

JACKSPEED CORPORATION LIMITED

Company Registration No. 199300300W
(Incorporated in the Republic of Singapore)

ENTRY INTO SALE AND PURCHASE AGREEMENT IN RELATION TO PROPOSED ACQUISITION OF SHARES IN WENUL ASSETS (INDUSTRIAL) PTE. LTD.

1. INTRODUCTION

1.1 The board of directors (the “**Board**” or the “**Directors**”) of Jackspeed Corporation Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to its announcement dated 8 May 2016 (“**LOI Announcement**”) in respect of the letter of intent dated 6 May 2016 entered into between the Company and Lim Wee Li (“**Vendor**”) in relation to the proposed acquisition by the Company from the Vendor of up to 72,500 ordinary shares in the share capital of Wenul Assets (Industrial) Pte. Ltd. (“**Target**”), and its announcements dated 31 May 2016 and 7 June 2016 in relation to subsequent extensions of the long-stop date under the said letter of intent for entry into a sale and purchase agreement in relation to the acquisition of the Target.

1.2 Further to the aforementioned announcements, the Board wishes to announce that the Company and two (2) other individuals (“**Individual Purchasers**” and together with the Company, the “**Purchasers**”) had on 13 June 2016 entered into a sale and purchase agreement (the “**SPA**”) with the Vendor.

Pursuant to the SPA, the Purchasers will purchase from the Vendor all the 100,000 ordinary shares in the share capital of the Target (“**Sale Shares**”) held by the Vendor, representing 20% of the total number of issued shares in the Target, for an aggregate consideration of S\$5,200,000, of which the Company will be acquiring 70,000 Sale Shares, representing 14% of the total number of issued shares in the Target, for a consideration of S\$3,640,000 (“**Proposed Acquisition**”).

None of the Individual Purchasers is a controlling shareholder, director, chief executive officer of the Company or an associate of any such persons.

2. INFORMATION ON THE TARGET

2.1 Information on the Target

The Target is a company incorporated in Singapore on 30 January 2012 and has, as at the date of this Announcement, an issued and paid-up share capital of S\$500,000, comprising 500,000 ordinary shares. The Target is principally engaged in the business of mixed construction activities and real estate development.

2.2 Certain financial information on the Target

Based on the audited financial statements of the Target for the financial year ended 31 December 2014 and the unaudited financial statements of the Target for the financial year ended 31 December 2015:

- (a) as at 31 December 2014 and 31 December 2015, the book value of the Sale Shares to be acquired by the Company in the Target was S\$106,689 and S\$108,307, respectively;
- (b) as at 31 December 2014 and 31 December 2015, the net asset value ("**NAV**") of the Target was S\$762,067 and S\$773,623, respectively; and
- (c) the net profits after tax of the Target for the financial year ended 31 December 2014 and 31 December 2015 were S\$24,539 and S\$11,555, respectively, and the net profits after tax of the Target attributable to the Sale Shares to be acquired by the Company for the same periods were S\$3,435 and S\$1,618, respectively.

3. PROPOSED ACQUISITION OF THE TARGET BY THE COMPANY

3.1 Sale Shares

Under the terms of the SPA, the Company will purchase 70,000 Sale Shares and the two (2) other Purchasers will purchase the remaining 30,000 Sale Shares.

The Purchasers may, amongst themselves, agree in writing prior to completion of the sale and purchase of the Sale Shares under the SPA ("**Completion**") to adjust the relevant number of Sale Shares to be acquired by each of them.

3.2 Consideration payable by the Company

The aggregate consideration for the purchase of all 100,000 Sale Shares by all the Purchasers is S\$5,200,000, subject to any adjustments in accordance with the terms of SPA due to any change to the assumptions made on the loans advanced by the existing shareholders of the Target.

The consideration payable by the Company for its portion of the Sale Shares is S\$3,640,000 ("**Consideration**") and the Consideration comprises the following:

- (a) the deposit of S\$2,000,000 which was paid by the Company to the Vendor on 9 May 2016 pursuant to the terms of the LOI; and
- (b) S\$1,640,000, which shall be paid by the Company to the Vendor on completion of the Sale Shares.

The Consideration was determined at arms' length and on a "willing buyer-willing seller" basis after taking into account and consideration the following factors:

- (a) the NAV attributable to the Sale Shares and the net profits after tax attributable to the Sale Shares for the financial years ended 31 December 2014 and 31 December 2015;
- (b) the indicative valuation of the industrial property under development owned by the Target pursuant to enquiries by the Company; and
- (c) the business prospects of the Target.

As at the date of this Announcement, no separate valuation was commissioned by the Company in respect of the Proposed Acquisition.

The Consideration payable by the Company for its portion of the Sale Shares will be funded by the Group's internal resources. In addition, the Company will also consider and evaluate various financing alternatives, including but not limited to external bank borrowings.

3.3 Long-Stop Date and Completion of the SPA

Under the SPA, if any of the conditions precedent under the SPA is not fulfilled or waived in accordance with the terms of the SPA by 29 July 2016 (or such other date as the Parties may mutually agree in writing) ("**Long-Stop Date**"), the SPA will lapse and cease to have further effect.

Completion will take place on the date falling five (5) business days after the last in time of the conditions precedent under the SPA is satisfied or waived in accordance with the SPA (or such other date as the Vendor and the Purchasers may mutually agree in writing), which shall be no later than the Long-Stop Date ("**Completion Date**").

3.4 Conditions Precedent of the SPA

Completion of the sale and purchase of the Sale Shares is conditional upon, amongst other things, the following conditions being satisfied or waived in accordance with the SPA:

- (a) there being no interested person transaction (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) entered into by the Company as a result of its entry into the SPA and the transactions contemplated hereunder, including the holding of an equity stake in the Target;
- (b) the Purchasers having undertaken and having completed any due diligence investigations in respect of the Target (if applicable) and the results of such due diligence investigation (if applicable) being satisfactory to the Purchasers in their absolute discretion; and
- (c) the execution of a direction letter by the Target and the Vendor relating to repayments of shareholder's loans by the Target to the Company.

3.5 Payment of Vendor's Total Receivables

Under the SPA, subsequent to Completion, the Vendor shall be entitled to receive a portion of the dividends received by the Purchasers in respect of the Sale Shares during the period of three (3) years starting from the Completion Date based on an agreed formula ("**Vendor's Total Receivables**").

4. RATIONALE FOR THE PROPOSED ACQUISITION

As mentioned in the LOI Announcement, the Board is of the view that the Proposed Acquisition is in the best interests of the Company as the Target is involved in the development of an industrial property, and the Proposed Acquisition may provide the Company with the opportunity to leverage on the Target's resources, including use of the premises owned by the Target for the Group's operations, allowing the Group to enjoy costs savings and operational synergies with the Target.

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 IN RELATION TO THE PROPOSED ACQUISITION

The relative figures computed on the basis of Rule 1006 of the Listing Manual of the SGX-ST in respect of the Proposed Acquisition are as follows:

Rule	Bases of computation	Size of relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value	Not applicable as this is an acquisition
1006(b)	Net profits attributable to the assets acquired, compared with the Group's net profits	0.04% ⁽¹⁾
1006(c)	Aggregate value of consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	16.11% ⁽²⁾
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity securities are issued by the Company as consideration for the Proposed Acquisition.
1006(e)	The 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. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

- (1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items. Based on the Target's unaudited net profits for the full year ended 31 December 2015 of S\$1,618 attributable to the Sale Shares to be acquired by the Company and the Group's audited net profits of approximately S\$3.90 million (excluding an extraordinary item in relation to the S\$4.62 million gain on disposal of a property) for the full year ended 29 February 2016.
- (2) Based on (A) the Consideration payable by the Company of S\$3.64 million and (B) the market capitalisation of the Company of approximately S\$22,593,922 million (determined by multiplying the existing number of shares in issue (i.e. 251,043,579 shares) by S\$0.09, being the weighted average price of the Company's shares transacted on 6 June 2016, being the last full market day preceding the date of the SPA where the Company's shares were traded).

As the relative figures under Rule 1006(c) of the Listing Manual of the SGX-ST exceed 5.0% but do not exceed 20%, the Proposed Acquisition would constitute a discloseable transaction under Rule 1010 of the Listing Manual.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The proforma financial effects of the Group after the Proposed Acquisition set out in this Announcement below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following the Proposed Acquisition, nor a projection of the future financial performance or position of the Group after completion of the Proposed Acquisition.

The proforma financial effects of the Proposed Acquisition are based on the Company's audited financial statements for the financial year ended 29 February 2016 ("FY2016"):

6.1 Net tangible assets ("NTA") per share

Assuming that the Proposed Acquisition had been completed on 29 February 2016, the NTA per share of the Group would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	36,220	36,220
Number of issued shares ('000)	251,044	251,044
NTA per share (Singapore cents)	14.43	14.43

6.2 Earnings per share ("EPS")

Assuming that the Proposed Acquisition had been effected on 1 March 2015, the EPS of the Group would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit after tax (S\$'000)	7,351	7,353
Weighted average number of issued shares ('000)	251,044	251,044
EPS (Singapore cents)	2.93	2.93

6.3 Share Capital

The Proposed Acquisition will not have any effect on the share capital of the Company as the Consideration is to be satisfied in cash.

	Before the Proposed Acquisition	After the Proposed Acquisition
Number of shares	251,043,579	251,043,579
Issued and paid-up share capital (S\$'000)	31,208	31,208

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the date of this Announcement, Cheng Kwee Kiang is a controlling shareholder of the Company and holds 40% of the total number of issued shares in the capital of the Target. Based on the information available to the Company, one of the Individual Purchasers (who is neither a controlling shareholder, director, chief executive officer of the Company nor an associate of any such persons) will be acquiring the equity interest in the Target held by Cheng Kwee Kiang. At Completion, Cheng Kwee Kiang will no longer be a shareholder of the Target. In the event that the Individual Purchaser's acquisition of Cheng Kwee Kiang's equity interest in the Target is not completed prior to the Long-Stop Date for the SPA, the Company will take steps to obtain shareholders' approval for the Proposed Acquisition in accordance with requirements under the Listing Manual of the SGX-ST. The aforementioned acquisition of Cheng Kwee Kiang's equity interest in the Target by the Individual Purchaser and the Proposed Acquisition are separate transactions, being neither related nor inter-conditional.

Save as disclosed above and save for their interests arising by way of their shareholdings in the Company, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Acquisition.

8. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract for such appointment is proposed to be entered into between the Company and any such person.

9. INSPECTION OF DOCUMENTS

A copy of the SPA will be made available for inspection during normal business hours at the Company's registered office at 221 Henderson Road #06-15, Singapore 159557 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

YAP KIAN PENG
Executive Deputy Chairman and Chief Executive Officer
13 June 2016