



JASON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201119167Z)

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF HANSIN TIMBER SPECIALIST AND TRADING PTE. LTD.

1. INTRODUCTION

The board of directors (the “**Directors**” or the “**Board**”) of Jason Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 29 June 2015 entered into a non-binding memorandum of understanding (“**MOU**”) with Tan Tee Meng and Heng Soon Miang (collectively, the “**Vendors**”, and each a “**Vendor**”) in respect of the Company’s potential acquisition of 2,000,000 ordinary shares (the “**Target Shares**”) representing the entire issued share capital of Hansin Timber Specialist and Trading Pte. Ltd. (the “**Target Company**”) from the Vendors (the “**Proposed Acquisition**”).

The Company and the Vendors shall each be known as a “**Party**” and collectively, the “**Parties**”.

2. INFORMATION ON THE TARGET COMPANY

The Target Company, a private company incorporated in Singapore on 3 June 2014, is a timber flooring specialist and is principally engaged in the supply and installation of timber products. The Target Company is one of the market leaders in the timber flooring industry in Singapore and is currently involved in a number of residential property development projects in Singapore including Sky Habitat and Thomson Grand.

As at the date of this announcement, the Target Company has an issued share capital of S\$2,000,000 comprising the Target Shares. The Vendors are the directors and shareholders of the Target Company, holding the Target Shares in equal proportions.

As at the date of this announcement, save for Tan Tee Meng who holds 10,000 ordinary shares in the capital of the Company, the Vendors do not have any shareholding interests (direct or indirect) in the Company, and are not related to any of the Company’s substantial shareholders or Directors, or their respective associates.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Board believes that the Proposed Acquisition would be a horizontal expansion of the Company’s business, and create meaningful synergies between the principal activities of the Company and the Target Company. In particular, the Proposed Acquisition may allow the sharing of complementary skills, advertising, marketing and sales channels, technologies and management expertise. In turn, the Proposed

JASON HOLDINGS LIMITED

Co. Reg. No. 201119167Z

16 Tampines St 92 JP Building Singapore 528873

Tel: (65) 6783 2727 Fax: (65) 6782 2727

Website: www.jasonparquet.com Email: info@jasonparquet.com

Acquisition may achieve greater economies of scale in areas such as production procedure and research & development.

4. PURCHASE CONSIDERATION

The total purchase consideration payable by the Company to the Vendors for the Target Shares ("**Purchase Consideration**") will be up to S\$12.0 million, subject to such adjustments as may be required based on the outcome of the due diligence exercise to be conducted by the Company on the Target Company.

The Purchase Consideration will comprise:

- (a) an initial consideration of S\$4.0 million, payable on completion ("**Completion Consideration**"); and
- (b) a potential earn-out consideration of up to S\$8.0 million if the Target Company achieves certain financial thresholds during the earn-out periods ("**Earn-Out Consideration**").

The earn-out arrangement is subject to further negotiations by the Parties and the agreed terms will be set out in the definitive sale and purchase agreement to be entered into by the Parties ("**Sale and Purchase Agreement**").

The Completion Consideration will be satisfied as follows:

- (a) S\$2.0 million in cash; and
- (b) S\$2.0 million by way of the allotment and issuance by the Company to the Vendors (or their nominees, if any) of an aggregate of 3,333,332 new ordinary shares in the capital of the Company ("**Consideration Shares**"), credited as fully paid, at an issue price of S\$0.60 for each Consideration Share.

The Earn-Out Consideration will be satisfied as follows:

- (a) up to S\$2.0 million in cash; and
- (b) up to S\$6.0 million by way of the allotment and issuance by the Company to the Vendors (or their nominees, if any) of up to an aggregate of 10,000,000 new ordinary shares in the capital of the Company ("**Earn-Out Consideration Shares**"), credited as fully paid, at an issue price of S\$0.60 for each Earn-Out Consideration Share.

5. SALIENT TERMS OF THE MOU

5.1 Conditions Precedent

The conditions precedent to the Proposed Acquisition, to be set out in the Sale and Purchase Agreement, shall include (but not limited to) the following:

- (a) the completion by the Company of the legal, financial, operational, tax and other due diligence on the affairs of the Target Company and the results of

such due diligence being satisfactory in the reasonable opinion of the Company;

- (b) if required, the passing of a resolution by the shareholders of the Company approving the transactions contemplated by the Sale and Purchase Agreement, including the approval for the allotment and issuance of the Consideration Shares and the Earn-Out Consideration Shares to the Vendors;
- (c) the receipt by the Company of a report from an independent auditor appointed by the Company which sets out the audited net tangible assets of the Target Company to be no less than S\$4.0 million as at 30 June 2015;
- (d) the receipt of a listing and quotation notice from the SGX-ST for the listing of and quotation for the Consideration Shares and the Earn-Out Consideration Shares on Catalist on terms (if any) acceptable to the Company (and such approval not being revoked or repealed on or before the completion of the Proposed Acquisition);
- (e) the Vendors and the Company having obtained all third party consents and approvals as may be necessary in connection with the transactions contemplated by the Sale and Purchase Agreement, and where any such third party consents and approvals are subject to conditions, such conditions being satisfactory to the Parties in their reasonable discretion and being in full force and effect and not having been withdrawn, suspended, amended or revoked, on or before the completion of the Proposed Acquisition;
- (f) the execution of a service agreement between Tan Tee Meng and the Target Company on such terms acceptable to the Company; and
- (g) there having been no material adverse change to the business, operations, assets, financial condition, turnover or prospects of the Target Company.

5.2 Further Action

The Parties intend and shall use all reasonable endeavours to enter into the Sale and Purchase Agreement as soon as possible and in any event within six (6) months from the date of the MOU (or such later date as the Parties may agree) ("**Proposed Date**").

5.3 Exclusivity

Each Party agrees that, prior to the Proposed Date, other than with the other Parties or their respective advisers, it will not engage in any discussions, negotiations or correspondence, or solicit, entertain or enter into any understanding or agreement with any third party regarding the Target Company or its assets, and in particular, the Proposed Acquisition or other transactions which will be in conflict with or jeopardise the Proposed Acquisition, without the prior written consent of the other Parties.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings in the Company (if any).

7. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) as appropriate when there are material developments to the Proposed Acquisition.

8. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in dealing or trading in the shares of the Company as there is no certainty or assurance as at the date of this announcement that (i) the Sale and Purchase Agreement will be entered into; (ii) the final terms of the Sale and Purchase Agreement will not change from those set out in the MOU; or (iii) the Proposed Acquisition will be completed. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

ON BEHALF OF THE BOARD
JASON HOLDINGS LIMITED

Jason Sim Chon Ang
Executive Chairman and CEO
29 June 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd. for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Canaccord Genuity Singapore Pte. Ltd. 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 contact person for the Sponsor is Ms Goh Mei Xian, Deputy Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.