



(Incorporated in the Republic of Singapore on 12 March 1994)
(Company Registration Number: 199401749E)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE

1. INTRODUCTION

The Board of Directors of JEP Holdings Ltd. (the "**Company**") wishes to announce that the Company proposes to undertake a renounceable non-underwritten rights cum warrants issue (the "**Rights cum Warrants Issue**") of up to 786,729,949 new ordinary shares in the capital of the Company, comprising up to 524,486,633 new ordinary shares (the "**Rights Shares**") and up to 262,243,316 free detachable warrants (the "**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share ("**New Share**").

2. PROPOSED PRINCIPAL TERMS OF RIGHTS CUM WARRANTS ISSUE

The Rights cum Warrants Issue is proposed to be offered on a renounceable basis to all shareholders of the Company (the "**Shareholders**") who are eligible to participate in the Rights cum Warrants Issue (the "**Entitled Shareholders**"), at the issue price of S\$0.020 for each Rights Share (the "**Issue Price**"), on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company ("**Shares**") held by Entitled Shareholders as at a books closure date to be determined by the Directors for the purposes of determining Shareholders' entitlements under the Rights cum Warrants Issue (the "**Books Closure Date**"), and one (1) Warrant for every two (2) Rights Shares subscribed for, at an exercise price of S\$0.020 for each New Share ("**Exercise Price**"), fractional entitlements to be disregarded.

As the Company had obtained a general share issue mandate at an annual general meeting held on 26 April 2016 and the Company intends to issue the Rights Shares with Warrants pursuant to such general share issue mandate, no further Shareholders' approval is required for the Rights cum Warrants Issue and the issue of the Rights Shares with Warrants.

Based on the issued and paid-up share capital of the Company of 1,048,973,266 Shares as at the date of this announcement ("**Existing Share Capital**"), up to 524,486,633 Rights Shares and up to 262,243,316 Warrants may be issued pursuant to the Rights cum Warrants Issue, assuming that no new Shares and convertibles are issued by the Company before the Books Closure Date and that the Rights cum Warrants Issue is fully subscribed.

The Rights Shares are payable in full upon acceptance and/or application and the Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares. For the purposes of this announcement, "**Record Date**" shall mean in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or with The Central Depository (Pte) Limited ("**CDP**") in order to participate in such dividends, rights, allotments or other distributions.

The Issue Price represents a discount of approximately 28% to the closing price of S\$0.028 per Share on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Catalist on 10 October 2016, being the market day immediately preceding the date of this announcement.

The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form and will be listed and traded separately on the SGX-ST Catalist under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on the SGX-ST Catalist, subject to, amongst others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

Each Warrant will, subject to the terms and conditions governing the Warrants to be set out in an instrument by way of a deed poll (the “**Deed Poll**”), carry the right to subscribe for one (1) New Share at the Exercise Price at any time during the period commencing on the date of issue of the Warrants and ending on the day immediately preceding the third (3rd) anniversary of the date of issue of the Warrants (the “**Exercise Period**”). Warrants that remain unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances to be provided for in the Deed Poll and appropriate announcements on the adjustments will be made by the Company. Such circumstances include without limitation, consolidation or subdivision of shares, capitalisation issues, rights issues and certain capital distributions. The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which is before the date of exercise of the Warrants.

The Exercise Price represents a discount of approximately 28% to the closing price of S\$0.028 per Share on the SGX-ST Catalist on 10 October 2016, being the market day immediately preceding the date of this announcement.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights cum Warrants Issue will be set out in the offer information statement in connection with the Rights cum Warrants Issue (the “**Offer Information Statement**”) to be lodged by the Company with the SGX-ST (acting as agent on behalf of the Monetary Authority of Singapore) on the SGX-ST’s Catalodge, and despatched to Entitled Shareholders in due course.

3. IRREVOCABLE UNDERTAKINGS

To show their support for the Rights cum Warrants Issue and to demonstrate their commitment to and confidence in the prospects of the Company, each of Mr. Adam Lau Fook Hoong @ Joe Lau (the Company’s Executive Chairman and Chief Executive Officer) and Mr. Zee Hoong Huay (the Company’s Executive Director) (collectively, the “**Undertaking Shareholders**”) will be providing an irrevocable undertaking to the Company that each of them will, *inter alia*, subscribe and pay and/or procure subscriptions and payments in full for the number of Rights Shares as described below.

As at the date hereof, the shareholding of the Undertaking Shareholders is as follows:

- (i) Mr. Adam Lau Fook Hoong @ Joe Lau (“**Mr. Lau**”) has an aggregate direct and deemed interest in 135,240,950 Shares representing approximately 12.89% of the Existing Share Capital of the Company; and
- (ii) Mr. Zee Hoong Huay (“**Mr. Zee**”) has an aggregate direct and deemed interest in 164,659,100 Shares representing approximately 15.70% of the Existing Share Capital of the Company.

The Undertaking Shareholders will therefore each provide the following irrevocable undertakings to the Company in the manner set out below:-

- (i) Mr. Lau will undertake that he will subscribe and pay and/or procure subscriptions and payments in full for 67,620,475 Rights Shares representing his pro-rata Rights Shares with Warrants entitlement; and

- (ii) Mr. Zee will undertake that he will subscribe and pay and/or procure subscriptions and payments in full for 82,329,550 Rights Shares representing his pro-rata Rights Shares with Warrants entitlement.

The above mentioned undertakings are subject to and conditional upon, *inter alia*, the following: (a) the listing and quotation notice having been obtained from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, Warrants and New Shares on the SGX-ST Catalist and, if such notice is granted subject to conditions, such conditions being acceptable to the Company; and (b) the lodgment of the Offer Information Statement. The above Shareholders' undertakings will only be to take up the Rights Shares and will exclude any undertaking to exercise the Warrants.

The Directors will take steps to ensure Rule 803 of Section B: the Rules of the Catalist of the Listing Manual of the SGX-ST ("**Catalist Rules**"), on the restriction of transfer of controlling interest without prior approval of shareholders in a general meeting, is complied with in their exercise of discretion to allot and issue any Rights Shares with Warrants.

Under the Minimum Subscription Scenario (as defined below), Mr. Lau's aggregate direct and deemed interest in the Company will, pursuant to the Rights cum Warrants Issue, increase from approximately 12.89% of the Existing Share Capital of the Company to approximately 16.92% of the enlarged share capital of the Company upon the completion of the Rights cum Warrants Issue. This change in Mr. Lau's shareholding will not result in a transfer of controlling interest to Mr. Lau under Rule 803 of the Catalist Rules as Mr. Lau, through his control of the Company's management and oversight of the Board of Directors by virtue of his position as the Company's Executive Chairman and Chief Executive Officer, already has a controlling interest in the Company.

None of the Undertaking Shareholders will trigger an obligation under the Singapore Code on Take-overs and Mergers to make a general offer based on their respective undertakings and in the event none of the other Shareholders subscribe for the Rights Shares with Warrants.

After taking into consideration the above mentioned irrevocable undertakings and the cost of engaging an underwriter (including the underwriting commission that is payable), the Directors decided that it is not practical for the Rights cum Warrants Issue to be underwritten by a financial institution.

4. RATIONALE OF THE RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

Assuming the maximum subscription scenario whereby the Rights Shares are fully subscribed for by all Entitled Shareholders (the "**Maximum Subscription Scenario**"), the estimated gross proceeds will be approximately S\$10.5 million (if the Warrants are not yet exercised) or S\$15.7 million (if the Warrants are fully exercised), before deduction of professional expenses of approximately S\$150,000.

Based on the minimum subscription scenario whereby no Entitled Shareholders subscribe for their Rights Shares entitlements except for the Undertaking Shareholders (the "**Minimum Subscription Scenario**"), the estimated gross proceeds will be approximately S\$3.0 million (if the Warrants are not yet exercised) or S\$4.5 million (if the Warrants are fully exercised), before deduction of professional expenses of approximately S\$150,000.

The intended uses of the gross proceeds from the Rights cum Warrants Issue are set out below:

Maximum Subscription Scenario (assuming no Warrants are exercised)

Intended uses	% of gross proceeds from Rights cum Warrants Issue
Seletar Project Financing (as defined below)	55% to 65%
General working capital purposes	34% to 44%
Expenses incurred in connection with the Rights cum Warrants Issue	1%
Total	100%

Assuming full exercise of the Warrants, the gross proceeds from the Warrants under the Maximum Subscription Scenario will be approximately S\$5,244,866 and will be utilised for general working capital purposes and/or such other purposes as the Directors may in their absolute discretion deem fit.

Minimum Subscription Scenario (assuming no Warrants are exercised)

Intended uses	% of gross proceeds from Rights cum Warrants Issue
Seletar Project Financing	65% to 75%
General working capital purposes	20% to 30%
Expenses incurred in connection with the Rights cum Warrants Issue	5%
Total	100%

Assuming full exercise of the Warrants, the gross proceeds from the Warrants under the Minimum Subscription Scenario will be approximately S\$1,499,500 and will be utilised for general working capital purposes and/or such other purposes as the Directors may in their absolute discretion deem fit.

In respect of the net proceeds to be used for general working capital, such proceeds will be used for purposes including, but not limited to, the payment of operating costs and the purchase of plant equipment in the ordinary course of business, of which approximately up to 70% will be used for operating costs and approximately up to 30% for the purchase of plant equipment in the ordinary course of business.

Pending the deployment for the uses identified above, the net proceeds may be deposited with banks and/or financial institutions or invested in short-term money market instruments and/or marketable securities, as the Directors may, in their absolute discretion, deem fit.

The Company will make periodic announcements on the use of the net proceeds as and when such funds are materially disbursed and will provide a status report on the use of the net proceeds from the Rights cum Warrants Issue in the interim and full year financial statements issued pursuant to Rule 705 of the Catalist Rules and in the annual report(s) of the Company, until such time as the proceeds have been fully utilised.

For the purposes of Rule 814(1)(e) of the Catalist Rules, the Directors are of the opinion that, after taking into consideration:

- (i) the present bank facilities, the working capital available to the Company and its subsidiaries (the “**Group**”) is sufficient to meet its present requirements; and
- (ii) the present bank facilities and the net proceeds of the Rights cum Warrants Issue based on the Minimum Subscription Scenario (with no Warrants exercised), the working capital available to the Group is sufficient to meet its present requirements.

In the reasonable opinion of the Directors as at the date of this announcement, there is no minimum amount that must be raised from the Rights cum Warrants Issue.

The Directors are of the view that the Rights cum Warrants Issue would help strengthen the Group’s financial position by providing additional financing for the design and building of the light industrial development at Seletar Aerospace Park (“**Seletar Project Financing**”) and additional general working capital to support the Group’s operations. In respect of the utilisation of the net proceeds from the Rights cum Warrants Issue for general working capital purposes of the Company, part of the net proceeds will also serve to strengthen the financial position of the Group and thereby provide the Group with more flexibility and enhance its ability to formulate, strategize and execute its business plans. A stronger financial position will also allow the Group to meet its present requirements and to seize any opportunities for business growth and expansion in a timely manner should such opportunities arise.

5. ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS CUM WARRANTS ISSUE

The Company proposes to provisionally allot the Rights Shares with Warrants to all Entitled Shareholders, who comprise Entitled Depositors and Entitled Scripholders (both as defined hereinafter). Entitled depositors are Shareholders with Shares standing to the credit of their securities accounts (“**Securities Accounts**”) maintained with the CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date and whose registered addresses with CDP are in Singapore as at 5.00 p.m. (Singapore time) on the Books Closure Date or who have, at least three (3) market days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents (the “**Entitled Depositors**”). Entitled scripholders are Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP and have tendered to the share registrar valid transfer of their Shares and the certificates relating thereto for registration up to 5.00 p.m. (Singapore time) on the Books Closure Date and whose registered addresses with the share registrar are in Singapore as at 5.00 p.m. (Singapore time) on the Books Closure Date or who have, at least three (3) market days prior to the Books Closure Date, provided the share registrar with addresses in Singapore for the service of notices and documents (the “**Entitled Scripholders**”).

6. PROVISIONAL ALLOTMENTS

Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Shareholders’ entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Rights Shares with Warrants, preference will be given to the rounding of odd lots. Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board of Directors will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants. The Company will not make any allotments and issuance of any excess Rights

Shares with Warrants that would result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

7. CPF INVESTMENT SCHEME

Shareholders who have subscribed for or purchased Shares under the Central Provident Fund Investment Scheme (“**CPFIS Shareholders**”) may use, subject to applicable Central Provident Fund (“**CPF**”) rules and regulations, monies standing to the credit of their respective CPF Investment Accounts (“**CPF Funds**”) for the payment of the Issue Price to subscribe for the Rights Shares with Warrants. CPFIS Shareholders who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants using CPF Funds will need to instruct the respective approved CPF agent banks, where such CPFIS Shareholders hold their CPF Investment Accounts, to accept the Rights Shares with Warrants and (if applicable) apply for the excess Rights Shares with Warrants on their behalf in accordance with the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares with Warrants directly from the market.

8. FOREIGN SHAREHOLDERS

For practical reasons and to avoid any violation of securities legislation applicable in countries other than Singapore, the Rights Shares with Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to CDP or the share registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”). As such, no provisional allotments of the Rights Shares with Warrants will be made to Foreign Shareholders, and no purported acceptance thereof and application therefor by Foreign Shareholders will be valid.

If it is practicable to do so, arrangements may be made, at the absolute discretion of the Company, for provisional allotments of Rights Shares with Warrants which would otherwise be provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST Catalist as soon as practicable after dealings in the provisional allotments of Rights Shares and Warrants commence and the net proceeds therefrom will be dealt with in accordance with the terms set out in the Offer Information Statement to be issued by the Company for the Rights cum Warrants Issue.

9. OPTION TO SCALE DOWN SUBSCRIPTION

Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, scale down the subscription for the Rights Shares with Warrants by any Shareholder to avoid placing the relevant Shareholder in the position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers as a result of other Shareholders not taking up their Rights Shares with Warrants entitlement fully.

10. APPROVALS

The Rights cum Warrants Issue is subject to, *inter alia*, the following:

- (i) The listing and quotation notice of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, Warrants and New Shares on the SGX-ST Catalist having been obtained; and
- (ii) The lodgement of the Offer Information Statement (setting out the details of the Rights cum Warrants Issue) together with accompanying documents by the Company with the SGX-ST (acting as agent on behalf of the Monetary Authority of Singapore).

An application will be made by the Company to the SGX-ST (through the Company's Sponsor) for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the New Shares on the SGX-ST Catalist. An announcement on the outcome of the application will be made in due course.

The Offer Information Statement and its accompanying documents will be lodged with the SGX-ST (acting as agent on behalf of the Monetary Authority of Singapore) and despatched to Entitled Shareholders in due course after the listing and quotation notice has been obtained from the SGX-ST.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial Shareholders has any interests, direct or indirect in the Rights cum Warrants Issue, other than through each of their respective shareholding interests (direct or indirect) in the Company, or pursuant to the undertakings as set out in paragraph 3 above.

12. 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 Rights cum Warrants Issue, 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.

By Order of the Board

Joe Lau
Executive Chairman and
Chief Executive Officer

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

Date: 11 October 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services 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 Catalist. 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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