

## 8. ADJUSTMENTS TO AWARDS AND OPTIONS

As at the date hereof, the Company has in force the ZICO Holdings Performance Share Plan ("PSP") and the ZICO Holdings Employee Share Option Scheme ("ESOS").

Pursuant to the PSP, unless the remuneration committee of the Company considers an adjustment to be appropriate, (i) the class and/or number of shares which are the subject of an award ("Award") to the extent not

yet vested; and/or (ii) the class and/or number of shares over which future Awards may be granted under the PSP, shall not be subject to adjustments in view of the Placement.

Pursuant to the ESOS, (i) the exercise price for the shares, class and/or number of shares comprised in the options (“Options”) to the extent unexercised and the rights attached thereto; and/or (ii) the class and/or number of shares in respect of which additional Options may be granted to holders of Options, may be adjusted in such manner as the remuneration committee of the Company may determine to be appropriate in view of the Placement, being a variation in the issued share capital of the Company.

The Company will make such further announcements on the adjustments for the Awards and/or Options (if any) after such adjustments have been confirmed or reviewed (as the case may be) pursuant to the rules of the PSP and/or the ESOS (as the case may be).

#### **9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER**

Save as disclosed herein, none of the Directors (other than in his capacity as director or shareholder of the Company, as the case may be) of the Company has any interest, direct or indirect in the Placement. To the best of the knowledge of the Board, save as disclosed herein, there are no substantial shareholders in the Company who have any interest, direct or indirect, in relation to the Placement.

#### **10. APPLICATION TO THE SGX-ST**

The Company will be making an application to the SGX-ST through its continuing sponsor for the listing of and quotation for the Placement Shares on the Catalist Board of the SGX-ST, and will make the necessary announcements upon receipt of the listing and quotation notice from the SGX-ST.

#### **11. TRADING CAUTION**

Shareholders are advised to exercise caution in trading their Shares. The Placement is subject to numerous conditions. There is no certainty or assurance as at the date of this Announcement that the Placement will be completed or that no changes will be made to the respective terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

#### **12. RESPONSIBILITY STATEMENT**

The Directors (including any Director who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (other than information relating to the Placees) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein (other than information relating to the Placees) are fair and accurate in all material respects as at the date hereof and that this Announcement constitutes full and true disclosure of all material facts about the Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where any information in this Announcement has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source or provided by the Placee, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources and/or reproduced in this Announcement in its proper form and context.

#### **13. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of each Placement Agreement is available for inspection during normal business hours at the Company’s registered office at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 for a period of three (3) months from the date of this Announcement.

**BY ORDER OF THE BOARD**

**Chew Seng Kok**

14 March 2019

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

*This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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