



JASON HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201119167Z)

PROPOSED ISSUE OF CONVERTIBLE BONDS

1. INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of Jason Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 21 March 2014 entered into a conditional bond subscription agreement (the "**Bond Subscription Agreement**") with Teranova Group Limited (the "**Subscriber**").

2. SALIENT TERMS OF THE BOND SUBSCRIPTION AGREEMENT

2.1 Issue of the Bonds

Under the terms of the Bond Subscription Agreement, the Company shall issue up to S\$10,000,000 in aggregate principal amount of unlisted equity-linked redeemable convertible bonds (the "**Bonds**", and each a "**Bond**"), which will bear interest at eight per cent (8%) per annum of the principal amount outstanding, to the Subscriber, in accordance with the terms and subject to the conditions of the Bond Subscription Agreement ("**Proposed Issue**").

The Bonds will be issued in up to nine (9) separate successive tranches, each tranche having an aggregate principal amount to be determined in accordance with the Bond Subscription Agreement, provided always that the aggregate principal amount for the initial tranche of bonds ("**Initial Tranche**") shall be S\$2,000,000.

Following the receipt by the Subscriber of a written request from the Company for the Subscriber to subscribe for the Initial Tranche, the Subscriber shall subscribe for, and the Company shall issue to the Subscriber, the Initial Bonds (as defined herein).

The maximum aggregate principal amount of Bonds that may be issued under the subsequent tranches of Bonds (each a "**Subsequent Tranche**" and collectively, the "**Subsequent Tranches**") shall be S\$8,000,000. The aggregate principal amount of Bonds to be issued in each Subsequent Tranche shall be:

- (a) a minimum principal amount of S\$1,000,000 ("**Minimum Component**"); and
- (b) such additional principal amount as the Company may request that the Subscriber subscribes for, up to a maximum of S\$8,000,000 less the Minimum Component and the aggregate principal amount of any Bonds that have been issued under previous Subsequent Tranches ("**Optional Component**").

Following the receipt by the Subscriber of a written request from the Company for the Subscriber to subscribe for a Subsequent Tranche, the Subscriber shall deliver to the Company a notice of request ("**Notice of Request**") to request the issue of such Subsequent Tranche, in accordance with the terms of the Bond Subscription Agreement and subject to the conditions of the Bonds.

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No Subsequent Tranche may be subscribed for after the date falling fifteen (15) months from the date of completion of the issue of the Bonds under the Initial Tranche ("**Initial Completion**").

2.2 Consideration

At the Initial Completion, the Subscriber shall provide the Company with the sum of S\$2,000,000 in the agreed form as payment for the Bonds issued under the Initial Tranche ("**Initial Bonds**").

At each completion of the issue of Bonds under each of the Subsequent Tranches (each a "**Subsequent Completion**"), the Subscriber shall provide the Company with the sum equivalent to the sum of the Minimum Component and the Optional Component (if any) of the relevant Subsequent Tranche, in the agreed form as payment for the Bonds issued under the relevant Subsequent Tranche ("**Subsequent Bonds**").

2.3 Conditions Precedent

(a) Conditions precedent for the subscription of the Initial Bonds

The obligations of the Subscriber to subscribe and/or procure subscriptions for the Initial Bonds and the obligations of the Company to issue the Initial Bonds to the Subscriber shall be conditional upon the following conditions having been fulfilled on or before the date of the Initial Completion ("**Initial Completion Date**") or waived, as the case may be:

- (i) the approval of the Directors having been obtained for the entry into and the transactions contemplated under the Bond Subscription Agreement, and in particular, the issuance of the Initial Bonds;
- (ii) the approval in-principle of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the shares to be issued by the Company upon the conversion of the Bonds ("**New Shares**") being obtained and not having been revoked as of the Initial Completion Date;
- (iii) all other necessary approvals and consents, including, without limitation:
 - a. the approval of the shareholders of the Company in general meeting;
 - b. any governmental and/or regulatory (including SGX-ST) approvals and consents; and
 - c. the approval of any financial institution or third party under the terms of the Company's agreements with them,

which in the opinion of the Company is required for the transactions contemplated under the Bond Subscription Agreement (in particular, but without limitation, the issue by the Company of and the subscription by the Subscriber for the Initial Bonds and the allotment and issuance of the New Shares in accordance with the terms of the Bond Subscription Agreement and the terms and conditions of the Bonds

(“**Conditions**”)), having been obtained and remaining valid and subsisting as at the Initial Completion Date;

- (iv) up to and as of the Initial Completion Date: (1) all the warranties of each party set forth in the Bond Subscription Agreement that are (a) qualified as to materiality, shall be true and correct and (b) not qualified as to materiality, shall be true and correct in all material respects, in each case at, and as if made on, the Initial Completion Date; and (2) each party shall have performed all of its undertakings or obligations under the Bond Subscription Agreement to be performed on or before the Initial Completion Date;
- (v) the issue of the Initial Bonds by the Company and the subscription by the Subscriber for the Initial Bonds shall not be prohibited by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore; and
- (vi) no event or series of events resulting in or representing a material adverse change, or prospective material adverse change, in the local, national, regional or international financial, political, military, industrial, economic, fiscal or market conditions (including conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting Singapore.

The Initial Completion Date shall, subject to the prior receipt by the Subscriber of a written request from the Company for the Subscriber to subscribe for the Initial Tranche, be five (5) business days after the fulfilment of the above conditions precedent, or such other date as may be agreed in writing by the parties.

If the Subscriber does not receive a written request from the Company for the Subscriber to subscribe for the Initial Tranche within twelve (12) months from the date of this Agreement or such other date as the Parties may agree in writing (“**Initial Long-Stop Date**”), or, if such request is received by the Subscriber but any of the above conditions precedent are not satisfied or waived by the relevant party on or before the Initial Long-Stop Date, the Bond Subscription Agreement (save for certain clauses as specified) shall be terminated.

(b) Conditions precedent for the subscription of the Subsequent Bonds

Upon the receipt of a Notice of Request, the obligations of the Company to issue the Subsequent Bonds to the Subscriber shall be conditional upon the following conditions having been fulfilled or waived, as the case may be:

- (i) the approval of the Directors having been obtained for the issuance of the Subsequent Bonds;
- (ii) the approval in-principle of the SGX-ST for the listing and quotation of the New Shares being obtained and not having been revoked as of the relevant Subsequent Completion Date;
- (iii) all other necessary approvals and consents, including, without limitation:

- a. the approval of the shareholders of the Company in general meeting;
- b. any governmental and/or regulatory (including SGX-ST) approvals and consents; and
- c. the approval of any financial institution or third party under the terms of the Company's agreements with them,

which in the opinion of the Company is required for the transactions contemplated under the Bond Subscription Agreement (in particular, but without limitation, the issue by the Company of and the subscription by the Subscriber for the Subsequent Bonds and the allotment and issuance of the New Shares in accordance with the terms of the Bond Subscription Agreement and the Conditions), having been obtained and remaining valid and subsisting as at the relevant Subsequent Completion Date;

- (iv) up to and as of the relevant Subsequent Completion Date: (1) all the warranties of each party set forth in the Bond Subscription Agreement that are (a) qualified as to materiality, shall be true and correct and (b) not qualified as to materiality, shall be true and correct in all material respects, in each case at, and as if made on, the relevant Subsequent Completion Date; and (2) each party shall have performed all of its undertakings or obligations under the Bond Subscription Agreement to be performed on or before the relevant Subsequent Completion Date;
- (v) the issue of the Subsequent Bonds by the Company and the subscription by the Subscriber for the Subsequent Bonds shall not be prohibited by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore;
- (vi) no event or series of events resulting in or representing a material adverse change, or prospective material adverse change, in the local, national, regional or international financial, political, military, industrial, economic, fiscal or market conditions (including conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting Singapore; and
- (vii) there has been no halt or suspension of trading in the Company's shares ("**Shares**") on the SGX-ST on the relevant Subsequent Completion Date, and the Shares have not been de-listed from the Catalist of the SGX-ST.

The "**Subsequent Completion Date**" means, in relation to any particular Subsequent Tranche, the date for the completion of the issuance of the Subsequent Bonds covered by such Subsequent Tranche, which shall be the date ten (10) business days after the Company's receipt of the relevant Notice of Request, or such other date as may be agreed in writing by the parties.

If any of the conditions precedent above is not satisfied or is not waived by the relevant party on or before the relevant Subsequent Completion Date, the parties shall have the right to, by mutual agreement in writing: (i) set a new date for the relevant Subsequent Completion; (ii) terminate the Bond Subscription Agreement (save for

certain clauses as specified); or (iii) elect not to proceed with the relevant Subsequent Completion.

2.4 Costs and Expenses

The Company shall pay the Subscriber a sum equivalent to 3.0% of the aggregate principal amount of Bonds issued under each tranche, upon drawdown of each respective Tranche in cash.

3. SALIENT TERMS OF THE BONDS

The Bonds will be in registered form in the denomination of S\$100,000 each, and will not be listed. The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company.

3.1 Interest

The Bonds shall bear interest from the date of issue of the Bonds at the rate of eight (8%) per cent per annum of the principal amount outstanding of the Bonds, payable annually in arrears on the anniversary of the date of issue of such Bonds ("**Interest Payment Date**").

3.2 Conversion

(a) Conversion Period

The right of a holder of a Bond ("**Bondholder**" or "**holder**") to convert any Bond into Shares shall be called the "**Conversion Right**". Subject to and upon compliance with the provisions of the Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on and after the date of issue of such Bond up to the close of business on the business day immediately preceding the first anniversary of the date of issue of such Bond ("**Maturity Date**").

(b) Issue of New Shares

The number of New Shares to be issued on conversion of the Bonds will be determined by dividing the aggregate principal amount to be converted by the Conversion Price (as defined below) in effect at the conversion date.

The price at which each New Share will be issued upon conversion of a Bond (the "**Conversion Price**") in respect of each of the Bonds shall be equal to the higher of:

- (i) S\$0.2475 ("**Minimum Conversion Price**"); or
- (ii) 90% of the weighted average price quoted by the SGX-ST for each Share for any three (3) consecutive trading days, as determined by the Bondholder at its absolute discretion, during the 25 consecutive trading days immediately preceding the relevant conversion date.

Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof.

The New Shares will be fully paid ordinary shares of the Company, and, upon allotment and issue, will rank pari passu in all respects with the then existing issued Shares, save for any rights the record date for which falls before the date of issue of the New Shares.

(c) Minimum Conversion Amount

The Company may at its sole discretion reject any request for conversion of Bonds of an aggregate conversion amount of less than S\$100,000 or which is not a multiple thereof. Subject to the requirements stated above, a Bondholder shall be entitled to request to convert any part or whole amount of a Bond.

3.3 Redemption

Unless previously redeemed, converted or purchased and cancelled as provided in the Conditions, the Company will redeem each Bond at one hundred per cent (100%) of its principal amount together with all accrued interest (calculated up to but excluding the Maturity Date) on the Maturity Date.

The Bonds may not be redeemed, in whole or in part, prior to that date other than in accordance with the Conditions.

Following the occurrence of a Change of Control (as defined in the Conditions), a Bondholder will have the right (but not the obligation) to require the Company to redeem in whole but not in part such Bondholder's Bonds at their principal amount together with any unpaid accrued interest thereon.

Following the occurrence of an Event of Default (as defined in the Conditions), a Bondholder may give notice to the Company that the Bonds are, and shall accordingly thereby become, immediately due and repayable at their principal amount plus any unpaid accrued interest, save that the holder may exercise its Conversion Right in respect of its Bonds (or part thereof), and following such exercise the Company will deliver to the Bondholder (a) the relevant number of New Shares to be issued pursuant to such exercise ("**Relevant Number**"), and (b) an amount in Singapore dollars equivalent to the number of New Shares which would have been received by the holder if it had exercised its Conversion Right in respect of all the Bonds held by it ("**Maximum Possible Conversion Shares**") less the Relevant Number, multiplied by the applicable Conversion Price. If the Bondholder has received any payment pursuant to this Condition, such payment shall be deducted from the aggregate principal amount of the Bonds used to determine the Maximum Possible Conversion Shares.

3.4 Governing law

The Conditions shall be governed by and construed in all respects in accordance with the laws of Singapore.

4. LISTING OF THE NEW SHARES

The Company will be making an application to the SGX-ST, through its sponsor, Canaccord Genuity Singapore Pte. Ltd., for the listing and quotation of the New Shares on the Catalist of the SGX-ST in due course.

The Company will make the necessary announcements once the listing and quotation notice for the listing and quotation of the New Shares has been obtained from the SGX-ST.

5. INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands with its registered address at 190 Middle Road #10-06 Singapore 188979. It is an investment holding company, wholly owned by Phoon Wui Nyen, who is not related to any of our substantial shareholders or Directors, or their respective associates.

The Subscriber is not a person who is any of the persons set forth in Rule 812 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”).

As at the date of this announcement, the Subscriber is an existing shareholder of the Company holding 2,000,000 Shares representing 1.85% of the present issued and paid-up share capital of the Company. Phoon Wui Nyen is also an existing shareholder of the Company holding 1,270,000 Shares, and together with his indirect shareholdings in the Company through the Subscriber, holds a total shareholding interest in the Company (both direct and indirect) of 3.03% of the present issued and paid-up share capital of the Company.

6. EXTRAORDINARY GENERAL MEETING

In accordance with Rule 803 and Rule 811(3) of the Catalist Rules, the Company will seek the approval of its shareholders for the issue of the Bonds and the New Shares, at an extraordinary general meeting (“**EGM**”) to be convened.

A circular (the “**Circular**”) setting out further information on the Proposed Issue, together with a notice of the EGM to be convened, will be despatched to the shareholders of the Company in due course.

7. FINANCIAL EFFECTS

7.1 Maximum Number of New Shares

Based on the Minimum Conversion Price, the maximum number of New Shares to be issued and allotted upon conversion of the Bonds, if fully issued to and converted by the Subscriber, will be 40,404,040 New Shares, representing 27.23% of the enlarged share capital of the Company immediately after such issue and allotment.

Assuming that all the New Shares are issued to the Subscriber, and that there are no changes to the current shareholding interests of the Subscriber and Phoon Wui Nyen in the Company as described in Section 5 above:

- (a) the Subscriber will hold an aggregate of 42,404,040 Shares representing 28.57% of the enlarged share capital of the Company; and
- (b) Phoon Wui Nyen will have shareholding interests (both direct and indirect) in an aggregate of 43,674,040 Shares representing 29.43% of the enlarged share capital of the Company.

As such, it is expected that the Subscriber will become a controlling shareholder of the Company, as defined in the Catalist Rules. However, there will be no change in control of the Company as Jason Sim Chon Ang, Executive Chairman and Chief Executive

Officer of the Company, will retain 34.98% of the enlarged share capital of the Company.

7.2 Financial Effects of the Proposed Issue

The financial effects of the Proposed Issue set out below are strictly for illustrative purposes and do not necessarily reflect the actual future financial position and results of the Company following the Proposed Issue.

The table below sets out the proforma financial effects of the Proposed Issue (excluding transaction costs), on the following bases and assumptions:

- (i) the last published unaudited consolidated financial statements of the Group for the financial year ended 31 December 2013;
- (ii) the financial impact on the consolidated net tangible assets ("**NTA**") per Share is computed based on the assumption that the Proposed Issue was completed on 31 December 2013; and
- (iii) the financial impact on the consolidated earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Issue was completed on 1 January 2013.

	Before completion of the Proposed Issue	After completion of the Proposed Issue ⁽¹⁾	After completion of the Proposed Issue and the full conversion of the Bonds ⁽²⁾
Share capital			
Issued and paid-up share capital (S\$'000)	9,145	9,145	19,145
Number of Shares	108,000,000	108,000,000	148,404,040
NTA (S\$'000)	14,191	14,191	24,191
NTA per share (Singapore cents)	13.14	13.14	16.30
EPS (Singapore cents)	(1.70)	(1.70)	(1.24)
Gearing			
Total Borrowings ⁽³⁾ (S\$'000)	27,574	37,574	27,574
Shareholders' Funds (S\$'000)	14,336	14,336	24,336
Gearing Ratio (times)	1.92	2.62	1.13

Notes:

- (1) Assuming that the maximum aggregate principal amount of Bonds of S\$10,000,000 is issued pursuant to the Bond Subscription Agreement.
- (2) Assuming that the Bonds are converted at the Minimum Conversion Price, and the maximum number of New Shares is issued.
- (3) Total borrowings comprise bank borrowings, finance leases, amount due to a corporate shareholder and amount due to a director.

8. RATIONALE AND USE OF PROCEEDS

The Company intends to utilise the entire net proceeds from the Proposed Issue to explore acquisitions, joint ventures and/or strategic alliances which it believes will complement its current and future businesses, in order to expand its business, and in particular, for the purposes of the proposed acquisition of the entire issued and paid-up share capital of Top Creation Investment (HK) Limited, as announced by the Company on 3 March 2014.

Pending the deployment of the proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Group.

The Company will make announcements on the use of the net proceeds from the Proposed Issue and whether such use is in accordance with the stated use, as and when such net proceeds are materially disbursed. Where there is any material deviation from the stated use of the net proceeds, the Company will announce the reasons for such deviation.

9. DIRECTORS' OPINION

The Board is of the opinion that, after taking into consideration:

- (a) the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) the present bank facilities and net proceeds from the Proposed Issue, the working capital available to the Group is sufficient to meet its present requirements.

The Board is of the opinion that the Proposed Issue is beneficial to the Group as it will allow the Group to strengthen its cash position and allow the Group the flexibility to capitalise on future growth opportunities.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Issue save for their interests arising by way of their shareholdings in the Company.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The Bond Subscription Agreement may be inspected at the registered office of the Company during normal business hours at 16 Tampines Street 92 JP Building, Singapore 528873 for a period of three (3) months from the date of this announcement.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have been delegated detailed supervision of the Proposed Issue) 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 Proposed Issue and the Group, 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.

ON BEHALF OF THE BOARD
JASON HOLDINGS LIMITED

Jason Sim Chon Ang
Executive Chairman and CEO
24 March 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd. for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Canaccord Genuity Singapore Pte. Ltd. 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 Mr Alex Tan, Chief Executive Officer, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.