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

UPDATE ON REVIEW BY SPECIAL COMMITTEE

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1. INTRODUCTION

Reference is made to the announcement dated 14 January 2016 ("**14 January 2016 Announcement**") made by Jason Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") in relation to, *inter alia*, the commissioning of a special independent committee (including but not limited to members of the Audit Committee) ("**Special Committee**") to review in detail the findings of the internal audit report received by the Audit Committee on 6 January 2016 by the internal auditors of the Company covering the six-month period ended 30 June 2015 (the "**IA Report**") as well as to conduct a comprehensive review and assessment of the cash flow projections for the Group in the next 12 months.

2. CONSTITUTION OF SPECIAL COMMITTEE AND APPOINTMENT OF PROFESSIONALS

2.1 Further to the 14 January 2016 Announcement, the board of directors (the "**Board**" or "**Directors**") of the Company constituted a Special Committee, comprising Mr. Lim Chwee Kim (Non-Executive Director and Chairman), Mr. Wui Heck Koon (Lead Independent Director), Mr. Karam Singh Parmar (Independent Director) and Mr. Tan Lai Heng (Independent Director).

2.2 The Special Committee met to review the details of the IA Report which was issued on 4 January 2016 and decided to appoint Ernst & Young Advisory Pte. Ltd. ("**EY**") to perform a review of the findings of the IA Report and also conduct an assessment into certain account balances of the Income Statement and Balance Sheet of, the principal operating subsidiary of the Company, Jason Parquet Specialist (Singapore) Pte Ltd ("**JPS**") for the financial year ended 31 December 2015; and Ernst & Young Solutions LLP to provide financial advisory services.

2.3 EY completed their review recently after going through a Maxwellisation exercise with certain individuals from JPS on their findings.

3. SALIENT FINDINGS OF EY REPORT

3.1 The report by EY dated 24 May 2016 (the "**EY Report**") highlighted potential breaches of fiduciary duties in the management and the administration of JPS.

3.2 The salient findings of the EY Report are set out below:

(a) Certain deposits and prepayments to other parties were made by JPS using trust receipts obtained from banks without underlying goods to support the same;

(b) Accounts receivable financing from different banks was obtained using progress claims with identical work descriptions and values at different times;

(c) Proper agreement and/or documentation were not maintained to govern the terms of payments made by JPS to various overseas parties;

(d) There were discrepancies between the physical quantity of inventories and the records in the accounting system, and there was inadequate documentation to support the writing-off of inventories and full physical stock counts were not conducted in recent years; and

(e) JPS paid for the instalments for the hire purchase of a motor vehicle registered in the name of the spouse of Mr. Jason Sim Chon Ang (**"Jason Sim"**), our Executive Director and Chief Executive Officer (**"CEO"**), and when the motor vehicle was reported to be stolen in October 2014, the balance insurance proceeds were not returned to JPS after repayment of the hire purchase amount outstanding.

3.3 A copy of the Executive Summary of the EY Report is attached in the appendix hereto.

3.4 The Special Committee has sought legal advice on the legal implications of the findings in the EY Report and the preliminary assessment of the legal counsel is as follows:

(a) Breach of director's duties

A director owes fiduciary duties to a company to act bona fide in the interests of the company, and common law and statutory duties to act honestly, with due care and reasonable diligence under sections 157(1) and (3)(b) of the Companies Act (Chapter 50 of Singapore) ("**CA**"). A director shall at all times act honestly and use reasonable diligence in the discharge of his duties.

In this regard, it would appear from the EY Report that the directors of JPS may have breached their fiduciary duties in the management and administration of JPS.

(b) Breach of the Companies Act

Under section 156 CA, a director who is in any way, directly or indirectly, interested in a transaction or proposed transaction with the company shall as soon as is practicable after the facts have come to his knowledge, declare the nature of his interest to the Board.

It would appear from the EY Report that Jason Sim as a director of the Company and JPS may have an interest in some of the transactions involving these entities but have not disclosed his interests in such transactions, thereby amounting to a breach of the above provision in the CA.

3.5 Based on a preliminary review of the findings in the EY Report, the Company's sponsor (**"Sponsor"**), Canaccord Genuity Singapore Pte. Ltd., is of the view that it would appear that certain (i) rules in Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and (ii) guidelines and principles of the Code of Corporate Governance 2012 may have been breached. The Sponsor has informed the Company on this matter.

3.6 This Announcement should be read in conjunction with the full text of the Executive Summary of the EY Report.

4. MANAGEMENT OF GROUP'S AFFAIRS

4.1 The Special Committee, having carefully considered the EY Report and the potential breaches highlighted by the legal counsel and the Sponsor, has resolved to implement the following measures to safeguard the interests and assets of the Group and protect the interests of minority shareholders of the Company:

(a) suspend Jason Sim from his position as CEO of the Group. Following such suspension, Jason Sim shall remain a non-executive director of the Company but will not perform any executive functions;

(b) suspend New Sze Wei from his key executive position as Operations Director of the Group. Following such suspension, New Sze Wei will not perform any executive functions; and

(c) look into the appointment of an interim CEO ("**Interim CEO**"). The duty of the Interim CEO shall be to supervise the day-to-day operations of the Group, safeguard the Group's assets and to facilitate any investigation into the affairs of the Group. The Interim CEO shall report directly to the Special Committee and shall report any irregularities to the Special Committee and the Board.

4.2 Depending on the outcome of any investigations and operational needs of the Group, and in consultation with the Sponsor and other professionals, the Board or the Special Committee may make further changes to the group management structure, take further actions as are necessary and / or refer the matter to the relevant authorities, if necessary. The Company will continue to make announcements as and when appropriate to update its shareholders accordingly.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. The Company will make the necessary announcements when there are material developments on this matter. Shareholders of the Company and potential investors are advised to read all announcements by the Company carefully and to consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE SPECIAL COMMITTEE
JASON HOLDINGS LIMITED

Lim Chwee Kim
Non-Executive Director and Chairman

24 May 2016

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*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**").*

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.

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