JUBILEE INDUSTRIES HOLDINGS LTD.
(Company Registration No. 200904797H)
(Incorporated in the Republic of Singapore)

RESPONSES TO SGX-ST'S QUERIES ON THE PROPOSED PLACEMENT

*Unless otherwise defined, all capitalised terms used herein shall have the meanings ascribed to them in the announcements dated 24 July 2021 and replacement announcement dated 25 July 2021 by Jubilee Industries Holdings Ltd. ("**Company**").*

The board of directors (the "**Directors**") of the Company wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to the Company, in relation to the Proposed Placement.

SGX Query 1 - Introducer fee

The Placees were introduced to the Company by Lye Won Fui, who is an unrelated third party (the "Introducer"). In consideration of the administrative services provided by the Introducer to introduce the Placees to the Company, the Company has agreed to pay to the Introducer, an introduction fee of 3.0% per Placement Share ("Introducer Fee"). The Introducer Fee was mutually agreed upon between the Company and the Introducer on commercial terms, and no part of the Introducer Fee will be shared with the Placees.

The Introducer Fee comprises 900,000 shares at the Placement Price of S$0.05 and amounts to S$45,000.

(a) How did the Company get to know the Introducer?

(b) Please elaborate on the administrative services provided by the Introducer.

(c) How is the Introducer Fee derived and what benchmarks did the Company compare such fees to, if any, to determine if the fee is on commercial terms?

Company's response

(a) The introducer was introduced to the Company through a common acquaintance of the Company. The Introducer is a private investor and has built up a wide network of business contacts through his experience.

(b) To clarify, the administrative services referred to in the Announcement refers to the provision of contact between the Placee and the Company, as well as information and details of Placees to the Company in connection with the Proposed Placement.

(c) The Company believes that the rate of 3% per Placement Share is in line with prevailing market rates and practices for a transaction of this nature and that such Introducer Fee is on commercial terms, arrived at arm's length negotiations, having regard to past fund raising exercises, such as the placement exercise which it had intended to undertake as announced on 29 June 2017 (but which was subsequently terminated).

SGX Query 2 - Use of proceeds

The Company is proposing to undertake the Proposed Placement to strengthen its general working capital base for its two business segments, namely the Mechanical Business Unit and the Electronics Business Unit, given that, whilst the current working capital position of the Group is sufficient for present purposes, the increase in the general working capital base will allow the Group to capitalise on growth opportunities in its existing businesses in order to undertake projects and/or transactions, which could in turn, increase the Group's revenue.

(a) Considering that the Group has cash balances of S$7.7m as at 31 March 2021 ("FY2021") and the listing rule requirements in CR810(1)(a)(iii) and (b), please elaborate on the Company's intended use of proceeds.

(b) Specifically, what are the opportunities that the Company has identified thus far and how will the funds be utilized for its two business segments, namely the Mechanical Business Unit and the Electronics Business Unit?

Company's response

(a) Notwithstanding that the Group has cash balances of S$7.7 million as at 31 March 2021, it should be noted that out of S$7.7 million:

- S$4.8 million has been earmarked for fulfilment of payment by the Group under the orders with SK Hynix/Samsung for EBU, in view of the size and volume of orders with them, given that they are the major suppliers of EBU.
- S$0.5 million has been earmarked for purchases of materials and new injection moulding machines for MBU to support current manufacturing needs and new projects with Flextronics (Bissel).
- S$2.1 million has been placed in short-term bank deposits pledged with financial institutions to secure certain banking facilities which will be utilised for funding of the working capital of the Group.

As can be seen from the above, while the Group has cash balances of S$7.7 million as at 31 March 2021, a total of S$7.4 million of such cash balances has already been earmarked for use or are otherwise committed, and the remaining S$0.3 million has been allocated for general daily working capital purposes such as overhead costs, amongst others.

Further, as noted from the annual report of the Company for FY2021, both the MBU and EBU of the Group have shown improvement in their respective revenue in comparison to the financial year ended 31 March 2020. In respect of the Group's MBU segment, the Group has received new orders from various industries and in respect of the Group's EBU, there has been a recovery in demand in the China market for semiconductors due to limited factory capacity and longer lead times and the Group has also managed to secure new businesses and customers from emerging regions such as Vietnam and India. As such, in order to capitalise on such upswing and to build business resilience in these times, it is imperative that the Group is able to, amongst others (i) secure and consequently, swiftly fulfil a larger volume of orders for both MBU and EBU, and (ii) expand its product offering to remain competitive in both MBU and EBU. In order to achieve this, it is anticipated that the Group should be equipped with a strong capital base so as to execute and ramp up the manufacturing required for the fulfilment of the larger volume of orders, to secure larger base of inventory, to invest in new machinery, tools or equipment and/or to invest in new product offerings for higher margins in order to remain competitive.

In relation to the allocation of the Net Proceeds as referred to in Catalist Rule 810(1)(a)(iii), given that the MBU's and EBU's revenue have only just began to recover in FY2021 and that the both MBU and EBU have also secured new businesses and customers either from various industries (in respect of MBU, various industries) or regions (in respect of EBU, in Vietnam and India) recently and diversified into new products for the construction industry (in respect of MBU) , it is therefore the case that the Group would still need to monitor the trends and to thereafter assess the precise allocations that it should or has to make for each working capital needs for each segment and accordingly, an allocation for use of the Net Proceeds in respect of working capital needs cannot be provided at this juncture.

In relation to Catalist Rule 810(1)(b), given that (i) the Group has cash balances of S$7.7 million as at 31 March 2021 has already been fully earmarked, committed or otherwise allocated for use, and (ii) the reasons as described in the foregoing paragraphs regarding the current status and overview of the Group's business, the Board has considered that the Net Proceeds should be used mainly for general working capital purposes.

(b) For the reasons stated in the response in sub-paragraph (a) above, the Company currently has not identified specific new opportunities for the use of the Net Proceeds from the Proposed Placement.

However, it could potentially utilise such Net Proceeds to execute and ramp up manufacturing to fulfil anticipated larger volume of orders, to secure larger base of inventory, to invest in new machinery, tools or equipment and/or new product offerings for higher margins.

For instance, in respect of the Group's MBU segment, the Group is currently venturing into new products for the construction industry and have observed new orders from various industries. As such, depending on the status of new orders, the Group could consider utilising part of the Net Proceeds for new tool fabrications for expansion.

In respect of the Group's EBU, there has been a recovery in demand for semiconductors due to limited factory capacity and longer lead times as well as its progress in being able to secure new businesses and customers from emerging regions such as Vietnam and India. In addition, the EBU's revenue from China has also picked up in tandem with the recovery in China's manufacturing activity following severe disruptions. As such, the Group could consider utilising a portion of its Net Proceeds to broaden its inventory base to meet such demands.

Further, in order to build business resilience and to provide stability to the Group, it is also one of the Group's objectives to diversify its customer base and product portfolio mix for both business segments and should opportunities arise, the Group would utilise a portion of the Net Proceeds to do so.

Accordingly for the foregoing reasons, the Board is of the opinion that having funds ready for utilisation will be advantageous to the Company should opportunities arise.

BY ORDER OF THE BOARD

Terence Tea Yeok Kian
Executive Chairman and Chief Executive Officer

28 July 2021

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*This Announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), 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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