
**ESTABLISHMENT OF 50 : 50 JOINT VENTURE BETWEEN SPINDEX INDUSTRIES LIMITED
AND ACUGER PRECISION CORPORATION LIMITED**

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of Spindex Industries Limited (the “**Company**”) wishes to announce that the Company has on 25 June 2020 entered into a joint venture agreement (the “**Joint Venture Agreement**”) with Acuger Precision Corporation Limited (“**Acuger**” and together with the Company, collectively, the “**JV Parties**”) and Spindex Acuger Precision Pte. Ltd. (“**JV Company**”) in respect of the establishment of the JV Company as a 50 : 50 joint venture between the JV Parties (the “**Joint Venture**”).

2. SALIENT TERMS OF THE JOINT VENTURE AGREEMENT

2.1 The JV Company is a private limited company incorporated in Singapore on 29 May 2020 with an initial issued and paid-up share capital of S\$1 consisting of one ordinary share, which was held by the Company.

2.2 Pursuant to the terms of the Joint Venture Agreement, on the date of the Joint Venture Agreement, the Company and Acuger subscribed for the following number of new ordinary shares in the capital of the JV Company (“**Ordinary Shares**”) at an issue price of S\$1 per Ordinary Share (the “**Subscription**”):

Shareholder	Number of Ordinary Shares Subscribed for on the date of the Joint Venture Agreement	Subscription monies paid on the date of the Joint Venture Agreement	Total Number of Ordinary Shares (immediately following the Subscription)	Total Shareholding Percentage (immediately following the Subscription)
Company	49	S\$49	50	50%
Acuger	50	S\$50	50	50%
Total	99	S\$99	100	100%

2.3 The subscription price of S\$49 in amount paid by the Company with respect to the Subscription was made entirely in cash and funded by the internal resources of the Company. The subscription price of S\$50 in amount paid by Acuger with respect to the Subscription was also made entirely in cash.

2.4 Following the Subscription, the shareholding interest of the Company in the JV Company has been diluted from 100% to 50%. Accordingly, the JV Company has become an associated company of the Company.

- 2.5 Pursuant to the terms of the Joint Venture Agreement, the board of directors of the JV Company shall comprise of two directors. Each JV Party shall have the right to appoint one director to the board of the JV Company. All board resolutions of the JV Company shall be passed unanimously by the directors of the JV Company.
- 2.6 Pursuant to the terms of the Joint Venture Agreement, the financing of the JV Company and its subsidiaries (the “**JV Group**”) may be provided by (a) shareholders’ loans to be extended by the JV Parties to the JV Group, (b) the allotment and issuance of shares by the JV Company to the JV Parties, and (c) external loans, in which case the JV Parties may be required to provide guarantees and/or security, in each case, on a pro-rata basis by reference to their respective shareholding percentages in the JV Company. The timing, amount and terms of any financing required by the JV Group shall be determined by the board of the JV Company.

3. BUSINESS OF THE JV GROUP

It is intended that the JV Company shall serve as an investment holding company of a wholly-owned subsidiary to be incorporated in Vietnam and to be known as Spindex Acuger Precision (Hanoi) Co Ltd (the “**VietSub**”). Pursuant to the terms of the Joint Venture Agreement, the VietSub shall carry on the business of manufacturing and trading of plastic moulds, plastic products and its related assemblies primarily in Vietnam and any other business as the board of the JV Company may determine. The incorporation of the VietSub is expected to be completed in or around August 2020.

4. RATIONALE FOR AND BENEFITS OF THE JOINT VENTURE

The Company and its subsidiaries (the “**Group**”) are currently engaged in the business of precision engineering with a network of manufacturing sites in Malaysia, China and Vietnam. The Joint Venture is in line with the Group’s strategy to constantly review and refine its manufacturing footprint to achieve an optimal allocation of resources. The location of the manufacturing assets of the Group has been identified as a key aspect of the competitiveness of the Group. The Board is of the view that the Joint Venture will allow the Group to expand its manufacturing capacity in Vietnam, leverage on its existing supply chain network and customer base in Vietnam and broaden the asset and earning base of the Group.

5. INFORMATION ON ACUGER

- 5.1 Acuger is a private company incorporated in Hong Kong on 16 August 2017 and is an investment holding company. Mr Chiang Chih Hao and Mr Lee Tien Wu each hold 30% of the share capital of Acuger and Mr Wu Sheng Pon holds the remaining 40% of the share capital of Acuger. Mr Wu Sheng Pon is the sole director of Acuger.
- 5.2 Acuger is related to Acuger Precise Industry Co., Ltd. (百程精密股份有限公司), a company incorporated in Taiwan (“**Acuger TW**”). Mr Lee Tien Wu and Mr Wu Sheng Pon, who are also shareholders of Acuger, hold 33.5% and 35% of the share capital of Acuger TW respectively and the remaining 31.5% of the share capital of Acuger is held by Mr Jiang Gang Wei (21.5%) and Ms Jiang Wu Yu Chan (10%). The directors of Acuger TW are Mr Wu Sheng Pon, Mr Lee Tien Wu and Mr Jiang Gang Wei.
- 5.3 Established in 1979, Acuger TW and its affiliated companies are primarily engaged in the business of manufacturing plastic gear boxes and plastic products and have manufacturing facilities located in Taiwan, Guangdong and Jiangsu. The products of Acuger TW and its affiliated companies are distributed in Taiwan, the United States of America, Germany and other countries.

- 5.4 The shareholders and directors of both Acuger and Acuger TW are not related to either the Company, the Directors, controlling shareholders of the Company or their respective associates.

6. FINANCIAL EFFECTS OF THE JOINT VENTURE

The Subscription is not expected to have any material impact on the earnings per share or net tangible assets per share of the Company for the financial year ending on 30 June 2020.

7. RELATIVE FIGURES FOR THE JOINT VENTURE

Based on the latest unaudited financial statements of the Group for the financial half-year ended on 31 December 2019, the relative figures for the Joint Venture and the Subscription computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") is less than 5%. Accordingly, the Joint Venture and the Subscription constitutes a non-disclosable transaction under Chapter 10 of the Listing Manual.

8. INTERESTS OF DIRECTORS OR CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the Directors and their respective associates has any interest, direct or indirect, in the Subscription and the Joint Venture (other than through their respective shareholding interests in the Company, if any).

The Directors have not received any notification of interest in the Subscription and the Joint Venture from any controlling shareholders of the Company and their respective associates and are not aware that any controlling shareholders of the Company and their respective associates has any interests, direct or indirect, in the Subscription and the Joint Venture (other than through their respective shareholding interests in the Company).

9. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Joint Venture Agreement is available for inspection during normal business hours at the registered office of the Company at 8 Boon Lay Way #03-16, 8 @ Tradehub 21, Singapore 609964 for a period of three months commencing from the date of this Announcement.

10. FURTHER ANNOUNCEMENTS

The Company will make further announcements on any material updates in relation to the Joint Venture as and when appropriate.

BY ORDER OF THE BOARD

Tan Choo Pie @ Tan Chang Chai
Chairman

25 June 2020