

JEP HOLDINGS LTD.

(Incorporated in the Republic of Singapore on 12 March 1994)
(Company Registration No.: 199401749E)

**THE PROPOSED PURCHASE OF MACHINERY FROM AN INTERESTED PERSON UNDER
CHAPTER 9 OF THE CATALIST RULES**

1. INTRODUCTION

The board of directors (the “**Board**”) of JEP Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Group proposes to purchase an aggregate of up to 16 units of computer numerical control machines (“**CNC Machines**” or the “**Machinery**”) from UMS Holdings Limited and its subsidiaries (“**UMS**” and together with its subsidiaries, the “**UMS Group**”), for an aggregate consideration of not more than S\$4.36 million (the “**Estimated Maximum Consideration**”) (the “**Proposed Acquisition**”).

UMS is a Controlling Shareholder (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Section B: Rules of Catalist (“**Catalist Rules**”)) and accordingly, assuming that the aggregate consideration for the Proposed Acquisition is the Estimated Maximum Consideration, the Proposed Acquisition will constitute (i) an interested person transaction as defined under Chapter 9 of the Catalist Rules, which value exceeds 5% of the latest consolidated audited net tangible assets (“**NTA**”) of the Group; and (ii) a discloseable transaction under Chapter 10 of the Catalist Rules.

Accordingly, the Proposed Acquisition is subject to the approval of Shareholders under Rule 906 of the Catalist Rules by way of an ordinary resolution. The Company will be seeking the approval of its shareholders (“**Shareholders**”) for the Proposed Acquisition at an extraordinary general meeting (“**EGM**”) to be convened.

2. INFORMATION RELATING TO THE PROPOSED ACQUISITION

2.1 Information on the UMS Group

In January 2018, UMS became a Controlling Shareholder of the Company. As at the date of this announcement, UMS directly holds 111,748,275 Shares representing approximately 27.89% of the Company’s issued and paid up share capital (excluding treasury shares). As a Controlling Shareholder, UMS is deemed as an “interested person” within the meaning of Chapter 9 of the Catalist Rules and transactions between the Group and the UMS Group are deemed interested person transactions within the meaning of Chapter 9 of the Catalist Rules.

The UMS Group is principally engaged in the business of providing equipment manufacturing and engineering services to original equipment manufacturers of semiconductors and related products.

2.2 Details of the Proposed Acquisition

Background

As part of the Proposed Acquisition, the Company has presently identified 4 units of CNC Machines (“**Initial Batch of Machinery**”) to be acquired from UMS Group and is contemplating further potential purchases of up to another 12 units of machinery (“**Future Batches of Machinery**”) from the UMS Group in the future, reasons for which are further disclosed in Section 2.3.

For the Initial Batch of Machinery, the Company had commissioned an independent valuer, Hilco Appraisal Singapore Pte Ltd, which had, based on its valuation report (“**Valuation Report**”) determined the market valuation of the Initial Batch of Machinery to be S\$1.36 million as at 4 March 2019. Accordingly, the purchase consideration for the Initial Batch of Machinery will not be more than the market valuation of S\$1.36 million (“**Maximum Initial Consideration**”).

The actual units of the Future Batches of Machinery have yet to be finalised and hence the exact consideration cannot be determined currently as it will also depend on further valuation exercises to be conducted. The Company has estimated that the potential aggregate consideration for such Future Batches of Machinery to be not more than S\$3.00 million (“**Maximum Future Consideration**”). Accordingly, the total purchase consideration of the 16 units of Machinery from UMS Group is estimated to be not more than S\$4.36 million, being the Estimated Maximum Consideration.

The Machinery shall be utilised by the Group in its ordinary course of business. Subject to the approval of Shareholders for the Proposed Acquisition, the Group shall issue a purchase order (“**Purchase Order**”) for each separate batch of Machinery to be purchased by the Company.

Salient Terms of the Proposed Acquisition

Each Purchase Order shall set out, *inter alia*, (i) the details of the Machinery including the number of units of CNC Machines to be purchased; (ii) purchase price of each respective unit of CNC Machine; (iii) payment and delivery dates; and (iv) the independent market valuation of the Machinery to be purchased.

The authority conferred by the ordinary resolution in respect of the Proposed Acquisition shall expire on the earlier of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held; or
- (ii) the date on which the purchases of the Machinery by the Company pursuant to the Proposed Acquisition are carried out to the full extent mandated,

unless varied or revoked by the Company in general meeting.

Save as set out above, there are no other salient terms for the Proposed Acquisition.

Proposed Acquisition to be effected in batches

The Proposed Acquisition will be effected in batches. As disclosed above, the Group will issue a Purchase Order for each batch of Machinery to be purchased. The Company will make an announcement whenever a Purchase Order is issued.

2.3 Rationale for the Proposed Acquisition

The Company has budgeted for capital investment and intends to purchase the Initial Batch of Machinery to replace the existing old machinery for the Group's existing business operations in Singapore, and the Future Batches of Machinery for the Group's future expansion of its business operations and further replacement of existing old machinery for the Group's existing business operations in Singapore, where necessary. The purchase of Machinery is also expected to increase the Group's capacity in its precision machining and engineering services business.

The Proposed Acquisition will allow the Group to purchase used machinery which are well-maintained, at a lower cost as compared to purchasing similar new machinery from unrelated third parties.

The Board is of the opinion that the Proposed Acquisition will enable the Group to enjoy immediate benefits as the Machinery have been well-maintained and are in good condition, ready for immediate use and production runs.

3. CONSIDERATION FOR THE PROPOSED ACQUISITION

As disclosed in Section 2.2 above, the Estimated Maximum Consideration for the Proposed Acquisition is S\$4.36 million which shall be satisfied entirely by the Company in cash. The Estimated Maximum Consideration takes into consideration the open market value of the Initial Batch of Machinery of S\$1.36 million based on the Valuation Report, and assuming that the value of the Future Batches of Machinery, which shall depend on further valuation exercises to be conducted, does not exceed S\$3.00 million, being the Maximum Future Consideration.

The Company intends to utilise its internal resources and external bank borrowings to satisfy the Consideration.

There are no net profits attributable to the Machinery being acquired.

4. INTERESTED PERSON TRANSACTION

UMS, as a Controlling Shareholder of the Company, is deemed as an interested person within the meaning of Chapter 9 of the Catalist Rules and transactions between the Group and the UMS Group are deemed interested person transactions within the meaning of Chapter 9 of the Catalist Rules.

Rule 906 of the Catalist Rules provides that shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) five per cent. (5%) of the listed group's latest audited consolidated NTA; or
- (b) five per cent. (5%) of the listed group's latest audited consolidated NTA, when aggregated with the values of other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

Based on the Company's latest audited NTA for the financial year ended 31 December 2018 ("FY2018"), the value of the Proposed Acquisition which is the Estimated Maximum Consideration which amounts to S\$4.36 million constitutes approximately 12.7% of the Group's latest audited NTA of S\$34.26 million for FY2018.

As the value of such consideration exceeds the financial threshold prescribed under Rule 906 of the Catalist Rules, being 5% of the latest audited NTA of the Group for FY2018, Shareholders' approval of the Proposed Acquisition is required pursuant to Rule 906(1)(a) of the Catalist Rules.

For the avoidance of doubt, in the event that the Company proposes to purchase more than the aggregate of up to 16 units of Machinery under the Proposed Acquisition or if the final consideration for the purchase of Machinery based on future valuation reports exceeds the Estimated Maximum Consideration, separate approval will be sought from Shareholders as may be appropriate prior to purchase.

5. CURRENT TOTAL OF INTERESTED PERSON TRANSACTIONS

As at the date of this announcement, the total value of all interested person transactions entered into by the Group with the UMS Group (excluding all transactions which are less than S\$100,000) for the financial year ending 31 December 2019 is approximately S\$562,448.

As at the date of this announcement, the total value of all interested person transactions entered into by the Group (excluding all transactions which are less than S\$100,000) and for the financial year ending 31 December 2019 is approximately S\$562,448.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition and based on latest audited consolidated financial statements of the Group for FY2018 are as follows:

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|-----|--|---------------------|
| (a) | The net asset value (" NAV ") of the assets to be disposed of, compared with the Group's NAV. | N.A. ⁽¹⁾ |
| (b) | The net profits attributable to the assets disposed of, compared with the Group's net profits. | N.A. ⁽²⁾ |
| (c) | The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares. | 7.3% ⁽³⁾ |
| (d) | The number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued. | N.A. ⁽⁴⁾ |
| (e) | The aggregate volume or amount of proved and probable reserves to be disposed of compared with the aggregate of the group's proved probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | N.A. ⁽⁵⁾ |

Notes:

- (1) Not applicable. There are no assets being disposed of in the Proposed Acquisition.
- (2) Not applicable. There are no net profits attributable to the Machinery to be purchased.
- (3) Based on the Estimated Maximum Consideration of S\$4.36 million and the market capitalisation of the Company of approximately S\$59.7 million as at the date of this announcement.
- (4) Not applicable. No equity securities are proposed to be issued as consideration.
- (5) Not applicable. The Company is not a mineral, oil and gas company.

As the applicable figures computed under Rule 1006(c) of the Catalist Rules exceeds 5% but is less than 75%, the Proposed Acquisition constitutes a “discloseable transaction” under Rule 1010 of the Catalist Rules.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial figures set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial performance of the Group after the Proposed Acquisition. No representation is made as to the actual financial position and/or results of the Group after the completion of the Proposed Acquisition.

The following financial effects of the Proposed Acquisition are computed based on the latest audited consolidated financial statements of the Group for FY2018 and the following bases and assumptions:

- (a) the financial effect on the NTA per Share is computed based on the assumption that the Proposed Acquisition was completed on 31 December 2018; and
- (b) the financial effect on the Earnings per Share (“EPS”) is computed based on the assumption that the Proposed Acquisition was completed on 1 January 2018.

NTA per Share

	Before Proposed Acquisition	After Proposed Acquisition
NTA (S\$'000)	34,258	33,828
Number of issued Shares	396,256,066	396,256,066
NTA per Share (cents)	8.65	8.54

EPS

	Before Proposed Acquisition	After Proposed Acquisition
Profit attributable to equity holders of the Company(S\$'000)	2,193	1,828
Weighted average number of issued Shares	379,346,652	379,346,652
EPS (cents)	0.58	0.48

8. INDEPENDENT FINANCIAL ADVISER

Provenance Capital Pte. Ltd. has been appointed as the Independent Financial Adviser (“IFA”) to the Directors who are considered independent for the purposes of the Proposed Acquisition (being Mr Zee Hoong Huay and all the Independent Directors of the Company) to, *inter alia*, opine on whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

9. AUDIT COMMITTEE STATEMENT

The members of the Audit Committee are independent for the purposes of the Proposed Acquisition as an interested person transaction.

The Audit Committee will be obtaining an opinion from the IFA before forming its view on the Proposed Acquisition as an interested person transaction.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Wong Gang, the Lead Independent Director of the Company, is a partner at Shook Lin & Bok LLP, which is the law firm advising on the Proposed Acquisition.

Save as disclosed above, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than through their shareholdings in the Company).

11. DIRECTORS’ SERVICE CONTRACTS

No director is proposed to be appointed to the Company in connection with the Proposed Acquisition.

12. 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 Proposed Acquisition, 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 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. FURTHER ANNOUNCEMENTS

The Company will make subsequent announcements to update Shareholders when there are material as may be necessary or appropriate.

14. CIRCULAR TO SHAREHOLDERS

A circular to Shareholders setting out, *inter alia*, further information on the Proposed Acquisition, together with the notice of EGM to be convened, will be despatched to shareholders in due course

By Order of the Board

Zee Hoong Huay
Executive Director

For and on behalf of the Board of Directors of
JEP Holdings Ltd.

Date: 26 March 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by 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.

The details of the contact person for the Sponsor are:

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