



(Incorporated in the Republic of Singapore on 12 March 1994)
(Company Registration Number: 199401749E)

ENTRY INTO JOINT VENTURE AGREEMENT BY JEP CHINA HOLDINGS PTE. LTD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, WITH 昆山航孚投资有限公司 (KUN SHAN HANG FU INVESTMENT CO., LTD)

1. INTRODUCTION

- 1.1 The Board of Directors of JEP Holdings Ltd. (the “**Company**”) wishes to announce that its wholly-owned subsidiary, JEP China Holdings Pte. Ltd. (“**JCHPL**”), has today entered into a joint venture agreement (the “**JVA**”) with 昆山航孚投资有限公司 (Kun Shan Hang Fu Investment Co., Ltd) (“**KSHF**”) to incorporate and operate a Sino-Foreign Joint Venture Entity (the “**JV Company**”) in the People’s Republic of China (the “**PRC**”) (the “**Proposed Joint Venture**”).
- 1.2 The business of the JV Company is to be a solution provider of precision machining and engineering services, with a primary focus on the aerospace industry, which is in line with the existing core business of the Company and its subsidiaries (the “**Group**”).

2. INVESTMENT AND SHARE CAPITAL

- 2.1 The JV Company will be incorporated in the PRC. At incorporation, the JV Company will have an initial authorised share capital of Renminbi Yuan (CNY) 30,000,000 divided into 30,000,000 ordinary shares in the capital of the JV Company.
- 2.2 At incorporation of the JV Company, the initial issued and paid-up share capital of the JV Company will be CNY 30,000,000 divided into 30,000,000 ordinary shares in the capital of the JV Company of CNY 1.00 each, whereby JCHPL will subscribe for 15,000,000 ordinary shares in the capital of the JV Company for the consideration of CNY 15,000,000* (“**JCHPL Capital Contribution**”), which shall in the majority be furnished in kind** and partly in cash from the Group’s internal resources, and KSHF will subscribe for 15,000,000 ordinary shares in the capital of the JV Company for the consideration of CNY 15,000,000.

*(approximately S\$3.00 million based on the exchange rate of CNY 1 to S\$0.20 as at the date of this announcement)

**by way of transfer of existing machinery belonging to the Company or its subsidiary to the JV Company

- 2.3 The relevant shareholding proportions of JCHPL and KSHF in the JV Company (the “**Shareholding Proportions**”) shall be as follows:

Name of Party	Shareholding Proportions
JCHPL	50.0%
KSHF	50.0%
Total	100.0%

3. PRINCIPAL TERMS OF THE JVA

3.1 The obligations of the joint venture parties pursuant to the JVA are set out as follows:

3.1.1 JCHPL shall, *inter alia*, provide expertise in the management of general operations and the manufacture of aerospace parts and related machining and engineering services; and

3.1.2 KSHF shall, *inter alia*, identify business opportunities in the PRC for the JV Company and manage and provide local resources required for the JV Company.

3.2 Pursuant to the JVA, the JV Company will be incorporated under the laws of the PRC for the purpose of the Proposed Joint Venture.

4. RATIONALE

The Board is of the view that the Proposed Joint Venture:

(1) is in line with the Group's expansion plans, and the rapid growth of the Chinese aerospace industry has presented opportunities for global investors and potential customers in the PRC;

(2) will allow the Group to take advantage of the growing business opportunities in the PRC in respect of providing precision machining and engineering services, with a primary focus on the aerospace industry, thereby adding value to the Group's business and increasing its market share in the PRC; and

(3) will allow the Group to tap on to the business network of KSHF to access local resources such as land, supply and distribution channels, labor supply and local government support. This will in turn strengthen the Group's presence and increase its business activities in the PRC.

The Proposed Joint Venture is in the ordinary course of business of the Group and the JCHPL Capital Contribution will in the majority be furnished in kind and partly in cash from the Group's internal resources.

5. FINANCIAL EFFECTS OF THE JCHPL CAPITAL CONTRIBUTION

The JCHPL Capital Contribution will be funded through the Group's internal resources and is not expected to have any material impact on the earnings per share or the net tangible assets per share of the Group for the financial year ending 31 December 2017.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the controlling shareholders or directors of the Company has an interest, direct or indirect, in the above actions by the Group, save through their shareholdings in the Company.

7. SERVICE CONTRACTS

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JVA will be available for inspection by the shareholders of the Company, at the registered office of the Company during normal business hours for a period of three (3) months from the date of this announcement.

9. FURTHER ANNOUNCEMENT

The Company will make a further announcement upon the incorporation of the JV Company in due course.

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: 19 September 2017

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.

The contact person for the Sponsor is Mr. Ng Joo Khin.
Telephone number: 6389 3000 Email: jookhin.ng@morganlewis.com