

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

ACQUISITION OF COMPANIES

Unless otherwise specified herein or where the context otherwise requires, capitalized terms used in this announcement shall have the same meaning as used in the Sale and Purchase of Shares Agreement entered into between the Company and the Seller dated 13 July 2017.

1. Introduction

The Board of Directors (“the **Board**”) of Jubilee Industries Holdings Ltd (the “**Company**”) wishes to announce that the Company had, on 13 July 2017, entered into a Sale and Purchase of Shares Agreement (the “**SPA**”) with Mr. Seah Chong Hoe (the “**Seller**”), pursuant to which the Company had purchased 100.00% of the issued and paid up share capital of each the Companies (the “**Sale Shares**”) for a consideration of S\$6,000,000.00 on the terms and subject to the conditions of the SPA (the “**Acquisition**”).

The Acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, and the Listing Manual of the SGX-ST, the “**Listing Manual**”).

Save as disclosed in this announcement, the Company confirms, to the best of their knowledge, that the directors or substantial/controllers shareholder/(s) of the Company, do not have any connection (including business relationships) with the Seller.

2. Background Information of the Companies

The target companies are Pioneer Venture Pte. Ltd. (“**Pioneer Venture**”), Yumei Technologies Sdn Bhd. (“**Yumei Technologies**”), and Yumei REIT Sdn Bhd. (“**Yumei REIT**”) (collectively, the “**Companies**”).

Pioneer Venture is a company incorporated in Singapore with its registered address at 3014 Ubi Road 1, #02-282 Kampong Ubi Industrial Estate, Singapore 408702. Pioneer Venture is principally engaged in the manufacture of fabricated metal products except machinery and equipment. It has over ten years of experience in metal moulding technologies, manufacturing processes and integrated manufacturing solutions. Based on the management accounts of Pioneer Venture for the period commencing 1 July 2016 and ending 31 May 2017, its net tangible assets was approximately S\$1,234,532.74 and it recorded a net profit before tax of S\$370,382.35.

Yumei Technologies is a company incorporated in Malaysia on 6 December 2005 and is principally engaged in the provision of (i) die-casting, (ii) plastic injection moulding components, and (iii) other finishing operations incorporating: precision machining, surface finishing and Impactnation (leakage treatment) and sub-assembly of mechanical components. Based on the management accounts of Yumei Technologies for the period commencing 1 July 2016 and ending 31 May 2017, its net tangible assets was approximately S\$814,909.76 and it recorded a net profit before tax of approximately S\$138,566.30.

Yumei REIT is the asset management company for Yumei Technologies. Its net tangible assets (based on management accounts) was approximately S\$497,163.18 and it recorded a net profit before tax of approximately S\$93,205.88 for the period commencing 1 July 2016 and ending 31 May 2017.

The Seller is the sole beneficial owner of the Companies.

3. Principal Terms of the SPA

The principal terms of the SPA are as follows:-

- (a) **Consideration:** The consideration for the purchase of the Sale Shares, arrived at on a willing seller willing buyer basis and based on the net tangible assets of the Companies, shall be an aggregate consideration of Singapore Dollars Six Million (S\$6,000,000.00) ("**Purchase Price**"). The Purchase Price shall be paid by the Purchaser by way of a) cash amounting to Singapore Dollars One Million (S\$1,000,000.00) ("**Consideration Cash**"); and b) an allotment of 142,450,142 ordinary shares in the Purchaser based on ninety percent (90.00%) of the closing share price quoted by the SGX-ST for the trading day immediately preceding the date of this Agreement amounting to Singapore Dollars Five Million (S\$5,000,000.00) ("**Consideration Shares**"). The Consideration Shares shall be issued to the Seller by the Purchaser on the Completion Date. The Consideration Cash shall be paid thirty (30) days after Completion Date (or any such later date as the Purchaser and the Seller may agree in writing).
- (b) **Profit Guarantee:** The Seller hereby warrants and undertakes to and with the Purchaser and its successors in title and assigns (with the intent that the provisions of this Clause shall continue to have full force and effect notwithstanding completion) that: (i) based on the audited financial reports, the Companies shall have a profit of at least Singapore Dollars One Million (S\$1,000,000.00), before tax, in each of the respective periods from 1 April 2017 to 31 May 2018 ("**FY2018**") and from 1 April 2018 to 31 May 2019 ("**FY2019**") ("**Profit Guarantee**"); (ii) in the event that there is any shortfall to the Profit Guarantee, the Seller shall, within three (03) days from the date of being presented the audited financial reports for the respective financial year end i.e. FY2018 and FY2019, compensate the Purchaser an amount being the difference between the Profit Guarantee amount and the total net profit amount in the audited financial reports for the respective financial year. For the avoidance of doubt, in the event the Companies incurs a loss for any of financial periods FY2018 and/or FY2019, the amount to be paid to the Purchaser pursuant to this sub-Clause (ii) shall be the total sum comprising of the Profit Guarantee and the quantum of loss incurred; and (iii) in the event that the Profit Guarantee is met, the Seller shall be entitled to an amount being 15.00% of the difference between the Profit Guarantee amount and the total net profit amount in the audited financial reports. In furtherance of this Clause 5, the Seller shall execute a deed of assignment or a charge instrument in favour of the Purchaser in accordance with Clause 7 below as a form of security, subject to the satisfaction of the Purchaser. For the avoidance of doubt, in the event that there is a dispute on the aforesaid audited financial reports, the Purchaser shall have the final discretion.

- (c) **Consideration Shares:** The Seller hereby warrants and undertakes to and with the Purchaser and its successors in title and assigns (with the intent that the provisions of this Clause shall continue to have full force and effect notwithstanding completion) that he will not realize, transfer or otherwise dispose of or mortgage, pledge, charge, or otherwise create a lien or an encumbrance in respect of any of his direct or indirect interests in any of the Consideration Shares except in accordance with this Clause. The Seller shall only be entitled to realize, transfer or otherwise dispose of or mortgage, pledge, charge, or otherwise create a lien or an encumbrance in respect of any of his direct or indirect interests in any of the Consideration Shares from the first (1st) anniversary of the Completion Date in the proportions tabled, subject to the Seller meeting the Profit Guarantee in the preceding financial period.
- (d) **Assignability:** This Agreement, and all rights and obligations hereunder, are personal to the parties hereto and each party hereto shall not assign or attempt to assign any such rights or obligations to any third party without the prior written consent of the other parties hereto, provided always that the Purchaser shall be entitled to assign its rights hereunder to any of its related corporation (as defined in the Act) or such other purchaser as the parties hereto may mutually agree.
- (e) **Governing Law:** The terms of the SPA shall be governed by and construed in accordance with the laws of Singapore.

4. Conditions Precedent of the SPA

The obligations of the Company to purchase the Sale Shares from the Seller are subject to the fulfillment of conditions precedent including, but not limited to, the following:

- (a) such other approvals or consent (if any) as may be required from any relevant competent authority wherever located having jurisdiction over the transactions described in this Agreement being obtained on terms (if any) acceptable to the Purchaser and the Seller, and not withdrawn or amended, on or before the Completion Date (or such later date as the Purchaser and the Seller may agree in writing);
- (b) all necessary consents or approvals (if any) being granted by third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the sale of the Shares or the transaction contemplated under this Agreement (including without limitation but only where required, by the SGX) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the Party on which they are imposed, and if such conditions being fulfilled before Completion and such consents or approvals not being revoked or repealed on or before Completion;
- (c) such waivers and consents as may be required to enable the Seller to sell and transfer the Sale Shares and the Purchaser to be registered as holder of the Sale Shares;
- (d) no adverse change (as determined by the Purchaser in its sole and absolute discretion) in the prospects, operations or financial condition of the Companies occurring on or before the Completion Date;

- (e) no significant change (as determined by the Purchaser in its sole and absolute discretion) in the economic, political and investment environment in Singapore and/or Malaysia occurring on or before the Completion Date;
- (f) approval in-principle being given by the SGX for the listing and quotation of the Consideration Shares on the SGX upon the allotment and issue thereof, such approval not having been withdrawn prior to Completion and all conditions set out in such approval being complied with by Completion, where applicable;
- (g) the execution of a deed of indemnity by the Seller in favour of the Purchaser and the Companies, the form and substance satisfactory to the Purchaser;
- (h) the execution of a service agreement between the Seller and each of the Companies in form and substance satisfactory to the Purchaser;
- (i) the approval of the shareholders of the Purchaser for the transactions described in this Agreement being obtained at a general meeting of such shareholders on or before the Completion Date (or such later date as the Purchaser and the Seller may agree in writing);
- (j) the due diligence results conducted on the Group Companies by the Purchaser and its advisors being satisfactory to the Purchaser;
- (k) no termination, assignment, variation or amendment to all the agency agreements, distribution agreements, supply agreements, consultancy agreements and other agreements that the Company had entered into with its customers, clients or suppliers (as the case may be); and
- (l) the audited NTA of the Companies as at 30 June 2017 shall not be less than S\$4.5 million.

In the event that any of the above conditions is not satisfied or fulfilled and the fulfilment of such conditions is not waived by the Purchaser, this Agreement shall *ipso facto* cease and determine and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise.

The parties shall use its best endeavours to procure the fulfilment of such conditions, and in particular shall furnish such information, supply such documents, pay such fees and do all such acts and things as may be required to enable such conditions to be fulfilled.

5. Rationale for the Acquisition

The Acquisition is in line with the Company's intention to expand and strengthen its current tooling and moulding business and to broaden the Group's revenue stream. Through the Acquisition, the Company hopes to leverage on the potential the Companies present. There is also a synergy between the Company and the Companies as both parties engage in the same business. Lastly, the Acquisition guarantees a profit of at least S\$1,000,000.00 a year – which would improve the financial performance of the Group.

6. Application for Listing and Quotation of Consideration Shares

An application will be made to the SGX-ST in due course for the Consideration Shares to be admitted to Catalist and be listed for quotation on the SGX-ST. The Company will make the necessary announcement(s) once the listing and quotation notice for the Consideration Shares has been obtained from the SGX-ST. The Listing and Quotation Notice, if given, shall not be construed as an indication of the merits of the Company's shares, the Acquisition and the Consideration Shares or the Company.

7. Financial Effects of the Acquisition

For the purposes of illustration only, the following is an analysis and illustration of the proforma financial effects of the Acquisition on the net tangible assets per share and earnings per share of the Company based on the latest unaudited consolidated financial results for the financial year ending 31 March 2017 ("FY2017"). The financial effects set out below are on the following bases and assumptions:

- (a) the financial impact on the net tangible assets per share is computed based on the assumption that the Acquisition had been effected at the end of FY2017; and
- (b) the financial impact on the earnings per share is computed based on the assumption that the Acquisition had been effected at the beginning of FY2017.

Share Capital

	The Group	
	As at 13 July 2017	After the Issuance of shares to the Seller
Share Capital (S\$)	60,105,705	65,105,705
Number of issued and paid-up Shares	672,550,913	815,001,055

Net Tangible Assets ("NTA") per share

	Before the Acquisition	After the Acquisition
Consolidated NTA attributable to shareholders of the Company	14,440	19,440
Weighted average number of Shares ('000)	346,840	827,297
NTA per Share (S\$ cents)	4.16	2.35

Earnings per share

	Before the Acquisition	After the Acquisition
Net (loss)/profit for the period as at FY2017 (S\$'000)	(4,859)	(4,859)
Weighted average number of Shares ('000)	346,840	827,297
Earnings per share (S\$ cents)	(1.40)	(0.59)

Gearing

	Before the Acquisition	After the Acquisition
Total Borrowings (S\$'000)	22,718	22,718
Shareholders' Funds (S\$'000)	14,440	19,440
Gearing Ratio	1.57	1.17

8. Applicability of Chapter 8 of the Listing Manual

Rule 805(1) of the Listing Manual stipulates that an issuer must obtain prior approval of its shareholders in general meeting for an issue shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer, except where the shares are issued pursuant to a general mandate obtained from the shareholders in a general meeting.

Rule 803 of the Listing Manual stipulates that an issuer must not issue securities to transfer a controlling interest without the prior approval of its shareholders in a general meeting.

Pursuant to the SPA, 142,450,142 Consideration Shares will be issued by the Company to the Seller. The Consideration Shares represent (i) approximately 21.18% of the existing issued and paid-up share capital of the Company as at the date of this announcement and (ii) approximately 17.48% of the enlarged issued and paid-up share capital of the Company after the issue of the Consideration Shares. This will result in a change in the controlling interest of the Company. In accordance with Rule 803 of the Listing Manual, the Acquisition is subject to shareholders' Approval.

The Company will be seeking shareholders' specific approval for the issuance and allotment of the Consideration Shares. A circular containing the notice of the general meeting to be

convened shall be despatched to shareholders in due course.

9. Disclosure under Chapter 10 of the Listing Manual

(A) Rule 1006 of the Listing Manual

Chapter 10 of the Listing Manual classifies transactions by the Company into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, inter alia, the following bases:

Rule 1006(a)	net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable to acquisition of assets
Rule 1006(b)	net profits ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the group's net profits	17.64% ⁽²⁾
Rule 1006(c)	aggregate value of the consideration of S\$6,000,000, compared with the Company's market capitalization ⁽³⁾ of approximately S\$26,229,485 based on the total number of issued shares excluding treasury shares	-11.64%
Rule 1006(d)	number of equity securities issued by the Company of 142,450,142 as consideration for the Acquisition, compared with the number of equity securities previously in issue of 672,550,913	22.88%
Rule 1006(e)	aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

Notes:-

- (1) based on the Group's latest announced consolidated accounts.
- (2) the relative figure for Rule 1006(b) in this instance is negative as the Group posted a net loss of approximately S\$4,859,000 based on the unaudited consolidated financial statements of the Group for the year ended 31 March 2017 whilst the net profits attributable to the Acquisition is approximately S\$565,000 based on the unaudited management accounts of the Companies as at 31 May 2017.
- (3) "market capitalisation" is calculated by the number of shares of the Company (excluding treasury shares) multiplied by the volume weighted average market price of S\$0.039 of the Company's shares as at 12 July 2017, being the market day immediately preceding the date of the SPA, the Group's market capitalization calculated based on the total number of issued shares excluding treasury shares is approximately.

Whilst the relative figures computed on the base set out in Rule 1006(b) of the Catalist Rules is a negative figure, the negative percentage arises from the Company's losses despite acquiring the Companies which are in a profitable position. Further, the Acquisition is in the ordinary course of business of the Company and would only result in the expansion of the Company's current core business and does not change the Company's risk profile. Accordingly, the shareholders' approval pursuant to Rule 1006 is not required for the Acquisition.

(B) Rule 1013 of the Listing Manual of SGX-ST

Rule 1013(1) of the Listing Manual provides, inter alia, that where an issuer enters into a discloseable transaction and accepts a profit guarantee or a profit forecast (or any covenant which quantifies the anticipated level of future profits) from a vendor of assets/business, the issuer's announcement in Rule 1010 must contain information on the profit guarantee or the profit forecast, including the following:

- (a) the views of the board of directors of the issuer in accepting the profit guarantee or the profit forecast and the factors taken into consideration and basis for such a view;

The Board of Directors of the Company is of the view that the acceptance of the Profit Guarantee is not prejudicial and is beneficial to the Company and its shareholders as the Company was granted a Profit Guarantee of at least Singapore Dollars One Million (S\$1,000,000.00), before tax, in each of the respective periods from 1 April 2017 to 31 March 2018 and from 1 April 2018 to 31 March 2019. This would improve the financial performance of the Group.

- (b) the principal assumptions including commercial bases and assumptions upon which the quantum of profit guarantee or the profit forecast is based;

The Profit Guarantee is primarily based on the previous years' profits of the Companies coupled with the extended customer base attained post-acquisition.

- (c) the manner and amount of compensation to be paid by the vendor in the event that the profit guarantee or the profit forecast is not met and the conditions precedent, if any, and the detailed basis for such a compensation; and

There is certainty of payment as the Seller shall, within three (03) days from the date of being presented the audited financial reports, compensate the Company an amount being the difference between the Profit Guarantee amount and the total profit, before tax, in the audited financial reports for the respective financial years, in the event of any shortfall to the Profit Guarantee.

- (d) the safeguards put in place (such as the use of a banker's guarantee) to ensure the issuer's right of recourse in the event that the profit guarantee or the profit forecast is not met, if any.

The Seller shall execute a deed of assignment or charge instrument in favour of the Purchaser securing an amount of at least S\$2,000,000.00, being the total amount due under the Profit Guarantees for both FY2018 and FY2019, on Completion. In the event the Profit Guarantee for the respective financial periods are not met, and the Seller is unable to make good the difference between the Profit Guarantee and the total profit (or loss) of the Companies before tax, the Purchaser shall have the right to sell, transfer, or procure the transfer of, such number of Shares equivalent to the aforementioned shortfall to the Company.

10. Interests of Directors and Substantial Shareholders

None of the Directors and Substantial and/or Controlling Shareholder(s) of the Company has any interest, direct or indirect, in the Acquisition.

11. Directors' Responsibility Statement

The Directors (including any Director who may have been delegated detailed supervision of the preparation of this announcement) have collectively and individually reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that 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 this 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 this announcement in its proper form and context.

12. Service Contract

No director will be appointed to the Company in connection with the Acquisition.

13. Documents Available For Inspection

A copy of the Sale and Purchase of Shares Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 10 Ubi Crescent, Ubi Techpark Lobby E, #03-95, Singapore 408564 for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Terence Tea Yeok Kian
Non-Executive Chairman
13 July 2017

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 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.

The contact person for the Sponsor is:-

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