JEP HOLDINGS LTD.
(Formerly known as Alantac Technology Ltd.)
(Registration No. 199401749E)
(Incorporated in the Republic of Singapore on 12 March 1994)

PROPOSED ACQUISITION OF JEP INDUSTRADES PTE LTD

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1. ACQUISITION OF JEPI

1.1 Acquisition

The Board of Directors (the "**Directors**") of JEP Holdings Ltd. (the "**Company**") wishes to announce that the Company had on 15 July 2015 entered into a sale and purchase agreement (the "**Agreement**") with all the shareholders of JEP Industrades Pte Ltd ("**JEPI**"), namely Zee Hoong Huay and Lee Pui Rong (collectively, the "**Vendors**") for the acquisition by the Company from the Vendors of the entire issued and paid-up share capital of JEPI (the "**Acquisition**") and other ancillary agreements in connection with the Acquisition.

1.2 Purchase Price

The consideration for the Acquisition (the "**Purchaser Consideration**") comprises:

(a) the issue and allotment to the Vendors of 120,000,000 fully paid up ordinary shares in the Company ("**Shares**") at the issue price of S$0.05 per share ("**Consideration Shares**"), which shall rank *pari passu* in all respects with all other existing issued shares in the share capital of the Company; and

(b) post completion of the Acquisition, if there is any net profit after tax ("**NPAT**") of JEPI for each of the financial years ending 31 December ("**FY**") 2016, 2017 and 2018, the Vendors are entitled to an additional earn-out payment equivalent to the NPAT for that particular FY (the "**Additional Earn Out Payment**"), provided, *inter alia*, that the Company shall first receive from JEPI an aggregate of S$1.0 million in dividends before any Additional Earn Out Payment is paid to the Vendors and the aggregate amount of Additional Earn Out Payment does not exceed S$4.0 million. Such payments of the Additional Earn Out Payment, if required to be made, shall be payable within one month after JEPI's audited financial statements for the respective FY has been approved by the shareholders of JEPI.

In the event of negative net cash generated from operating activities in any financial year of JEPI, there shall be no Additional Earn Out Payment payable for that financial year notwithstanding there is NPAT, unless JEPI has as at the end of that financial year, cash and cash equivalents of not less than S$2.0 million. Such cash and cash equivalents shall not come from or be derived from any overdrafts, bank borrowings and/or financing

The Purchase Consideration was arrived at on a willing buyer and willing seller basis after arm's length negotiations between the Company and the Vendors. Based on the unaudited management accounts of JEPI as at 30 June 2015, the net tangible asset of JEPI is approximately S$7.1 million. The unaudited net profit of JEPI is approximately S$1.8 million as at 30 June 2015.

1.3 Salient Conditions

Completion of the Acquisition is conditional upon fulfilment of, *inter alia*, the following conditions:

(a) the entry into of a service agreement between the Company and Zee Hoong Huay for an initial term of three (3) years;

(b) the Company retaining a minimum operating cash balance of S$3,000,000 comprising cash and cash equivalents of S$1,000,000 and net of trade receivables and trade payables of S$2,000,000 on the completion date;

(c) the Company having completed satisfactory due diligence on JEPI;

(d) the Vendors having performed and complied with all agreements, covenants, conditions and obligations required by the Agreement to be performed or complied with;

(e) pending completion, there having been no material adverse changes in the business of JEPI; and

(f) no party having received, on or prior to completion, notice of any order which restrains or prohibits the consummation of the Acquisition and there being no action, on or prior to completion, seeking to restrain or prohibit of the same, or seeking damages in connection therewith.

The Agreement also contains customary representations and warranties given by the Vendors in respect of the financial and business aspects of JEPI that are relevant to the Acquisition. If any of the conditions precedents set out in the Agreement are not fulfilled by 31 August 2015 and such non-fulfilment is not waived, the Agreement will automatically terminate, unless otherwise agreed to between the Parties in writing.

1.4 Post Completion

Upon completion of the Acquisition, Mr Zee Hoong Huay shall become an Executive Director the Company and the board of directors of JEPI will comprise Mr Zee Hoong Huay and our Executive Chairman and Chief Executive Officer, Mr Joe Lau.

2. RATIONALE FOR THE ACQUISITION

JEPI is a trading company that markets cutting tools including indexable carbide inserts, tool holders, milling cutters, boring bars and drill bits. JEPI distributes its products to, among others, the Aerospace, Mould & Die and Oil & Gas sectors mainly in Singapore, Malaysia and Indonesia.

The Company believes that the Acquisition is in line with the core business of the Company and its subsidiaries (the "**Group**") and is expected to strengthen the Group's foothold into certain sectors and markets, increase the customer base of the Group, rationalize its facilities and enable the Group to place itself in a strong position to compete and grow

Taking into account, *inter alia*, the foregoing, the Board of Directors of the Company is of the view that the Acquisition is in the best interests of the Group.

3. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the latest announced consolidated accounts of the Group, which is the audited accounts for the period ended 31 December 2014 ("**FY2014**"), the relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST Catalist (the "**Listing Manual**") are as follows:

(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as it is not a disposal
(b)	The net profits attributable to the assets acquired as compared with the Group's net profits(1)	Not meaningful
(c)	The aggregate value of the consideration given as compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares(2)(3)	29.69%
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue(4)	12.92%
(e)	The 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 basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

(1) "net profits" means profit or loss before income tax, minority interests and extraordinary items. The Group had a net loss before tax for the financial year ended 31 December 2014, hence any comparison on such metric is not meaningful.

(2) The Purchase Consideration is S$10.0 million, based on the aggregate of the Consideration Shares in the value of S$6.0 million and assuming the maximum Additional Earn-Out Payment of S$4.0 million is payable.

(3) "market capitalisation" of the issuer is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on 14 July 2015, which is the market day preceding the date of the Agreement. The Company's market capitalization of approximately S$33,675,280 is based on its total number of issued Shares of 928,973,266. The Company has no treasury shares.

(4) Assuming 120,000,000 Consideration Shares will be issued based on the issue price of S$0.05 per Consideration Shares. The Company's total number of equity securities currently in issue is 928,973,266 Shares excluding treasury shares.

As the bases above exceed 5% (Rule 1010 of the Listing Manual) but does not exceed 75% (Rule 1014 of the Listing Manual), the transaction is announceable but is not required to be subject to shareholders' approval.

4. FINANCIAL EFFECTS OF THE ACQUISITION

The financial effects of the Acquisition on the Group set out below are for illustrative purposes only and are therefore, not indicative of the actual financial performance or position of the Group immediately after the completion of the Acquisition. They have also been prepared based on the audited consolidated financial statements of the Group for FY2014 and on the following key assumptions:

(a) the effect of the transaction on the net tangible assets per share of the Group shown below is based on the assumption that the Acquisition had been effected on 31 December 2014;

(b) the effect of the transaction on the earnings per share of the Group shown below is based on the assumption that the Acquisition was completed on 1 January 2014; and

(c) the Purchase Consideration is the aggregate amount of S$10.0 million.

The effects of the Acquisition on the net tangible assets per share of the Group for FY2014 are as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition** (1)
NTA (S$'000)	18,713	20,713
Number of shares	928,973,266	1,048,973,266
NTA per share (cents)	0.020	0.019

The effects of the Acquisition on the earnings per share of the Group for FY2014 are as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition** (1)
Profit attributable to Shareholders (S$'000)	(1,280)	1,779(2)(3)
Number of shares	928,973,266	1,048,973,266
Earnings per share (cents)	Not meaningful	0.002

Notes:

(1) Based on the audited FY2014 financial statements of JEPI. The Company's total number of issued shares of 1,048,973,266 includes 120,000,000 Consideration Shares with an issue price of $0.05 per Consideration Shares.

(2) Proper accounting elimination of S$253,000 reflected a true and fair net profit after tax of S$1,779,000 after the Proposed Acquisition.

(3) Strong earnings in FY2014 for JEPI is not expected to be repeated in the foreseeable future.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Acquisition.

6. SERVICE CONTRACTS

Zee Hoong Huay is proposed to be appointed as an executive director of the Company in connection with the completion of the Acquisition. The service contract will be for an initial term of 3 years and contains customary non-competition restrictions and termination rights of the Company. The remuneration of Zee Hoong Huay will comprise a base salary that has yet to be agreed, CPF contributions and a year end discretionary bonus to be determined by the remuneration committee of the Board of Directors of the Company. The Company will make further announcements once the appointment of Zee Hoong Huay has been finalised.

7. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Acquisition, the issuer and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

8. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company located at 44 Changi South Street 1, Singapore 486762 for three (3) months from the date of this Announcement.

By Order of the Board

Joe Lau
Executive Chairman and
Chief Executive Officer

For and on behalf of
Board of Directors of
JEP Holdings Ltd.

Date: 15 July 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. 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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