

ZICO HOLDINGS INC.

Incorporated in Labuan, Malaysia
Company Registration No. LL07968

PROPOSED PLACEMENT OF 22,000,000 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 3 March 2022 entered into a conditional placement agreement (“**Placement Agreement**”) with a Placee (as defined and described in Section 2 below), pursuant to which the Company shall allot and issue an aggregate of 22,000,000 ordinary shares in the capital of the Company (“**Placement Shares**”) at the issue price of S\$0.11 per Placement Share (“**Issue Price**”) to the Placee for an aggregate subscription amount of S\$2,420,000 upon the terms and conditions of the Placement Agreement (“**Placement**”).

2. INFORMATION RELATING TO THE PLACEE

Shareholders should note that information relating to the Placee in this paragraph was provided by the Placee. The Company and the Directors have not independently verified the accuracy and correctness of such information herein and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

Placee	No. of Placement Shares	% of Placement Shares based on Existing Share Capital ⁽¹⁾	% of Placement Shares based on Enlarged Share Capital ⁽²⁾	Subscription Amount
<p><u>Dynac Sdn. Bhd. (Company Registration No. 198201005848 (85602-M)) (“Placee”)</u></p> <p>The Placee is a private limited company duly incorporated in Malaysia, with business address at PLO 110, Jalan Nibong 3, Tanjung Langsat Industrial Estate, 81707 Pasir Gudang, Johor, Malaysia.</p> <p>The directors of the Placee are Abdul Rahman Bin Mohamed Shariff, MD Jasman Bin Bongkek and Mohd Nazim Bin Sabtu. Its shareholders are Abdul Rahman Bin Mohamed Shariff and Normala Bte. Mohd. Sharif.</p>	22,000,000	6.73%	6.30% ⁽¹⁾	S\$2,420,000

ZICO Holdings Inc.

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<p>It was incorporated in May 1982 as a telecommunication contractor and started its involvement in 1985 in the oil and gas sector as a mechanical contractor for heating ventilation and air conditioning (“HVAC”), piping works, mechanical installation and structural fabrication works. Since then, the Placee has grown to be a leading supplier / manufacturer for HVAC, air cooled heat exchangers, cable support systems and diesel engine generators for the Malaysia oil and gas industry.</p> <p>The Placee has produced more than 200 local engineers in Tanjung Langsat since 2008 and has a total of 20 acres of land, fully equipped with the latest state-of-the-art machines.</p>				
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Notes:

- (1) Based on the current existing issued and paid-up capital of 327,036,477 ordinary shares in the capital of the Company.
- (2) Based on the enlarged issued and paid-up capital of 349,036,477 ordinary shares in the capital of the Company after the Proposed Placement.

The Placee is not an existing shareholder of the Company. It was introduced to the Group by the Company’s Managing Director, Mr Chew Seng Kok. The Placee has expressed an interest in investing in the Company. As the Company understands, the Placee has entered into the Placement Agreement for 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, the Placee has no other connections (including financial and business relationships) with the Company, its directors and substantial shareholders. The Placee does 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 shares in the capital of the Company (“**Shares**”). Additionally, the Placee is not co-operating, pursuant to an agreement, arrangement or understanding between any of the shareholders of the Company to acquire Shares to obtain or consolidate effective control of the Company and is not acting in concert with any shareholder of the Company, as defined in the Singapore Code on Take-overs and Merger. There is no share borrowing arrangement in place.

3. THE PLACEMENT

3.1. Overview

Subject to the terms and conditions of the Placement Agreement, the Company agrees to allot and issue 22,000,000 Placement Shares to the Placee on the Completion Date (as defined below), and the Placee agrees to subscribe for the Placement Shares.

3.2. Key Terms of the Placement

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

- (a) **Subscription Amount** : S\$2,420,000
- (b) **Number of Placement Shares** : 22,000,000
- (c) **Issue Price** : S\$0.11 per Placement Share based on a willing-buyer willing-seller basis

The Issue Price of S\$0.11 represents a premium of approximately 58% to S\$0.0687, being the weighted average price of the Shares based on the trades done on the SGX-ST on 1 March 2022 (as there were no trades subsequent to 1 March 2022 up to the last full market day on which the Placement Agreement was signed).

The Placee is willing to subscribe for the Placement Shares at a premium of approximately 58% as they are aware of the Group as a service provider and note that the Shares of the Company are illiquid. They view the Placement as an opportunity to obtain a strategic block in the Company and is prepared to pay a premium as a willing buyer. Also, they have noted the turnaround in performance based on the Company's latest full year results for the financial year ended 31 December 2021.

- (d) **Completion Date** : The 22,000,000 Placement Shares shall be issued on the seventh market day from the date of the listing and quotation notice from the SGX-ST, or on such other date as may be mutually agreed between the parties.
- (e) **Share Issue Mandate** : The Placement Shares shall be allotted and issued by the Company to the 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 30 April 2021 ("**2021 AGM**") authorising the Directors to allot and issue Shares pursuant to Rule 806 of the Catalist Rules ("**Share Issue Mandate**").
- (f) **Warranties** : The subscription by the Placee of the 22,000,000 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 losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses whatsoever (including but not limited to all legal costs on a full indemnity basis) that the Indemnified Party may incur or suffer in connection with or arising from any breach of any of the warranties in the Placement Agreement, any material failure by the Indemnifying Party to perform any of its obligations under the Placement Agreement, and any fraudulent, act or omission by the Indemnifying Party and/or its representatives, officers, employees and agents.

3.3. Status of the Placement Shares

The Placement Shares shall be issued by the Company to the Placee 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 327,036,477 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 22,000,000 Placement Shares will comprise 349,036,477 Shares ("**Enlarged Share Capital**"). The 22,000,000 Placement Shares represents 6.73% of the Existing Issued Share Capital. Following issuance of the Placement Shares, the Placee will be a substantial shareholder in the Company, holding approximately 6.30% shareholding interest in the Enlarged Share Capital. The Placee will not be appointing any nominees to the Board.

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 the exemption under Section 272B of the Securities and Futures Act 2001 of Singapore.

The allotment and issuance of the Placement Shares will not result in any transfer of controlling interest in the Company pursuant to Rule 803 of the Catalist Rules. The Company will not proceed with the Placement without the prior approval of shareholders of the Company in a general meeting if such issuance would bring about a transfer of controlling interest.

There is no moratorium imposed on the Placement Shares and there are no share borrowing arrangements for the Proposed Placement.

3.4. Conditions to the Placement

The allotment and issuance of the Placement Shares by the Company to the Placee under the Placement Agreement is conditional upon the satisfaction or the waiver (as the case may be) of certain conditions ("**Conditions**"), being:

- (a) approval-in-principle for the listing of and quotation for the Placement Shares on the Catalist of SGX-ST having been obtained from the Company's sponsor and/or the SGX-ST;
- (b) the Share Issue Mandate being valid, subsisting and adequate for the purposes of the issue of the Placement Shares 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 the Placement Agreement by any applicable legislative, executive or regulatory body or authority of Singapore or Labuan;
- (d) the warranties by each of the Placee and the Company as set out in the Placement Agreement remaining true and correct in all material respects as at the Completion Date; and
- (e) the Company and the Placee not being in any material breach of any of the undertakings and the covenants in the Placement Agreement as at the Completion Date.

3.5. Long-Stop Date

If the Conditions are not satisfied within three (3) months from the date of the Placement Agreement (or such other date as may be mutually agreed between the parties), the Placement Agreement shall terminate and the obligations of the Company to allot and 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.

Under 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.

As at the date of the 2021 AGM, the total number of issued and paid-up Shares was 325,946,062. Accordingly, the total number of shares that may be issued pursuant to the Share Issue Mandate is 325,946,062 Shares, of which the maximum number of Shares to be issued other than on a pro rata basis is 162,973,031 Shares.

As at the date of this announcement, 753,360 Shares have been issued on 21 May 2021 in relation to share awards granted on 21 May 2018 under the PSP (as defined below). As such, the number of Shares for the purposes of the Share Issue Mandate may be adjusted upwards under Rule 806(3) of the Catalist Rules to 326,699,422 Shares and the maximum number of Shares that may be issued other than on a pro rata basis under the Share Issue Mandate is 163,349,711 Shares. The Company had additionally granted 337,055 new share awards under the PSP on 21 May 2021, in relation to which, the Company had allotted and issued 337,055 new shares on 21 May 2021. Accordingly, a balance of 163,012,656 Shares may be issued other than on a pro rata basis pursuant to the Share Issue Mandate, and the allotment and issuance of the 22,000,000 Placement Shares is 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\$2,420,000, 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 will announce the reasons for any such deviation.

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) of the Catalist Rules, 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 in accordance with the percentage allocated. The Company will provide a status report on the utilisation of such Net Proceed in its interim and full year financial statement announcements and annual reports of the Company. Where the proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on the specific use of such proceeds for working capital in relevant announcements and the annual reports 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.

The Company has not raised cash from issues of securities in the market in the last 24 months.

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; 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.

Notwithstanding the above, the Company has decided to undertake the Placement for the reasons set out in Section 5 above.

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 completion of 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 2021 ("FY2021") and the following assumptions:

- (a) the allotment and issuance of 22,000,000 Placement Shares;
- (b) exchange rate of S\$1: RM3.0902 as at 3 March 2022 (Source: Monetary Authority of Singapore);
- (c) the Group's NTA (as defined below) was computed assuming that the Placement was completed on 31 December 2021;
- (d) the Group's EPS (as defined below) was computed assuming that the Placement was completed on 1 January 2021; and
- (e) expenses in connection with the Placement are disregarded for the purposes of calculating the financial effects.

7.1. Share Capital

As at 31 December 2021	Before the Placement	Immediately following the issuance of all the Placement Shares
Number of Shares including Treasury Shares	327,036,477	349,036,477
Number of Treasury Shares	0	0
Number of Shares excluding Treasury Shares	327,036,477	349,036,477
Share Capital (RM'000)	95,314	102,793

7.2. Net tangible assets (“NTA”)

	Before the Placement	Immediately following the issuance of all the Placement Shares
As at 31 December 2021		
NTA of the Group (RM’000)	74,866	82,344*
Number of Shares excluding Treasury Shares (in thousands)	327,036	349,036
NTA Per Share (RM cents)	22.89	23.59*

* Excluding share issuance expenses.

7.3. Earnings per Share (“EPS”)

	FY2021	Immediately following issuance of the entire Placement Shares
As at 31 December 2021		
Net earnings of the Group for FY2021 (RM’000)	882	882*
Weighted average number of Shares excluding Treasury Shares on fully diluted basis (in thousands)	329,568	351,568
Net earnings per Share (RM cents) - Fully diluted	0.27	0.25*

* 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

None of the Directors and substantial shareholders, or their respective associates has any interest, direct or indirect in the Placement (other than in through their respective shareholdings and/or directorships in the Company).

None of the Directors, and to the best of the knowledge of the Directors, none of the substantial shareholders, has any connections (including business relationships) with the Placee or its director or shareholders.

10. APPLICATION TO THE SGX-ST

The Company will be making an application to the SGX-ST through the Sponsor, Stamford Corporate Services Pte. Ltd., for the listing of and quotation for the Placement Shares on the Catalist 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 collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the 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 information in this Announcement has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Placement Agreement is available for inspection during normal business hours at the registered office of the Company's Singapore branch at 77 Robinson Road #06-03 Robinson 77 Singapore 068896 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Chew Seng Kok

3 March 2022

*This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST 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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