

MANDATORY CONDITIONAL CASH OFFER

By

Hong Leong Finance Limited
(Company Registration No.: 196100003D)
(Incorporated in the Republic of Singapore)

For and on behalf of

UMS Holdings Limited
(Company Registration No.: 200100340R)
(Incorporated in the Republic of Singapore)

To acquire all the issued and paid-up ordinary shares in the capital of

JEP Holdings Ltd.
(Company Registration No.: 199401749E)
(Incorporated in the Republic of Singapore)

other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it

1. INTRODUCTION

- 1.1 Hong Leong Finance Limited (“**Hong Leong Finance**”) wishes to announce, for and behalf of UMS Holdings Limited (“**Offeror**”) that, the Offeror acquired 43,841,202 ordinary shares in the capital of JEP Holdings Ltd. (“**Offeree**”) from Ellipsiz Ltd. (“**Vendor**”) via a married deal between the Offeror as purchaser and the Vendor as vendor (“**Acquisition**”). The 43,841,202 issued and paid-up ordinary shares in the capital of the Offeree (“**Sale Shares**”) acquired by the Offeror pursuant to the Acquisition represent in aggregate approximately 10.9% of the entire issued share capital of the Offeree.¹
- 1.2 The aggregate consideration for the Acquisition was S\$6,576,180.30 (based on S\$0.150 per Sale Share) and was arrived at on a willing-buyer and willing-seller basis taking into account, amongst others, the prevailing market price of the Sale Shares. The consideration of S\$0.150 per Sale Share represented a discount of approximately 3.8% over the last transacted price of S\$0.156 per Sale Share on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 10 May 2019, being the latest trading date prior to the date of this Announcement. Completion of the Acquisition (“**Completion**”) took place on 13 May 2019.

¹ Based on the total issued share capital of 401,236,516 Shares.

- 1.3 The total consideration for the Acquisition and the subsequent Offer (as defined below) will be paid in cash and will be financed using internal resources and/or bank financing facilities.
- 1.4 Based on the audited financial statements of the Offeree for financial year ended 31 December 2018, the net tangible asset value attributable to the Sale Shares is approximately S\$3,790,256. The latest available open market value attributable to the Sale Shares is approximately S\$6,839,227.
- 1.5 Pursuant to the Completion of the Acquisition, the Offeror and the parties acting in concert with it owns in aggregate 155,589,477 issued and paid-up ordinary shares in the capital of the Offeree, representing approximately 38.8% of the entire issued share capital of the Offeree.
- 1.6 In accordance with Section 139 of the Securities and Futures Act (Cap. 289) of Singapore and Rule 14.1 of The Singapore Code on Take-overs and Mergers ("**Code**"), and subject to the terms and conditions set out in the offer document to be issued by Hong Leong Finance for and on behalf of the Offeror ("**Offer Document**"), pursuant to Completion of the Acquisition, the Offeror will make a mandatory conditional cash offer ("**Offer**") for all the remaining issued and paid-up ordinary shares in the capital of the Offeree (excluding treasury shares), and all Warrant Shares which are not already owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it ("**Offer Shares**").
- 1.7 In accordance with Rule 19 of the Code, the Offeror also intends to make an offer to holders of outstanding warrants ("**Warrantholders**") issued by the Offeree pursuant to a rights-cum-warrant issue ("**Warrants**") made on 23 December 2016, with each Warrant carrying the right to subscribe for one (1) new ordinary share in the share capital of the Offeree at an exercise price of S\$0.080 for each new share ("**Warrants Share**")², and such offer for the Warrants will be unconditional in all respects ("**Warrants Offer**").

2. TERMS OF THE OFFER

- 2.1 **Offer Price.** For and on behalf of the Offeror, Hong Leong Finance hereby make the Offer for all the Offer Shares, in accordance with Section 139 of the SFA and the Code, on the following basis:

For each Offer Share: S\$0.150 in cash ("Offer Price")

- 2.2 **The Offeror does not intend to revise the Offer Price.**

² Pursuant to the Offeree's announcements dated 12 March 2018, 3, 10 & 25 April 2018 and 10 May 2018, as well as the circular to shareholders dated 10 April 2018, the Offeree had effected a share consolidation and made adjustments to the terms of the Warrants which took effect from 5.00pm on 18 May 2018. The adjustments to the terms of the Warrants are as below:

- (a) every four (4) warrants were consolidated into one (1) Warrant, rounded downwards to the nearest whole warrant; and
- (b) the exercise price of each Warrant was adjusted from S\$0.020 to S\$0.080.

- 2.3 The Offer Price represents the highest price paid by the Offeror for the Offeree's ordinary shares during the six-month period immediately preceding the date of this Announcement.
- 2.4 **Offer Shares.** The Offer will be extended to all issued and paid-up ordinary shares held by the shareholders of the Offeree ("**Shareholders**"), other than those held in treasury and those already owned by the Offeror and the parties acting in concert with it. The Offer will also be extended, on the same terms and conditions, to all Warrant Shares unconditionally issued or to be issued prior to the close of the Offer, pursuant to the valid exercise of any Warrants. For the purposes of the Offer, the expression "**Offer Shares**" shall include such Warrant Shares.
- 2.5 **No Encumbrances.** The Offer Shares are to be acquired fully-paid and free from all liens, equities, mortgages, charges, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights, benefits and entitlements attached thereto as at the date of this Announcement and thereafter attaching thereto, including all voting rights, the right to receive and retain all dividends, rights and other distributions (if any) which may be announced, declared, made or paid thereon by the Offeree on or after the date of this Announcement, together with all interests accrued thereon.
- 2.6 **Adjustments for Distributions.** If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Offeree on or after the date of this Announcement, and the Offeror is not entitled to receive such dividend, rights, other distribution or return of capital in full from the Offeree in respect of any of the Offer Shares tendered in acceptance of the Offer, then the Offeror shall reserve the right to reduce the Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.
- 2.7 **Offer Conditions.** The Offer will be subject to the following conditions:
- (a) The Offeror having received, by the closing date of the Offer ("**Closing Date**"), valid acceptances in respect of such number of Offer Shares which, when taken together with shares in the Offeree owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it, will result in the Offeror and the parties acting in concert with it holding more than 50% of the voting rights attributable to the issued share capital of the Offeree as at the Closing Date ("**Acceptance Condition**").
 - (b) The Offer will therefore only become unconditional in the course of the Offer if the Offeror has received valid acceptances, which together with shares in the Offeree owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it amount to more than 50% of the maximum potential share capital of the Offeree. For the purposes of the Offer, the "**maximum potential share capital of the Offeree**" means the total number of shares in the Offeree which would be in issue if all outstanding Warrants (other than those owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with it) were validly exercised as at the date of the relevant declaration.

2.8 **No Irrevocable Undertaking.** As at the date of this Announcement, neither the Offeror nor any party acting in concert with it has received any irrevocable undertaking from any other party to accept or reject the Offer.

3. TERMS OF THE WARRANTS OFFER

3.1 **Warrants.** As at the date of this Announcement, based on the latest information available to the Offeror, the Offeree has 12,800,989 Warrants in issue, representing approximately 3.1% of the maximum potential issued share capital of the Offeree. Pursuant to the terms and conditions of the Warrants, the exercise period for the Warrants commences on 23 December 2016 and ends on 20 December 2019.

3.2 **Warrants Offer.** In accordance with Rule 19 of the Code, Hong Leong Finance, for and on behalf of the Offeror, hereby makes an offer to the Warrantholders to acquire the Warrants in accordance with the terms and subject to the conditions set out in the Offer Document.

3.3 **Warrants Offer Price.** The offer price for the Warrants ("**Warrants Offer Price**") will be as follows:

For each Warrant: S\$0.074 in cash

The Warrants Offer Price is calculated based on the highest price paid by the Offeror and parties acting in concert with it in the six (6) months prior to the commencement of the offer period.

3.4 **Condition.** The Warrants Offer will be unconditional in all respects in accordance with its terms.

3.5 **No Encumbrances.** The Warrants are to be acquired fully-paid and free from all liens, equities, mortgages, charges, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights, benefits and entitlements attached thereto as at the date of this Announcement and thereafter attaching thereto, including all voting rights, the right to receive and retain all dividends, rights and other distributions (if any) which may be announced, declared, made or paid thereon by the Offeree on or after the date of this Announcement, together with all interests accrued thereon.

3.6 **Offer and Warrants Offer Mutually Exclusive.** The Offer and the Warrants Offer are separate and are mutually exclusive. The Warrants Offer does not form part of the Offer, and vice versa.

4. INFORMATION ON THE OFFEROR

4.1 The Offeror was incorporated in Singapore on 17 January 2001 and is listed on the Mainboard of the SGX-ST. The Offeror and its subsidiaries are principally engaged in the business of manufacturing precision machining components and equipment.

4.2 As at the date of this Announcement, the board of directors of the Offeror comprises the following individuals:

- (a) Mr Luong Andy (Chairman and Chief Executive Officer);
- (b) Mr Loh Meng Chong, Stanley (Executive Director);
- (c) Mr Chay Yiowmin (Lead Independent Director);
- (d) Ms Gn Jong Yuh Gwendolyn (Independent Director); and
- (e) Datuk Phang Ah Tong (Independent Director).

4.3 As at the date of this Announcement:

- (a) the Offeror holds 111,748,275 ordinary shares in the Offeree, representing approximately 27.9% of the entire issued share capital of the Offeree;
- (b) Mr Luong Andy holds approximately 20.6% of the issued share capital of the Offeror and is therefore, deemed to be interested in all the shares in the Offeree held by the Offeror; and
- (c) Mr Loh Meng Chong, Stanley holds 328,000 Warrants issued by the Offeree.

5. INFORMATION ON OFFEREE

5.1 The Offeree was incorporated in Singapore on 12 March 1994 and is listed on the Catalist Board of the SGX-ST. The Offeree and its subsidiaries are principally engaged in the business of providing solutions for precision machining and engineering services.

5.2 As at the date of this Announcement, the board of directors of the Offeree comprises the following individuals:

- (a) Mr Luong Andy (Executive Chairman and Chief Executive Officer);
- (b) Mr Zee Hoong Huay (Executive Director)
- (c) Mr Wong Gang (Lead Independent Director);
- (d) Mr Kong Chee Keong (Independent Director); and
- (e) Mr Chung Chi-Te (Independent Director).

5.3 As stated at paragraph 4.2 above, Mr Luong Andy is a director of both the Offeror and the Offeree.

5.4 As at the date of this Announcement, the Offeree has:

- (a) an issued and paid-up share capital of 401,236,516 ordinary shares;
- (b) 12,800,989 Warrants; and
- (c) no treasury shares.

5.5 The continuing sponsor of the Offeree is RHT Capital Pte. Ltd.

6. RATIONALE FOR THE OFFER AND OFFEROR'S INTENTIONS FOR THE OFFEREE

6.1 **Rationale.** As set out in paragraph 1 of this Announcement, the Offer is made by the Offeror to comply with the requirements of the Code.

6.2 **Offeror's Intention for the Offeree.** The Directors are of the view that the Offer is an opportunity for the Offeror to diversify beyond its traditional semiconductor business, broaden its earnings stream and may provide synergistic benefits. The Offeror may explore the business synergies with the Offeree and tap into growth opportunities in new markets. Save for the above, the Offeror has no current intention to (a) make material changes to the existing business of the Offeree and its subsidiaries (collectively "**Offeree Group**"), (b) re-deploy the Offeree Group's fixed assets or (c) discontinue the employment of the employees of the Offeree Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

7. LISTING STATUS AND COMPULSORY ACQUISITION

7.1 **Listing Status.** Under Rule 1104 of the Catalist Rules, upon the announcement by the Offeror that valid acceptances have been received pursuant to the Offer that bring the holdings of the shares in the Offeree owned by the Offeror and the parties acting in concert with it to above 90% of the total number of issued shares (excluding any treasury shares), the SGX-ST may suspend the trading of the Offeree's shares on the SGX-ST until it is satisfied that at least 10% of the total number of issued shares (excluding treasury shares) are held by at least 200 Shareholders who are members of the public.

7.2 Under Rule 1303(1) of the Catalist Rules, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued shares (excluding treasury shares) of the Offeree, thus causing the percentage of the total number of issued shares (excluding treasury shares) of the Offeree which is held in public hands to fall below 10%, the SGX-ST will suspend trading of the Offeree's shares at the close of the Offer.

7.3 Shareholders are advised to note that Rule 723 of the Catalist Rules requires the Offeree to ensure that at least 10% of its total number of issued shares (excluding treasury shares) is at all times held by the public. In addition, under Rule 724(1) of the Catalist Rules, if the percentage of the total number of issued shares (excluding treasury shares) of the Offeree which is held in public hands falls below 10%, the Offeree must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Offeree's shares. Rule 724(2) of the Catalist Rules further states that the SGX-ST may allow the Offeree a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of shares in public hands to at least 10%, failing which the Offeree may be delisted.

7.4 **The Offeror currently intends to preserve the listing status of the Offeree on the Catalist Board, but maintains the flexibility to assess its options in the event the public float falls below 10%.**

7.5 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act (Cap. 50) ("**Companies Act**"), if the Offeror receives valid acceptances of the Offer or acquires or agrees to acquire such number of Offer Shares during the Offer period otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued shares (excluding treasury shares) of the Offeree, other than those already held by the Offeror, its related corporations or their respective nominees as at the date of this Announcement, the Offeror will be entitled to exercise the right to compulsorily acquire all the shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") on the same terms as those offered under the Offer.

7.6 Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of shares which, together with treasury shares and the shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued shares as at the Closing Date. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice. Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude treasury shares or the Offeree's shares which are held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.

7.7 **As stated above, the Offeror currently intends to preserve the listing status of the Offeree on the Catalist Board, but maintains the flexibility to assess its options in the event the public float falls below 10%.**

8. FINANCIAL ASPECTS OF THE OFFER

8.1 The Offer Price of S\$0.150 for each Offer Share represents the following discount over the relevant closing prices and volume weighted average price ("**VWAP**") of the Offeree's shares on the SGX-ST:

Description	Benchmark Price (S\$)⁽¹⁾⁽²⁾	Premium over / (Discount to) over Benchmark Price⁽³⁾
Last traded price per share as quoted on the SGX-ST on the last trading day prior to the date of this Announcement, being 10 May 2019 (" Last Trading Day ")	0.156	(3.8)%

VWAP of the shares as quoted on the SGX-ST for the one (1)-month period up to and including the Last Trading Day	0.157	(4.5)%
VWAP of the shares as quoted on the SGX-ST for the three (3)-month period up to and including the Last Trading Day	0.158	(5.1)%
VWAP of the shares as quoted on the SGX-ST for the six (6)-month period up to and including the Last Trading Day	0.154	(2.6)%
VWAP of the shares as quoted on the SGX-ST for the twelve (12)-month period up to and including the Last Trading Day	0.176	(14.8)%

Note:

- (1) Based on data extracted from Bloomberg L.P.
- (2) Figures rounded to the nearest three (3) decimal places.
- (3) Percentages rounded to the nearest one (1) decimal place.

9. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

- 9.1 Save as disclosed in this Announcement, as at the date of this Announcement, none of the Offeror, its wholly-owned subsidiaries or each of their respective directors (a) owns, controls or has agreed to acquire any shares or securities which carry voting rights in the Offeree or are convertible into shares or securities which carry voting rights in the Offeree, or rights to subscribe for options in respect of shares or such securities, or (b) has dealt for value in any shares during the period commencing six (6) months prior to the date of this Announcement.
- 9.2 In the interests of confidentiality, the Offeror and Hong Leong Finance have not made enquiries in respect of certain other parties who are or may be deemed to be acting in concert with the Offeror in connection with the Offer. Further enquiries will be made of such persons and the relevant disclosures will be made in due course subsequently and in the Offer Document.
- 9.3 As Mr Luong Andy is a director of both the Offeror and the Offeree and is deemed to be interested in all the shares in the Offeree held by the Offeror, he has abstained from making decisions on any of the matters in relation to the Offer and the Warrants Offer.

10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE ACQUISITION

- 10.1 Save for the interests of the directors and controlling shareholders of the Offeror in the Acquisition by virtue of their directorships and/or shareholdings in the Offeror (as the case may be) as disclosed in this Announcement, none of the directors or the controlling shareholders of the Offeror is interested, directly or indirectly, in the Acquisition.

11. CONFIRMATION OF FINANCIAL RESOURCES

- 11.1 Hong Leong Finance, as financial adviser ("**Financial Adviser**") to the Offeror in connection with the Offer and the Warrants Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full all acceptances of (i) the Offer by the Shareholders on the basis of the Offer Price and (ii) the Warrants Offer by Warrantholders on the basis of the Warrants Offer Price.

12. DESPATCH OF THE OFFER DOCUMENT

- 13.1 Further information on the Offer will be contained in the Offer Document. The Offer Document, which will set out the terms and conditions of the Offer and the Warrants Offer, and enclose the relevant forms of acceptance of the Offer and the Warrants Offer, will be despatched to the Shareholders and Warrantholders not earlier than fourteen (14) days and not later than twenty-one (21) days from the date of this Announcement. Pursuant to Rule 22.3 of the Code, the Offer and the Warrants Offer will remain open for acceptances by Shareholders and/or Warrantholders, as the case may be, for a period of at least twenty-eight (28) days from the date of posting of the Offer Document.

13. OVERSEAS SHAREHOLDERS

- 13.1 This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe or buy any share, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the shares referred to in this Announcement in any jurisdiction in contravention of applicable laws. The Offer will be made solely by the Offer Document and the relevant forms of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. For the avoidance of doubt, the Offer (if and when made) is open to all Shareholders holding Offer Shares, including those to whom the Offer Document and relevant forms of acceptance may not be sent.
- 13.2 The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdiction into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.
- 13.3 Copies of this Announcement and any formal documentation relating to the Offer and the Warrants Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer and/or the Warrants Offer would violate the law of that jurisdiction ("**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

- 13.4 The Offer and the Warrants Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer and the Warrants Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.
- 13.5 The ability of Shareholders and Warranholders who are not resident in Singapore to accept the Offer and the Warrants Offer respectively may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

14. CAUTIONARY STATEMENT

- 14.1 **Shareholders and potential investors should exercise caution when trading in the shares of the Offeree, and where in doubt as to the action they should take, they should consult their stockbroker, bank manager, accountant, solicitor, tax adviser or other professional advisers.**

15. RESPONSIBILITY STATEMENT

- 15.1 The Directors of the Offeror (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.
- 15.2 Where any information has been extracted from published or otherwise publicly available sources (including, without limitation, information relating to the Offeree) or obtained from the Offeree or Vendor, the sole responsibility of the Directors of the Offeror has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources, or, as the case may be, accurately reflected or reproduced in this Announcement.

Issued by

Hong Leong Finance Limited

For and on behalf of

UMS Holdings Limited

Date: 13 May 2019

Any enquiries relating to this Announcement or the Offer should be directed during office hours to Mr Tang Yeng Yuen of Hong Leong Finance Limited at (65) 6415 9886.

Forward-Looking Statements

All statements other than statements of historical facts included in this announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Offeror's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors of the Offeree should not place undue reliance on such forward-looking statements, and none of the Offeror and the Financial Adviser guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.