

JACKSPEED CORPORATION LIMITED

Registration No. 199300300W

(Incorporated in Singapore)

(The “Company”)

CONVERTIBLE LOAN OF S\$10,000,000 TO PRESTIGE CARS PTE. LTD.

1. INTRODUCTION

The board of directors (the “**Board**”) of the Company wishes to announce that the Company has on 24 July 2015 entered into a convertible loan agreement (the “**Agreement**”) with Prestige Cars Pte. Ltd. (the “**Borrower**”) pursuant to which the Company agrees to grant a convertible loan of S\$10,000,000 to the Borrower (the “**Loan**”).

2. PURPOSE OF THE LOAN

The Loan shall be on-lent by the Borrower to Prestige Cars Group Pte. Ltd. (“**PCG**”) for the purpose of importing BMW Alpina vehicles and distributing BMW products into the People’s Republic of China (the “**Business**”).

The Loan shall be applied only towards the working capital requirements of PCG and its subsidiaries (the “**PCG Group**”), the Business and the achievement of certain milestones set out in the Agreement.

The Loan is secured by a corporate guarantee from PCG and a personal guarantee from the sole shareholder of the Borrower and PCG (the “**Personal Guarantor**”).

3. BACKGROUND INFORMATION ON THE BORROWER AND PCG

The Borrower, a company incorporated in Singapore in 2006, is in the business of distribution and repair of motor cars. As at the date of this announcement, the Borrower has an issued and paid-up share capital of S\$1,000 comprising 1,000 ordinary shares. The Borrower is the holding company of Munich Automobiles Pte Ltd, a Singapore incorporated company, which is an appointed BMW M dealer that owns the retail rights to the range of BMW M vehicles in Singapore.

PCG is a newly incorporated investment holding company. As at the date of this announcement, PCG has an issued and paid-up share capital of S\$1 comprising 1 ordinary share.

4. RATIONALE FOR THE LOAN

The Borrower is obtaining the financing on behalf of the PCG Group in order for the PCG Group to operate and expand the Business.

4. RATIONALE FOR THE LOAN (CONT'D)

The Company, being in a business similar to the Business, is desirous of having the option to acquire an interest in PCG in order to gain an exposure to the Business by way of PCG becoming an associated company of the Company. This will allow the Company to enhance its earnings base through expansion into the People's Republic of China market, which is in line with the Company's corporate vision to expand its business beyond Singapore.

The Loan provides the Company with the opportunity to monitor and assess the Business prior to the Company becoming a shareholder of PCG.

5. MATERIAL TERMS OF THE AGREEMENT

- 5.1 The Company shall have the right, between the 46th month to 54th month from the disbursement of the Loan, to obtain repayment by converting the outstanding Loan and interest (the **"Outstandings"**) into fully paid shares of PCG (the **"Conversion"**).
- 5.2 The number of conversion shares to be issued and allotted to the Company (the **"Conversion Shares"**) shall be computed at a multiple of 4 times the consolidated net profit after tax of PCG based on the 2019 audited consolidated financial statements of PCG.
- 5.3 In the event that the Conversion Shares constitute more than 50% of the resultant share capital of PCG, the Company shall be required to scale down the number of Conversion Shares to less than 50%. The Borrower shall be required to repay to Company in cash for the Outstandings amount not converted into Conversion Shares.
- 5.4 In the event that the Conversion Shares constitute less than 21% of the resultant share capital of PCG, the Company shall be entitled to subscribe, with cash consideration, for additional shares of PCG which will result in the Company holding at least 21% of the share capital of PCG.
- 5.5 Approval from the shareholders of the Company, if required, shall be obtained prior to the exercise of the Conversion right by the Company.
- 5.6 In the event that there is no Conversion, all Outstandings shall be repaid in cash by the 55th month from the disbursement of the Loan.
- 5.7 The interest rate on the Loan is 15% per annum. If Conversion takes place, the interest rate shall be reduced to 12% per annum.
- 5.8 Each of the Borrower and the Personal Guarantor has undertaken to the Company that they will procure that the PCG Group will hold the agency for distributing Alpina products in the People's Republic of China for at least 4 years after the Company becomes a shareholder of PCG arising from the exercise of the Conversion right.

6. SOURCE OF FUNDS FOR THE LOAN

The Loan will be funded through the Company's internal sources. In addition, the Company will also consider and evaluate various financing alternatives, including but not limited to external bank borrowings.

7. FINANCIAL EFFECTS

There are no material financial effects of the transaction on the net tangible assets per share and the earnings per share of the Company and its subsidiaries.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the transaction.

BY ORDER OF THE BOARD

YAP KIAN PENG
Executive Deputy Chairman and Chief Executive Officer
24 July 2015