

## ENTRY INTO PLACEMENT AGREEMENT

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### 1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Ziwo Holdings Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has today entered into a conditional placement agreement (“**Placement Agreement**”) with Asia Haause Investments Pte. Ltd. (“**Subscriber**”), pursuant to which the Company shall allot and issue up to 87,503,436 ordinary shares in the capital of the Company (“**Shares**”), in tranches at the Issue Price (as herein defined) to the Subscriber for an aggregate subscription amount of up to S\$4.0 million (the “**Placement**”).

### 2. INFORMATION RELATING TO THE SUBSCRIBER

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

The Subscriber is a business management and investment holding company, with investments in Southeast Asia, China and Korea. Its sole director and shareholder is Mr. Lin Sin Hoe.

To the best knowledge of the Directors, save as disclosed above and in relation to the Placement, the Subscriber does not have any other connections (including business relationships) with the Company, its directors and substantial shareholders. The Subscriber does not fall within any of the prohibited categories as set out in Rule 812 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual to whom the Company is prohibited from issuing the Shares.

### 3. THE PLACEMENT

3.1 **Overview.** Subject to the terms and conditions of the Placement Agreement, the Company agrees to allot and issue up to 87,503,436 Shares (“**Aggregate Placement Shares**” and each a “**Placement Share**”) in the capital of the Company, in tranches at the Issue Price (as herein defined) to the Subscriber for an aggregate subscription amount of up to S\$4.0 million.

3.2 **Placement Requests.** The Company may, in its sole discretion, at any time and from time to time during the 12-month period commencing from the date of the Placement Agreement, issue any number of written notices (“**Placement Requests**”) to the Subscriber requesting the Subscriber to subscribe for, and upon receipt of such Placement Requests the Subscriber shall subscribe for, such number of Placement Shares set out in the Placement Requests at the Issue Price PROVIDED THAT:

- (a) each Placement Request shall be for no more than S\$200,000 or such other amount as the parties may mutually agree in writing;
- (b) the aggregate number of Placement Shares issued and allotted by the Company to the Subscriber pursuant to all Placement Requests shall not exceed the Aggregate Placement Shares;
- (c) the aggregate subscription moneys paid by the Subscriber for the Placement of the Placement

Shares pursuant to all Placement Requests shall not exceed S\$4.0 million; and

- (d) in the event the Subscriber has paid an aggregate of S\$1.0 million of subscription moneys to the Company pursuant to the Placement, the Subscriber shall have the right to refuse to subscribe for any further Placement Shares when requested.

**3.3 Issue Price.** The Issue Price of the Placement Shares shall be at a discount of ten percent (10%) to:

- (a) the volume weighted average price for trades done on the Shares on the SGX-ST for the full market day on which a Placement Request is issued by the Company; or
- (b) if trading in the Shares on the SGX-ST is not available for a full market day on which a Placement Request is issued by the Company, the volume weighted average price for trades done on the Shares on the SGX-ST on the full market day preceding the date a Placement Request is issued by the Company.

**3.4 Bases of Placement.** The Placement has been agreed on *inter alia* the following bases:

- (a) the Aggregate Placement Shares shall be issued and allotted by the Company to the Subscriber in reliance of the ordinary resolution approved by the shareholders of the Company at the annual general meeting of the Company held on 27 April 2017 authorising the Company to allot and issue Shares pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual;
- (b) the Aggregate Placement Shares represent 20.0% of the issued and paid-up share capital of the Company comprising 437,517,184 Shares, being the number of Shares as of the annual general meeting of the Company held on 27 April 2017 and as of the date of the Placement Agreement; and
- (c) the Placement Shares shall be issued and allotted by the Company to the Subscriber (and/or its nominees) free from all claims, charges, liens and other encumbrances whatsoever and the Placement Shares, shall be freely transferable and rank *pari passu* in all respects with and carry all rights similar to existing Shares, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before each closing date.

**3.5 Representations and Warranties**

The Placement by the Subscriber of the Placement Shares is subject to certain representations and warranties as are customary for transactions of this nature, including but not limited to, there will be no issue and allotment of any Placement Shares which will result in the Subscriber holding directly or indirectly 15.0% or more of the total number of issued Shares (excluding treasury shares), unless approval of the shareholders is sought and obtained at a separate general meeting in compliance with Rule 803 of the Listing Manual.

**3.6 Conditions Precedent to the issue of the Placement Shares**

The Company shall not be obliged to allot and issue and the Subscriber shall not be obliged to subscribe for the Placement Shares unless the conditions precedent (which are customary have been fulfilled (or waived or deferred), as relevant on each closing date.

In the event the Company fails to obtain the approval-in-principle for listing and quotation of the Placement Shares on the Mainboard of the SGX-ST ("**Key Condition Precedent**") on or before six (6) weeks from the date of the Placement Agreement ("**Fulfilment Period**"), the Placement Agreement shall terminate.

For the avoidance of doubt, with respect to Placement Requests the Subscriber may receive on or before the Key Condition Precedent is satisfied, the Subscriber may at its discretion defer compliance with the Key Condition Precedent and, subject to the other conditions precedent being satisfied (or waived), make payment of the subscription moneys to the Company following receipt of such Placement Requests without requiring the Company to issue and allot the corresponding Placement Shares PROVIDED THAT (i) upon satisfaction of the Key Condition Precedent, the Company shall as soon as practicable and in any event no later than five (5) market days thereafter issue and allot the corresponding Placement Shares to the Subscriber; and (ii) where the Placement Agreement is terminated due to failure to satisfy the Key Condition Precedent within the Fulfilment Period, the Company shall return to the Subscriber in full (without any set-off) the subscription moneys paid by the Subscriber within three (3) business days from the date the Placement Agreement is terminated.

### **3.7 Closing Date**

Each tranche of the Placement Shares shall, subject to the fulfilment (waiver or deferment, as the case may be) of the conditions precedent (which are customary for transactions of this nature), the issue and allotment of the Placement Shares, which shall be no later than five (5) market days after the Subscriber's receipt of a Placement Request, or such other date as may be mutually agreed in writing between the parties.

## **4. USE OF PROCEEDS**

The Company expects to receive a maximum of S\$4.0 million of gross proceeds from the Placement ("**Gross Proceeds**"). The Board intends to apply such Gross Proceeds for working capital and general corporate purposes.

Shareholders should note that the proposed distribution set out above only serves as a general guideline. In the event that the Gross Proceeds initially allocated for the purpose set out above are not fully applied towards such uses for any reasons, the Company shall use the remaining Gross Proceeds for working capital of the Company, its subsidiaries, associates and/or 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.

The Company will make periodic announcements on the utilisation of the Gross Proceeds, after the proceeds from the Placement are materially disbursed.

## **5. FINANCIAL EFFECTS**

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

The financial effects of the Placement are prepared based on the latest audited consolidated financial statements of the Group for FY2016 and the following assumptions:

- (i) the allotment and issuance of the maximum permitted number of 87,503,436 Placement Shares at an issue price of S\$0.027 per Share (equivalent to 10% discount to the weighted average price for trades done on the SGX-ST for the full market day on 18 May 2017, being

the full market day preceding the date the Placement Agreement was signed), with Gross Proceeds of S\$2,362,592 raised from the Placement;

- (ii) the exchange rate adopted is RMB1 : S\$0.2013;
- (iii) the Group's NTA was computed assuming that the Placement was completed on 31 December 2016; and
- (iv) the Group's EPS/LPS was computed assuming that the Placement was completed on 1 January 2016.

## 5.1 Share Capital

<b>Issued and Paid-up Share Capital</b>	<b>As at 31 December 2016</b>	<b>Immediately following issuance of the Placement Shares</b>
<b>Number of Shares</b>	373,717,184	461,220,620
<b>Share Capital (RMB'000)</b>	185,637	197,374

## 5.2 Net tangible assets ("NTA")

	<b>As at 31 December 2016</b>	<b>Immediately following issuance of the Placement Shares</b>
<b>NTA of the Group (RMB'000)</b>	71,891	83,628
<b>Number of Shares</b>	373,717,184	461,220,620
<b>NTA Per Share (RMB)</b>	0.19	0.18

## 5.3 Loss per Share ("LPS")

	<b>FY2016</b>	<b>Immediately following issuance of the Placement Shares</b>
<b>Net loss of the Company and its subsidiaries for FY2016 (RMB'000)</b>	(155,226)	(155,226)
<b>Weighted average number of Shares</b>	373,717,184	461,220,620
<b>Net loss per Share (RMB cents)</b>	(41.54)	(33.66)

## 6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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 above, there are no substantial shareholders in the Company who have any interest, direct or indirect, in relation to the Placement.

## **7. APPLICATION TO SGX-ST**

The Company will be submitting an application together with the conforming documents to the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST at the appropriate time. The Company will make the necessary announcements upon the receipt of the approval-in-principle from the SGX-ST for the listing and quotation of the Placement Shares on the Official List of the SGX-ST.

## **8. TRADING CAUTION**

Shareholders are advised to exercise caution in trading their Shares and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

## **9. RESPONSIBILITY STATEMENT**

The Directors (including those 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 Subscriber) 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 Subscriber) are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading. Where any information has been extracted or reproduced from published or otherwise publicly available sources or provided by the Subscriber and the Introducer, the sole responsibility of the Directors has been to ensure that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

## **BY ORDER OF THE BOARD**

**TING CHUN YUEN**  
**EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

22 May 2017