

WE HOLDINGS LTD
(Company Registration No. 198600445D)
(Incorporated in the Republic of Singapore)
(**"Company"**)

PROPOSED DISPOSAL OF WE COMPONENTS PTE. LTD.

1. INTRODUCTION

- 1.1** The Board of Directors (**"Board"** or **"Directors"**) of WE Holdings Ltd (the **"Company"** and together with its subsidiaries, the **"Group"**) wishes to announce that the Company has today entered into a sale and purchase agreement (**"SPA"**) with Jubilee Industries Holdings Ltd (**"Purchaser"**), for the disposal of the entire issued and paid-up share capital, consisting of 9,276,797 ordinary shares (**"Sale Shares"**) of WE Components Pte. Ltd. (**"WEC"**) from the Company, for an aggregate consideration of US\$8,393,000 (S\$10,478,157 based on the exchange rate of US\$1:S\$1.24844) (**"Consideration"**) (**"Proposed Disposal"**). WEC is in the business of trading of electronic components.
- 1.2** The Company will be seeking specific approval from the Shareholders at an extraordinary general meeting of the Company (**"EGM"**) to be convened to approve the Proposed Disposal. A circular setting out, amongst other things, the details of, and other relevant information pertaining to the Proposed Disposal (**"Circular"**), together with the notice of the EGM, will be despatched to the Shareholders in due course.

2. INFORMATION ON PURCHASER

The Purchaser is a company listed on the Singapore Exchange Securities Trading Limited and is a provider of precision mould design and fabrication, injection moulding and value-added services (**"PPIM"**) services and other PPIM-related value added services in consumer electronics, computer peripherals, automotive and household appliances.

3. CONSIDERATION AND PAYMENT

The Consideration shall be satisfied in cash, in the following manner:

- (a) an amount of US\$4,196,500 shall be payable by the Purchaser to the Company as deposit upon the execution of the SPA (**"First Payment"** or **"Deposit"**);
- (b) subject to such adjustments as set out in paragraph 4 below, an amount of US\$2,478,500 shall be payable by the Purchaser to the Company on Completion (**"Second Payment"**); and
- (c) subject to such adjustments as set out in paragraph 4 below, an amount of US\$1,718,000 shall be payable by the Purchaser to the Company on or before 31 December 2014 (**"Final Payment"**).

The Consideration was arrived at arm's length, on a willing-buyer-willing-seller basis after taking into account the business prospects of WEC, and net tangible asset (**"NTA"**) value of WEC as at 31 March 2014. The Consideration shall be subject to such adjustments as set out below.

The estimated net gain on the Proposed Disposal is equivalent to the Final Payment which is the goodwill portion in the Consideration.

It is the intention of the Directors of the Company to deploy the proceeds from the Proposed Disposal to fund the expansion of its resources business. It is also intended that a portion of the proceeds will be utilised as working capital for the Groups' existing resources business.

4. SALIENT TERMS

Adjustment to Consideration

The Purchaser shall, in addition to its right to carry out due-diligence on WEC, be entitled to carry out a stock count on the plant, equipment and inventories of WEC ("**Stock Count**") up to such date falling three (3) calendar days prior to the completion date ("**Cut-Off Date**"), to determine the net tangible asset value of the plant, equipment and inventories of WEC as at the Cut-Off Date ("**NTA Value**").

If, following such Stock Count:

- (a) the NTA Value shall be less than US\$6,675,000 ("**Initial Value**"), the Consideration shall accordingly be reduced by the difference between the Initial Value and the NTA Value. Such reduction shall be deducted from the Second Payment; or
- (b) the NTA Value shall be less than US\$6,675,000 ("**Initial Value**"), the difference between the NTA Value and the Initial Value ("**Reduction Amount**") shall be deducted from the Consideration in the following manner (i) the value of the Second Payment shall be reduced by deducting the Reduction Amount from the Second Payment; and (ii) in the event that the Reduction Amount shall be greater than the Second Payment, any difference thereof shall be deducted from the Final Payment.

The NTA Value as determined by the Purchaser pursuant to the Stock Count, acting reasonably and in good faith, shall be final and binding on the parties.

Exclusion and Lease Back of Real Property

The sale and purchase of the Sale Shares pursuant to the Proposed Disposal shall exclude the following real properties currently held by WEC situated at:

- (a) 52 Ubi Avenue 3, #01-28/29/30, The Frontier, Singapore 408867; and
- (b) 10 Ubi Crescent, Ubi Techpark Lobby E, #03-94/95/96 Singapore 408564

(collectively, "**Excluded Properties**").

The Company shall procure the purchase and transfer of the Excluded Properties from WEC to itself or its nominees within three (3) months from completion.

Thereafter, WEC shall lease the real properties located at 52 Ubi Avenue 3, #01-28/29/30, The Frontier, S408867, and 10 Ubi Crescent, Ubi Techpark Lobby E, #03-94/95/96 Singapore 408564 (collectively, "**Leased Properties**") back from the Company (or its nominees) in accordance with such terms and conditions to be mutually agreed upon between the parties prior to the Long Stop Date (as defined below).

Conditions Precedent

Completion of the sale and purchase of the Sale Shares by the Purchaser and the Company is conditional on the fulfilment of, *inter alia*, the following conditions on or before the date falling four (4) months from the date of the SPA ("**Long Stop Date**"):

- (a) all warranties contained in the SPA being true, accurate and not misleading as at completion of the SPA;
- (b) the Company and/or the Purchaser (as applicable) obtaining all relevant corporate, governmental and regulatory approvals for the sale of the Sale Shares in accordance with the terms and conditions of the SPA and the transactions contemplated under the SPA, including without limitation, the approval of the shareholders of each of the Company and the Purchaser, if required under applicable law and regulations (including the listing rules of the Singapore Exchange Securities Trading Limited ("SGX"));
- (c) the results of the financial, operational and legal due diligence on WEC being satisfactory to the absolute discretion of the Purchaser;
- (d) the Company and the Purchaser having mutually agreed in writing on the terms and conditions of such purchase and transfer of the Excluded Properties from WEC to the Company or its nominee(s), and the manner in which the foregoing is to be carried out; provided that the Company shall, at its own cost and expense, procure the purchase and/or transfer of the Excluded Properties from WEC to itself or its nominees within 3 months from Completion; and
- (e) the parties having mutually agreed in writing on the form and substance of the lease agreements to be entered into between WEC and the Company (or its nominees) for the lease of the Leased Properties from the Company (or its nominees) by WEC.

In the event that any of the above conditions has not been fulfilled or waived on or before the Long Stop Date:

- (a) if the Conditions have not been fulfilled due to the fault of the Company, the First Payment shall be refunded by the Company to the Purchaser within two (2) business days thereof, free of interest; and
- (b) if the Conditions have not been fulfilled due to the fault of the Purchaser, 80% of the First Payment shall be refunded by the Company to the Purchaser within two (2) business days thereof, free of interest,

and thereafter the SPA shall automatically terminate and neither party shall have any claim hereunder against the other party (save in respect of claims arising out of any antecedent breach of the SPA).

Termination

If the SPA is terminated:

- (a) by no fault of either party, the full amount of the Deposit shall be returned by the Company to the Purchaser, free of interest;
- (b) by the Purchaser due to the Company breaching the terms of the SPA, the full amount of the Deposit shall be returned by the Company to the Purchaser, together with interest charges for an amount of S\$80,000; or
- (c) by the Company due to the Purchaser breaching the terms of the SPA, the Deposit shall be returned by the Company to the Purchaser, less an amount of S\$80,000 which shall be forfeited by the Company.

5. RATIONALE

The Company is a controlling shareholder of the Purchaser, holding an aggregate of 59,903,000 ordinary shares of the Purchaser, constituting 25.5% of the Purchaser's issued share capital. It is the intention of the Company to focus the fast growing commodities business of coal, iron ore, cement and oil. The Proposed Disposal allows for the Company to channel its resources to expand the commodities business and maximise the returns.

6. FINANCIAL EFFECTS

For illustrative purposes only and based on the audited financial results of the Group for FY2014, the financial effects of the Proposed Disposal on the Company and the Group are set out below.

The analysis below has been prepared solely for illustrative purposes and does not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Proposed Disposal.

(A) Net Tangible Assets ("**NTA**") per Share

The effects of the Proposed Disposal on the NTA of the Group, assuming that the Proposed Acquisition have been completed at the end of FY2014 are as follows:

	NTA per Share for FY2014 (S\$ cents)⁽³⁾
Before adjusting for the Proposed Disposal ⁽¹⁾	4.21
After adjusting for the Proposed Disposal ⁽²⁾	3.70

Notes:

(1) Computed based on NTA as at 31 March 2014 and existing issued share capital of 2,838,577,892 ordinary shares.

(2) Computed based on NTA as at 31 March 2014, adjusted for the Proposed Disposal, and the existing issued share capital of 2,838,577,892 ordinary shares.

(3) At the conversion rate of US\$1:S\$1.24844

(B) Loss per Share ("**LPS**")

The effects of the Proposed Disposal on the LPS of the Group, assuming that the Proposed Disposal have been completed at the beginning of FY2014 are as follows:

	LPS for FY2014 (S\$ cents)⁽⁴⁾
Before adjusting for the Proposed Disposal	0.90
After adjusting for the Proposed Disposal	0.54

Notes:

(4) At the conversion rate of US\$1:S\$1.24844

7. SHAREHOLDERS' APPROVAL

Diversification of the core business

The businesses undertaken by WEC and its subsidiaries form the core business of the Company.

Paragraph 10A of Practice Note 10A of the Listing Manual (Section B: Rules of Catalist) of the SGX ("**Catalist Rules**") requires that when a disposal of core business result in a fundamental change in the issuer's business, the issuer will have to seek the approval of its shareholders.

In view of the above, the Company will be seeking the approval of its shareholders as the disposal will result in a fundamental change in the business of the Company.

8. CIRCULAR AND EGM

The Company intends to convene the EGM to seek Shareholders' approval for the Proposed Disposal. The Circular containing, *inter alia*, the notice of the EGM and details of the Proposed Disposal will be despatched to the Shareholders in due course.

9. RULE 1006 OF THE CATALIST RULES

The relative figures in relation to the Proposed Disposal pursuant to Rule 1006 of the Catalist Rules, using the latest audited accounts of the Group as at 31 December 2013, are:

(a)	Net asset value of assets to be disposed of, compared with the Group's net asset value. This basis is not applicable for disposal of assets	12.1%
(b)	Net loss ⁽¹⁾ attributable to the assets disposed of, compared with the Group's net loss	39.6 ⁽¹⁾
(c)	Aggregate value of the consideration received, compared with the issuer's market capitalisation based on the total number of issued share excluding treasury shares ⁽²⁾	19.7 ⁽²⁾
(d)	Number of equity securities issued by the issuer as consideration for an disposal, compared with the number of equity securities previously in issue ⁽³⁾	Not applicable
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the group's proven and probable reserves. This is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an disposal of such assets	Not applicable

Note:

- (1) Under Rule 1006 of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items. Figures are based on the Group's audited net loss as at 31 March 2014, as compared to the WEC's audited net loss as at 31 March 2014.
- (2) Based on the market capitalisation of the Company of 17 as at July 2014, being the market day preceding the date of the SPA.

As the relative figures under Rule 1006 [(b) and] (c) exceeds 5% but do not exceed 50%, the Proposed Disposal only constitutes a “**Discloseable Transactions**” as defined in Chapter 10 of the Catalist Rules. As such, the Proposed Disposal is not subject to the approval of Shareholders pursuant to Chapter 10 of the Catalist Rules. However, as stated in Paragraph 7 above of this announcement, the Proposed Disposal is subject to the approval of the Shareholders.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Mr Terence Tea Yeok Kian, the Executive Director and Chief Executive Officer of the Purchaser, is also the Executive Chairman of the Company. As such, Mr Terence Tea Yeok Kian is deemed to be interested in the Proposed Disposal.

Save as disclosed in above, none of the Directors and substantial Shareholders of the Company has any interests, direct or indirect, in the Proposed Disposal, (other than in his capacity as Director or Shareholder of the Company).

11. DETAILS OF SERVICE AGREEMENTS

No director is proposed to be appointed to the Company in connection with the Proposed Disposal and no service agreement has been entered into.

12. DOCUMENTS FOR INSPECTION

The SPA is available for inspection during normal business hours at the Company's registered address at 10 Ubi Crescent, Ubi Techpark Lobby E, #03-95 Singapore 408564

BY ORDER OF THE BOARD

Kelvin Loh
Chief Financial Officer
18 July 2014

This Announcement has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (SGX-ST). The Company's Sponsor has not independently verified the contents of the Announcements.

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:-

*Name: Ms Amanda Chen, Registered Professional, RHT Capital Pte. Ltd.
Address: Six Battery Road #10-01, Singapore 049909
Tel: 6381 6757*