

# IPCO INTERNATIONAL LIMITED

(Company Registration No. 199202747M)  
Incorporated in the Republic of Singapore

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## PROPOSED PLACEMENT OF 1,060,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF IPCO INTERNATIONAL LIMITED (THE "PLACEMENT")

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### 1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of IPCO International Limited (the "**Company**") wishes to announce that the Company had on 10 November 2016 entered into a placement agreement (the "**Placement Agreement**") with each of Mr Koh William, Ms Lim Sok Peng, NJA Investments Ltd., Ms Woo Fong Eng and Rising Flame International Ltd (collectively, the "**Placees**" and each, a "**Placee**") pursuant to which the Company proposes to issue up to an aggregate of 1,060,000,000 new ordinary shares (the "**Shares**") in the capital of the Company (the "**Placement Shares**") at a placement price of S\$0.0018 per Placement Share (the "**Placement Price**").
- 1.2 The Placement Price of S\$0.0018 represents a discount of approximately 10% to the volume weighted average price of S\$0.002 for the trades done on the SGX-ST on 9 November 2016, being the last market day immediately preceding the date of the Placement Agreements on which Shares were traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").
- 1.3 The breakdown of the Placement Shares to be allotted and issued to each Placee is set out below:

Name of Placee	Number of Shares	Consideration (S\$)	% of existing issued share capital <sup>(1)</sup>	% of enlarged issued share capital <sup>(2)</sup>
Koh William <sup>(3)</sup>	60,000,000	108,000	1.13190	0.94327
Rising Flame International Ltd	205,000,000	369,000	3.86734	3.22287
Lim Sok Peng	265,000,000	477,000	4.99924	4.16614
NJA Investments Ltd.	265,000,000	477,000	4.99924	4.16614
Woo Fong Eng	265,000,000	477,000	4.99924	4.16614
<b>Total</b>	<b>1,060,000,000</b>	<b>1,908,000</b>	<b>19.9970</b>	<b>16.6646</b>

#### Notes:

- (1) Based on an existing issued and paid up share capital of the Company of 5,300,799,986 Shares (excluding treasury shares) as at the date of this announcement.
- (2) Based on an enlarged issued and paid up share capital of the Company of 6,360,799,986 Shares (excluding treasury shares) assuming the Placement Shares are fully allotted and issued and that no further Shares are issued on or prior to the completion of the Placement.

- (3) As at the date of this announcement, Koh William holds 5,647,765 Shares, representing approximately 0.1065% of the existing issued and paid up share capital of the Company. Upon completion of the Placement, Koh William will hold 65,647,765 Shares, representing approximately 1.0321% of the enlarged issued and paid up share capital of the Company (excluding treasury shares) assuming that no further Shares are issued on or prior to the completion of the Placement.
- 1.4 The Placement Shares when issued will rank in all respects *pari passu* with the existing issued shares and be free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto save that they will not rank for any dividend, rights, allotments or other distributions, the Record Date of which falls on or before the completion of the Placement. For the purposes of this announcement, "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of shares.
- 1.5 No placement agent has been appointed in respect of the proposed Placement. Therefore, no commission or referral fees will be paid to any party.

## 2. CONDITIONS PRECEDENT TO THE PLACEMENT

- 2.1 Completion of the Placement is conditional upon:
- (a) the listing and quotation notice from the SGX-ST for the Placement (the "**Listing Approval**") having been obtained (on terms and conditions acceptable to the Company and the Placees, each acting reasonably) and not being revoked or amended as at the completion date;
  - (b) any conditions attached to the Listing Approval which is required to be fulfilled on or before the completion date, having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST;
  - (c) the Company or the Placees not in breach of any of the undertakings and covenants given in the Placement Agreements as at the completion date, and if any of such undertakings and covenants are required to be fulfilled on or before the completion date, such undertakings and covenants shall have been fulfilled prior to completion date; and
  - (d) the Placement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreements by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Placees (including but not limited to the SGX-ST).
- 2.2 In respect of the condition precedent set out in paragraph 2.1(a) above, the Company will be submitting an additional listing application to the SGX-ST. The Company will make the necessary announcement once the Listing Approval has been obtained from the SGX-ST.
- 2.3 If the conditions set forth in the Subscription Agreement are not satisfied within six (6) weeks from the date of the Subscription Agreement (or such other date as may be mutually agreed between the parties), the Subscription Agreement shall terminate and the obligations of the Company to issue the Subscription Shares and the Subscriber to subscribe for the Subscription Shares shall *ipso facto* cease and determine thereafter.

## 3. RATIONALE FOR THE PLACEMENT

- 3.1 The Directors are of the opinion that after taking into consideration the present bank facilities, the working capital available to the Company and its subsidiaries (the "**Group**") is sufficient to meet its present requirements.

- 3.2 The Directors are further of the opinion that after taking into consideration the present bank facilities and Net Proceeds (as defined below) of the Placement, the working capital available to the Group is sufficient to meet its present requirements.
- 3.3 The Company is proposing to undertake the Placement as it will result in an injection of funds into the Company and the Company will be able to increase funds for its general corporate requirements and strengthen its general working capital in order to further expand existing business operations, undertake business development activities, including pursuing acquisition and joint venture opportunities as and when they arise.

#### **4. MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES**

- 4.1 The Placement Shares will be issued pursuant to the share issuance mandate approved by the shareholders of the Company (the “**General Mandate**”) at the annual general meeting of the Company (the “**AGM**”) held on 31 August 2016 for the Company to issue shares and convertible securities.
- 4.2 The General Mandate authorises the Directors to allot and issue new Shares (as defined below) up to an amount not exceeding in aggregate 50% of the total number of issued Shares (excluding treasury shares), of which the aggregate number of Shares to be issued other than on pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time the resolution approving the General Mandate is passed.
- 4.3 As at the date of the AGM on 31 August 2016, the total number of issued Shares (excluding treasury shares) in the capital of the Company (the “**Shares**”) was 5,300,799,986. As at the date of this announcement, the Company has not issued any new Shares pursuant to the General Mandate. Accordingly, the Company could issue up to 2,650,399,993 new Shares on a pro-rata basis and up to 1,060,159,997 new Shares on a non pro-rata basis under the General Mandate.
- 4.4 As at the date of this announcement, the aggregate of 1,060,000,000 Placement Shares, when allotted and issued in full, will represent approximately 19.9970% of the Company’s existing and paid-up capital of 5,300,799,986 Shares, and approximately 16.6646% of the enlarged issued and paid-up share capital of 6,360,799,986 Shares upon completion of the Placement (assuming that no further Shares are issued on or prior to the completion of the Placement). Accordingly, the proposed issuance of the Placement Shares to be issued will fall within the limit of the general mandate.

#### **5. FINANCIAL EFFECTS**

- 5.1 As at the date of this announcement, the issued and paid up capital of the Company is S\$264,227,043.25 divided into 5,300,799,986 Shares. When allotted and issued in full, the Placement will increase the existing issued and paid-up share capital of the Company by S\$1,908,000.00 to S\$266,135,043.25, divided into 6,360,799,986 Shares.
- 5.2 The financial effects of the Placement on the Group are prepared based on the audited accounts of the Group for the financial year ended 30 April 2016<sup>1</sup> and the following assumptions:

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<sup>1</sup> On 29 June 2016, the Company entered into a subscription agreement with Mr Thong Soon Seng in relation to his subscription for 200,000,000 Shares at the subscription price of S\$0.0027 per Shares for a cash consideration of S\$540,000 (the “**Subscription**”). Approval from the SGX-ST was obtained on 15 July 2016 and the Subscription was completed on 20 July 2016. The audited accounts of the Group for the financial year ended 30 April 2016 do not take into account the completion of the Subscription.

- (i) for purposes of computing the effect of the Placement on the net tangible asset (“**NTA**”) per Share of the Group, it is assumed that the Placement had been completed on 30 April 2016; and
- (ii) for purposes of computing the effect of the Placement on the equity per Share (the “**EPS**”) of the Group, it is assumed that the Placement had been completed on 1 May 2015.

5.3 It should be noted that the financial effects set out below are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group, after completion of the Placement.

	<b>Before the allotment and issue of the Placement Shares</b>	<b>After the allotment and issue of the Placement Shares</b>
Earnings attributable to Shareholders (S\$'000)	2,728	2,676
EPS (Singapore cents)	0.05	0.04
Weighted average number of Shares for calculating EPS	5,100,799,986	6,160,799,986
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NTA (S\$'000)	43,729	45,585
NTA per Share (Singapore cents)	0.86	0.74
Number of Shares for calculating NTA per Share	5,100,799,986	6,160,799,986

## 6. USE OF PROCEEDS

- 6.1 When allotted and issued in full, the estimated net proceeds from the Placement after deducting expenses incurred in connection with the Placement is expected to amount to approximately S\$1,856,000 (the “**Net Proceeds**”).
- 6.2 The Company intends to use the Net Proceeds from the Placement as follows:
- (a) approximately 54% of the Net Proceeds for general corporate requirements including but not limited to acquisition and funding of potential business opportunities, if any; and
  - (b) approximately 46% of the Net Proceeds for general working capital requirements.
- 6.3 The Company will make an announcement as to the use of the Net Proceeds from the Placement as and when such Net Proceeds from the Placement are materially disbursed and whether such use is in accordance with the stated use. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reason(s) for such deviation.
- 6.4 Pending the deployment of the Net Proceeds from the Placement, such Net Proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

## 7. INFORMATION ON THE PLACEEES

7.1 The details of the Placees are as follows:

No.	Name of Placee	Details on how Placee was identified	Rationale for the Placee's subscription of the Placement Shares and information on the Placee
1	Koh William	Introduced by Mr Goh Hin Calm, the Interim Chief Executive Officer of the Company ("CEO")	<p>Mr Koh is a private investor who has invested in the Placement for investment purposes.</p> <p>Mr Koh is the Chief Executive Officer and Director of ESA Electronics Pte Ltd and ESA Assembly Pte Ltd, subsidiaries of the Company. Mr Koh is also the co-founder of ESA Electronics Pte Ltd and ESA Assembly Pte Ltd.</p> <p>As at the date of this announcement, Mr Koh holds 5,647,765 Shares, representing approximately 0.1065% of the existing issued and paid up share capital of the Company.</p>
2	Lim Sok Peng	Introduced by Mr Goh Hin Calm, the Interim CEO	<p>Ms Lim is a private investor who has invested in the Placement for investment purposes.</p> <p>Ms Lim is the Admin and Operations Manager of C C Chay &amp; Associates Pte Ltd. Ms Lim is also the director for Chay Capital Investments Pte Ltd.</p>
3	NJA Investments Ltd.	Introduced by Mr Goh Hin Calm, the Interim CEO	<p>NJA Investments Ltd. is an investment holding company incorporated in the British Virgin Islands that has invested in the Placement for investment purposes.</p> <p>Mr U Kean Seng is the sole shareholder and beneficial owner and director of NJA Investments Ltd.</p>
4	Woo Fong Eng	Introduced by Mr Goh Hin Calm, the Interim CEO	<p>Ms Woo is a private investor who has invested in the Placement for investment purposes.</p> <p>Ms Woo is not related to any of the directors or substantial shareholders of the Company.</p>
5	Rising Flame International Ltd	Introduced by Mr Goh Hin Calm, the Interim CEO	<p>Rising Flame International Ltd is an investment holding company incorporated in the British Virgin Islands that has invested in the Placement for investment purposes.</p> <p>Mr Poon Seng Fatt is the sole shareholder and beneficial owner and director of Rising Flame International Ltd.</p>

7.2 No commission has been paid or is payable by the Company to anyone in relation to the Placement.

7.3 As at the date of this announcement, save for Mr Koh William, the Placees do not hold any shares, whether directly or indirectly, in the issued share capital of the Company.

7.4 As at the date of this announcement, save for Mr Koh William who is the Chief Executive Officer and director of ESA Electronics Pte Ltd and ESA Assembly Pte Ltd, the Placees are investors who do not have any connections (including business dealings) with the Company, its Directors and substantial shareholders. ESA Electronics Pte Ltd and ESA Assembly Pte Ltd are subsidiaries of the Company.

- 7.5 The Placees' subscription of the Placement Shares is for investment purposes only, and the Placees will not be holding the Placement Shares on trust or as a nominee. The Placees have no intention of influencing the management of or exercising control over the Company. Accordingly, the Placees do not intend to acquire additional shares in the Company such that each of their respective shareholding in the Company shall reach 15 per cent. or more of the enlarged issued and paid-up share capital of the Company.
- 7.6 None of the Placement Shares will be placed to any person or groups of as set out under Rule 812(1) of the Listing Manual of the SGX-ST (the "**Listing Rules**").
- 7.7 The Placement would not result in any transfer of controlling interest in the Company (without prior approval of shareholders in general meeting) as set out in Rule 803 of the Listing Rules.

## **8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save for their existing shareholding interests in the Company, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect in the Placement.

## **9. DIRECTORS' 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 the announcement has been extracted 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 the announcement in its proper form and context.

## **10. TRADING CAUTION**

**Shareholders are advised to exercise caution in trading their Shares. The Placement is subject to certain 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 terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors 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.**

### **By Order of the Board**

CARLSON CLARK SMITH  
EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER  
11 November 2016