

JUBILEE INDUSTRIES HOLDINGS LTD

(Company Registration No.: 200904797H)

(Incorporated in Republic of Singapore)

DISPOSAL OF PROPERTY IN STATE OF JOHOR, MALAYSIA

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Jubilee Industries Holdings Ltd (the “**Company**” together with its subsidiaries, the “**Group**”) wishes to announce that Jubilee Manufacturing Sdn Bhd (“**Jubilee Manufacturing Malaysia**”), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (the “**SPA**”) with Oren Sport Sdn Bhd (the “**Purchaser**”) for the sale of the Company’s land held under Geran 136418, Lot 111419, Mukim of Plentong (the “**Land**”) and building constructed thereon located in the State of Johor, Malaysia (collectively referred to as the “**Property**”) (such transaction referred to as the “**Disposal**”).

2. (A) INFORMATION ON THE PROPERTY

The Property includes the Land and a unit of One and a half (1½) Storey Detached Factory constructed thereon bearing its postal address of No. 7, Jalan Gemilang 1, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor, Malaysia together with related fixtures and fittings, mechanical and electrical and other basic equipment included therein. The Land area is approximately 4,112 square metres.

The Property has been left in a non-operating and/or non-functioning condition since its purchase. The vacant possession of the Property has been delivered to the Purchaser free of rental after receiving a sum of Ringgit Malaysia Five Hundred and Ten Thousand (RM510,000.00) from the Purchaser.

(B) INFORMATION ON THE PURCHASER

OREN SPORT SDN BHD (Company No. 836402-U) (the “**Purchaser**”) a company incorporated in Malaysia and having its business address at No. 66, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor had authorised any two of their directors viz Dato’ Tan Meng Seng, Dato’ Tan Mein Kwang or Tan Beng Sen to execute the SPA and all relevant documents in connected with the Disposal.

The Purchaser is not related to the Company, the directors, controlling shareholders and substantial shareholders of the Company and their associates. The purchaser is also not related to Jubilee Manufacturing Sdn Bhd, the directors, controlling shareholders and substantial shareholders of Jubilee Manufacturing Sdn Bhd and their associates. OREN SPORT SDN BHD is leading Uniform Supplier in Malaysia, specialized in corporate branding via uniforms, apparels and customized products.

3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

3.1 The Sale Consideration

The sale consideration for the Property is Ringgit Malaysia Five Million One Hundred Thousand (RM5,100,000.00) (equivalent to approximately S\$1,700,340, based on an exchange rate of S\$0.3334:RM1) (the "**Sale Consideration**"). The Sale Consideration shall be satisfied wholly in cash.

The Sale Consideration was arrived at after arms' length negotiations between Jubilee Manufacturing Malaysia and the Purchaser, and on a "willing-buyer, willing-seller" basis, taking into account market value of the Property based on a property valuation performed on the Property by a property valuer (the "**Valuation Report**") and the book value of the assets relating to the Property (including the Land, the buildings constructed on the Land and related fixtures and fittings thereon). The valuation of the Property was commissioned by Jubilee Manufacturing Malaysia and the Valuation Report is dated 1st March 2016. Based on the Valuation Report, the market value of the Property is RM5,900,000.00 (or the equivalent of approximately S\$1,967,000.00 based on an exchange rate of S\$0.3334:RM1).

Due to the oversupply in the Malaysia property market, Jubilee Manufacturing Malaysia had tried their best to source for potential purchasers for 9 months prior to the Purchaser agreeing to purchase the Property and to improve the cash flow position of the Company, Jubilee Manufacturing Malaysia for the sake of the Company, had sold the Property at a price which is lower than the valuation.

The completion of the Disposal is subject to the condition precedent of Jubilee Manufacturing Malaysia delivering vacant possession on an "as is where is" basis of the Property to the Purchaser free of rental within three working days upon the payment of a sum of Ringgit Malaysia Five Hundred and Ten Thousand (RM510,000.00) by the Purchaser to Jubilee Manufacturing Malaysia.

3.2 Payment Terms

The payment terms of the Sale Consideration are as follows:-

- 3.2.1 a sum of Ringgit Malaysia Five Hundred and Ten Thousand (RM510,000.00) is to be paid by the Purchaser to Jubilee Manufacturing Malaysia upon the execution of the SPA; and
- 3.2.2 the balance of Ringgit Malaysia Four Million Five Hundred and Ninety Thousand (RM4,590,000.00) shall be payable within three (3) months from the date of the SPA.

4. RATIONALE FOR THE DISPOSAL

The Group intends to use the proceeds from the Disposal for general working capital purposes or other business opportunities as and when they arise and/or reduction of borrowings.

The Disposal will enable the Group to realise the value of the Property and improve the cash flow position of the Company. There shall be no impact on the business operations since the Property has been left in a non-operating and/or non-functioning condition since its purchase.

As the acquired price of the Property was RM5,150,000.00 which is more than the Disposal price of RM5,100,000.00, the Disposal is well defined as an allowable loss under Section 7(1)(b) Real Property Gains Tax Act, 1976 under Malaysia law.

5. FINANCIAL EFFECTS

The *pro forma* financial effects of the Disposal, based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2015 (“**FP2015**”), are set out below. The *pro forma* financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of the Company or the Group after completion of the Disposal. Transaction costs for the Disposal are ignored for computation purposes.

(a) Net Tangible Assets

Assuming that the Disposal was completed on 31 March 2015, the effect on the net tangible assets (“**NTA**”) per share of the Group would be as follows:

	Before the Disposal	After the Disposal
NTA (S\$'000)	36,498	36,018
NTA per share (Singapore cents)	13.52	13.34

(b) Earnings per Share

Assuming that the Disposal was completed on 1 April 2014, the effect on the earnings per share (“**EPS**”) of the Group would be as follows:

	Before the Disposal	After the Disposal
Profit attributable to shareholders (S\$'000)	487	7
EPS (Singapore cents)	0.18	0.003

6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures in respect of the Disposal, as computed on the bases set out in Rule 1006 of the Listing Manual and based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 March 2015, are as follows:

Bases of calculation		Size of relative figures (%)
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	6

Rule 1006(b)	The net losses attributable to the assets acquired or disposed of, compared with the Group's net profits ⁽¹⁾ .	(98)
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽²⁾ .	19
Rule 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
Rule 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.	Not applicable

Note:

- (1) The relative figure is computed on the basis of the depreciation of the Property of approximately RM5,783,636.00 (or the equivalent of approximately S\$2,180,000.00 compared with the Group's net profits.
- (2) The market capitalisation of the Company is determined by multiplying the Company's total number of issued shares of 327,189,163 (excluding treasury shares) by 0.034 cents, being the weighted average share price of the Company's shares transacted on the market day preceding the date of the SPA.

As the relative figure as computed on the basis set out in Rule 1006(c) exceeds 5% but does not exceed 20%, the Disposal constitutes a discloseable transaction within the meaning of Chapter 10 of the Listing Manual.

As the computation of the relative figure under Rule 1006(b) as stated above is negative, the Company would be consulting SGX through the Sponsor under Rule 1007(1) on the applicability of Chapter 10 to the Disposal.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER(S)

None of the Directors or the controlling shareholder(s) of the Company has any interest, direct or indirect, in the Disposal.

8. SERVICE CONTRACTS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the Company's registered office at 10 Ubi Crescent, Ubi Techpark Lobby E, #03-94, Singapore 408564 for a period of three (3) months commencing from the date of this announcement.

BY ORDER OF THE BOARD OF DIRECTORS

TERENCE TEA YEOK KIAN

Non-Executive Chairman

31st March 2016

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 the Announcements.

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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