



**ZAGRO ASIA LIMITED**  
**(Co Reg.: 199406784D)**  
(Incorporated in the Republic of Singapore)

**Directors:**

Mr Poh Beng Swee (*Chairman & Chief Executive Officer*)  
Mr Soo Kam Beng @ Soo Man Kheng (*Executive Director*)  
Dr Thomas Stunzi Zuellig (*Non-Independent Director*)  
Mr Chan Ying Lock (*Independent Director*)  
Dr Ngiam Tong Tau (*Independent Director*)

**Registered Office:**

Zagro Global Hub  
5 Woodlands Terrace  
#06-00  
Singapore 738430

26 March 2010

To: The Shareholders of Zagro Asia Limited

Dear Sir/Madam

**ADDENDUM RELATING TO PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**

**1. INTRODUCTION**

The purpose of this Addendum is to provide the shareholders of Zagro Asia Limited (the "Company") with the relevant information pertaining to the renewal of a general mandate that will enable the Company and its subsidiaries ("Zagro Group") to enter into transactions with the Gold Coin Group in compliance with Chapter 9 of the SGX-ST Listing Manual.

The approval of shareholders of the Company ("Shareholders") for the renewal of the general mandate for interested person transactions ("IPT Mandate") will be sought at the Fifteenth Annual General Meeting of the Company ("AGM") to be held at Zagro Global Hub, 5 Woodlands Terrace, #06-00, Singapore 738430 on 30 April 2010.

**Gold Coin Group**

Gold Coin Management Holdings Limited ("GCMH") is the investment holding company for the Gold Coin Group of companies. The Gold Coin Group is primarily engaged in the manufacture of animal, aquaculture and bio-technical feeds, and commodity trading. Skopini Limited ("SL") is a substantial shareholder of the Company. It owns equity interest of approximately 24.71% in the issued shares in the capital of the Company (as at 1 March 2010, date of Statistics of Shareholdings Report included in the 2009 Annual Report of the Company). The controlling shareholder of GCMH and SL is The Zuellig Group Incorporated.

In the ordinary course of the Zagro Group's business, its wholly owned subsidiaries, Zagro Singapore Pte Ltd ("ZSPL"), Zagro (Thailand) Limited ("ZTL") (formerly known as Fezagro Co., Ltd) and Zagro Chemicals Sdn Bhd ("ZCM") sell animal premixes to the Gold Coin Group. The Gold Coin Group, being an associate of SL, is deemed an interested person within the meaning of Chapter 9 of the SGX-ST Listing Manual. Accordingly, the transactions between the Zagro Group and the Gold Coin Group are deemed interested person transactions ("IPTs") within the meaning of Chapter 9 of the SGX-ST Listing Manual.

SL will abstain and has undertaken to ensure that its associates will abstain from voting on the IPT Mandate proposed to be passed at the AGM in respect of their shareholding interests in the Company.

**1.1 Background of existing Interested Person Transactions**

Pursuant to the then Chapter 9A of the previous listing manual of SGX-ST, the existing IPTs with the Gold Coin Group were disclosed in the Circular to Shareholders dated 14 June 1999 and the IPT Mandate was adopted by Shareholders at the fourth annual general meeting of the Company held on 30 June 1999.

Chapter 9A of the previous listing manual of SGX-ST has been replaced by Chapter 9 of the SGX-ST Listing Manual. Chapter 9 of the SGX-ST Listing Manual applies to transactions that a listed company or any of its subsidiaries or associated companies proposes to enter into with an interested person of the listed company. An "interested person" is defined to mean a director, chief executive officer or controlling shareholder of the listed issuer or an associate of any such director, chief executive officer or controlling shareholder.

Chapter 9 of the SGX-ST Listing Manual allows a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's "interested persons".

General information relating to Chapter 9 of the SGX-ST Listing Manual, including the meanings of terms such as "interested person", "associate", "associated company" and "controlling shareholder", are set out in Appendix I of this Addendum.

The general mandate was last renewed at the Company's fourteenth annual general meeting held on 30 April 2009, such renewal being expressed to take effect until the date of the forthcoming AGM. Accordingly, the directors of the Company ("Directors") propose that the IPT Mandate be renewed at the forthcoming AGM to be held on 30 April 2010.

The particulars of the IPTs in respect of the IPT Mandate sought to be renewed remain unchanged and are set out in this Addendum.

## 2. PROPOSED IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS

### 2.1 Information on the Zagro Group

The Zagro Group is primarily engaged in the formulation, sale and distribution of healthcare and nutrition products for animals and crops. The Zagro Group also distributes pharmaceutical raw materials for human healthcare and specialty chemicals for the manufacturing industry and provides laboratory services such as nutrients and active ingredients analyses for various products to third parties and related parties.

### 2.2 Scope of the IPT Mandate

The IPT Mandate will apply to transactions that are carried out or entered into by any one or more of the subsidiaries within the Zagro Group with companies within the Gold Coin Group (also known as "Interested Person" in this Addendum). The IPT Mandate will cover the sales of the Zagro Group's products to the Gold Coin Group.

### 2.3 Transactions with the Gold Coin Group

In the ordinary course of the Zagro Group's business, ZSPL, ZTL and ZCM sell animal premixes to companies within the Gold Coin Group. The sales of these animal premixes were based on specifications provided by the Gold Coin Group, on a case-by-case basis. The proportion of each ingredient in the premixes is customised to correspond with specifications set by the customers, in this case, the Gold Coin Group. The Zagro Group's sales of finished products to the Gold Coin Group are set out below.

	FY2009	FY2008	FY2007	FY2006
Sales to the Gold Coin Group (\$'000)	5,956	7,936	5,318	2,736
Percentage to the Zagro Group's total sales (%)	5.11	6.53	4.85	2.81

It is envisaged that the Zagro Group may from time to time sell animal premixes to the Gold Coin Group in the ordinary course of the Zagro Group's business activities. Such sales, if any, will be an additional source of revenue to the Zagro Group. The Zagro Group expects to continue to transact with the Gold Coin Group in the future as long as it is in the interests of the Zagro Group to do so.

### 2.4 Rationale for and Benefits of the IPT Mandate

It is envisaged that the Zagro Group and the Interested Person may enter into transactions with each other in the future in the ordinary course of the Zagro Group's business activities. Further, it is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

The Directors are of the view that it will be beneficial to the Zagro Group to transact or continue to transact with the Interested Person, especially since the transactions are to be entered into on normal commercial terms. With respect to sales to the Interested Person, such transactions will be an additional revenue source to the Zagro Group, on top of sales to unrelated third parties. These additional sales also enable the Zagro Group to make bulk purchases for raw materials from its suppliers, hence, increasing its bargaining power for raw materials procurement. With the anticipated saving arising from the bulk purchase, the Zagro Group will be in a better position to offer competitive quotes to all its customers in order to secure sales.

Due to the time-sensitive nature of these commercial transactions, the Company is seeking Shareholders' approval pursuant to Chapter 9 of the SGX-ST Listing Manual for the IPT Mandate to enable the Zagro Group to enter into transactions with the Interested Person, provided that such transactions are entered into in the Zagro Group's ordinary course of business and on normal commercial terms.

The IPT Mandate is intended to enhance the Zagro Group's ability to pursue business opportunities that are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the Zagro Group into such transactions. This will substantially reduce the costs associated with the convening of such general meetings from time to time, improve administrative efficacy, and allow resources and time to be focused towards other corporate and business opportunities.

The IPT Mandate will not cover a transaction that has a value of below \$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the SGX-ST Listing Manual would, in any event, do not apply to such a transaction. In addition, the transactions will not include the purchase or sale of assets, undertakings or businesses that are not in the Zagro Group's ordinary course of business.

The IPT Mandate is intended to facilitate transactions in the ordinary course of business of the Zagro Group which are transacted from time to time with the Interested Persons, provided they are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders.

If approved at the AGM, the IPT Mandate will take effect from the date of the passing of the IPT resolution proposed at the AGM and will continue to be in force until the next annual general meeting. The Company will seek the approval of Shareholders for the renewal of the IPT Mandate annually. The annual renewal of the IPT Mandate shall be subject to satisfactory review by the Audit Committee and advisers of the continued requirements of the IPT Mandate and the procedures for the transactions.

Pursuant to Rules 705, 907 and 920(1)(a) of the SGX-ST Listing Manual, the Company is required to:

- (a) disclose in the Company's annual report the aggregate value of transactions conducted pursuant to the IPT Mandate during the current financial year, as well as in the annual reports for the subsequent financial years during which the IPT Mandate is in force; and
- (b) announce the aggregate value of transactions conducted pursuant to the IPT Mandate during the first half-year and the full year, within the time period required for the announcements of the financial results of the Company and the Zagro Group.

The information to be disclosed will be presented in the following format:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial year under review, conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
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## 2.5 Review Procedures for the IPT Mandate

The following review procedures have been established by the Zagro Group to ensure that the IPTs are undertaken on an arm's length basis and on normal commercial terms with regard to the IPT Mandate:

- (a) The Audit Committee will review, on a half-yearly basis, all IPTs of S\$100,000 and above to ensure that they were transacted on normal commercial terms, that is, the IPTs had been transacted on terms and prices not more favourable to the Interested Person than if they were transacted with unrelated parties and that the Zagro Group was not disadvantaged in any way; and
- (b) In respect of sales or purchases contracts with the Interested Person, the pricing shall be:
  - (i) determined in accordance with the Company's or the Zagro Group's usual business practices and policies; and
  - (ii) consistent with the usual margin given or price received by the Zagro Group for the same or substantially similar type of transactions between the Zagro Group and unrelated third parties.

If during the periodic reviews by the Audit Committee, it is of the view that the established review procedures are not applied consistently to ensure that the IPTs will be transacted on normal commercial terms and on terms or conditions that would not be prejudicial to the interests of the Company and minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new review procedures.

In the event that a member of the Audit Committee (comprising Mr Chan Ying Lock (as Chairperson), Dr Thomas Stunzi Zuellig and Dr Ngiam Tong Tau) has an interest in any IPT, he will abstain from reviewing that particular transaction.

The Audit Committee will also review the internal controls relating to future IPTs of the Zagro Group. It will ensure that all disclosure requirements on IPTs, including those required by the Companies Act and Chapter 9 of the SGX-ST Listing Manual, are complied with and, if required by the Companies Act and Chapter 9 of the SGX-ST Listing Manual, the Company will seek Shareholders' approval for such transactions.

### 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The details of the Directors' and/or substantial Shareholders' interests in the shares of the Company as at 1 March 2010 are set out below:

	Direct Interest		Indirect Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Directors</b>						
Mr Poh Beng Swee <sup>(1)</sup>	79,718,000	30.83	31,348,000	12.12	111,066,000	42.95
Mr Soo Kam Beng @ Soo Man Kheng	1,100,000	0.43	-	-	1,100,000	0.43
<b>Substantial Shareholders (other than Directors)</b>						
Skopini Limited	-	-	63,904,000	24.71	63,904,000	24.71
Ms Soh Dolly <sup>(2)</sup>	16,348,000	6.32	15,000,000	5.80	31,348,000	12.12
The Zuellig Group Limited <sup>(3)</sup>	-	-	63,904,000	24.71	63,904,000	24.71

Note:

- (1) Mr Poh Beng Swee is deemed to be interested in the 16,348,000 shares held by his spouse, Ms Soh Dolly, and in the 15,000,000 shares held by PohConnect Holdings Pte Ltd, a company in which he controls not less than 20% of the voting shares.
- (2) Ms Soh Dolly is deemed to be interested in the 15,000,000 shares held by PohConnect Holdings Pte Ltd, a company in which she controls not less than 20% of the voting shares.
- (3) The Zuellig Group Incorporated is deemed interested in the 63,904,000 shares held by Skopini Limited, a 100% owned subsidiary of The Zuellig Group Incorporated.

Save as disclosed above, the Directors and substantial Shareholders do not have any interest, whether direct or indirect, in the Company.

### 4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the terms of the proposed IPT Mandate and is satisfied that the review procedures for the IPTs and the reviews to be made periodically by the Audit Committee in relation thereto, are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders. The Audit Committee confirmed that the methods and procedures for determining transactions prices of the IPTs have not changed since the last shareholders' approval.

If during the periodic reviews by the Audit Committee, it is of the view that the established review procedures are no longer appropriate or adequate to ensure that the IPTs will be transacted on normal commercial terms and on terms or conditions that would not be prejudicial to the interests of the Company and minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new review procedures.

### 5. DIRECTORS' RECOMMENDATION

Having fully considered the rationale set out on page 2 and 3 of this Addendum for the IPT Mandate, the Directors (save for Dr Thomas Stunzi Zuellig who has abstained from making any recommendation) believe that the IPT Mandate is in the interests of the Company and recommend that Shareholders vote in favour of the IPT Mandate as set out in the Notice of AGM enclosed in the 2009 Annual Report of the Company.

The Independent Directors of the Company are of the opinion that the IPT Mandate is transacted on normal commercial terms and on terms or conditions that would not be prejudicial to the interests of the Company and minority Shareholders. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution relating to the renewal of IPT Mandate as set out in the Notice of AGM enclosed in the 2008 Annual Report of the Company.

**6. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote on their behalf should sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at Zagro Global Hub, 5 Woodlands Terrace, #06-00, Singapore 738430, not later than 48 hours before the time fixed for the AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the meeting if he wishes to do so.

By virtue of the relationship SL has with the Interested Person, SL will abstain and has undertaken to ensure that its associates will abstain from voting at the AGM in respect of their shareholding interests in the Company.

**7. ANNUAL GENERAL MEETING**

The AGM, notice of which is set out in the 2009 Annual Report, will be held at Zagro Global Hub, 5 Woodlands Terrace, #06-00, Singapore 738430, on 30 April 2010 at 11.00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the resolution relating to the renewal of IPT Mandate at the AGM.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, there are no other material facts the omission of which would make any statement in this Addendum misleading.

Yours faithfully  
For and on behalf of  
The Board of Directors

**Mr Poh Beng Swee**  
Chairman and Chief Executive Officer  
Zagro Asia Limited

## GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE SGX-ST LISTING MANUAL

### Scope

Chapter 9 of the SGX-ST Listing Manual applies to transactions which a listed company or any of its subsidiaries (other than a subsidiary that is listed on an approved stock exchange) or associated companies (other than an associated company that is listed on an approved stock exchange or over which the listed group and/or its interested person(s) has no control) propose to enter into with a counter-party who is an interested person of the listed company.

### Definitions

An “*interested person*” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

An “*associate*” includes an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent) of such director, chief executive officer or controlling shareholder, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more.

An “*associated company*” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.

A “*controlling shareholder*” means a person who holds (directly or indirectly) 15% or more of the nominal amount of all voting shares in the listed company or one who in fact exercises control over the listed company.

### General Requirements

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9 of the SGX-ST Listing Manual, immediate announcement, or, immediate announcement and shareholders’ approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company’s latest audited consolidated NTA), are reached or exceeded. In particular, shareholders’ approval is required where:

- (a) the value of such transaction when aggregated with the values of all other transactions previously entered into with the same interested person in the same financial year of the listed company is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company; or
- (b) the value of such transaction is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company.

### General Mandate

A listed company may seek a general mandate from its shareholders for recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials but not in respect of the purchase or sale of assets, undertakings or businesses.

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