



JEP HOLDINGS LTD.

(Incorporated in the Republic of Singapore on 12 March 1994)

(Company Registration No.: 199401749E)

ACQUISITION OF THE REMAINING ORDINARY SHARES IN THE SHARE CAPITAL OF JEP PRECISION ENGINEERING PTE LTD

1. INTRODUCTION

The board of directors (“**Board**”) of JEP Holdings Ltd. (the “**Company**”) wishes to announce that the Company has on 20 December 2018, acquired the remaining 279,674 ordinary shares representing 15% of the issued and paid up share capital of JEP Precision Engineering Pte Ltd (the “**Sale Shares**”) (the “**Target**”) from Singapore Aerospace Manufacturing Pte Ltd (the “**Vendor**”), an independent third party (the “**Acquisition**”).

Following the completion of the Acquisition, the Target has become a wholly-owned subsidiary of the Company.

2. INFORMATION ON THE TARGET

The Target is one of the Group's main subsidiaries. The Target is incorporated in Singapore and is principally engaged in precision engineering works for parts used mainly in the aerospace, oil and gas industries, and other general engineering and machinery works.

Based on the latest announced consolidated accounts of the Group for the financial period ended 30 June 2018, the net loss attributable to the Sale Shares is S\$136,000 and the net tangible asset value of the Sale Shares is S\$1,464,000. No independent valuation of the Target had been conducted.

3. CONSIDERATION FOR THE ACQUISITION

The aggregate consideration for the Sale Shares of S\$1,800,000 (the “**Consideration**”) was satisfied by the Company in cash. The Acquisition was funded by the Group's internal resources and is not expected to have any material impact on the net tangible asset of the Group for the current financial year 31 December 2018.

The Consideration was agreed at after arm’s length negotiations between the Company and the Vendor and was based on a willing-buyer willing-seller basis, after taking into account the net tangible asset value of the Sale Shares and the growth potential of the Target.

4. RATIONALE

The net loss attributable to the Sale Shares is S\$136,000 based on the latest announced consolidated accounts of the Group for the financial period ended 30 June 2018.

Nevertheless, the Board is of the opinion that the Acquisition is beneficial to the Group due to the growth potential of the Target and the Group will also be able to manage the operations of the Target more effectively as a wholly-owned subsidiary.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in relation to the Acquisition and based on the latest announced consolidated accounts of the Group for the financial period ended 30 June 2018 (“1H2018”) are as follows:

Rule 1006 of the Catalist Rules	Description	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not applicable ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared to with the Group’s net profits.	Not meaningful ⁽²⁾
(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.	3.3% ⁽³⁾
(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 ⁽⁴⁾
(e)	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves.	Not applicable ⁽⁵⁾

Notes:

- (1) The Acquisition does not relate to a disposal of assets.
- (2) The net loss attributable to the Sale Shares is S\$136,000 based on the latest announced consolidated financial statements of the Group for 1H2018 while the Group reported a net loss for 1H2018 of S\$328,000. Accordingly, the relative figure under Rule 1006(b) of the Catalist Rules is not meaningful.
- (3) The Consideration of S\$1,800,000 represents approximately 3.3% of the Company's market capitalisation of approximately S\$55 million on 19 December 2018, being the market day immediately preceding the date of the Acquisition.
- (4) No equity securities are issued by the Company as consideration.
- (5) The Company is not a mineral, oil and gas company.

As none of the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules exceed 5%, the Acquisition constitutes a non-disclosable transaction under Chapter 10 of the Catalist Rules. However, as the relative figure under Rule 1006(b) of the Catalist Rules is not meaningful, following consultations with the Sponsor, pursuant to Rule 1007 of the Catalist Rules, the Company is announcing the information as required under Rule 1010 of the Catalist Rules.

6. FINANCIAL EFFECTS OF THE ACQUISITION

The pro forma financial effects of the Acquisition on the net tangible assets ("**NTA**") per share and the earnings per share ("**EPS**") of the Group have been prepared based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2017 ("**FY2017**").

Assumptions

For the purpose of illustrating the financial effects of the Acquisition, the pro forma financial effects have been prepared based on, among others, the following assumptions:

- (i) the financial effects on the NTA per share of the Group are computed assuming that the Acquisition was completed on 31 December 2017;
- (ii) the financial effects on the EPS of the Group are computed assuming that the Acquisition was completed on 1 January 2017; and
- (iii) the share consolidation of every four (4) existing shares in the Company into one (1) consolidated share in the Company which was completed on 18 May 2018 had been completed on 1 January 2017.

Effects on NTA per share

	Before the Acquisition	After the completion of the Acquisition
NTA (S\$'000)	48,845	48,645
Number of issued shares ('000)	363,840	363,840
NTA per share (S\$ cents)	13.42	13.37

Effects on EPS

	Before the Acquisition	After the completion of the Acquisition
Profit attributable to owners of the Company (S\$'000)	825	183
Weighted average number of issued shares ('000)	363,596	363,596
EPS (S\$ cents)	0.23	0.05

The pro forma financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Group after the completion of the Acquisition. No representation is made as to the actual future results and/or financial position of the Group.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr. Wong Gang, the Lead Independent Director of the Company, is a partner at Shook Lin & Bok LLP, which is the law firm preparing this announcement. The partner advising on this matter is Ms. Gwendolyn Gn and the day-to-day matters were handled by Mr. Damian Ng and Mr. Joel Tan from Shook Lin & Bok LLP.

Save as set out above, none of the Directors, controlling shareholders of the Company or their associates has any interest, direct or indirect, in the Acquisition (other than through their shareholdings in the Company).



8. SERVICE CONTRACTS

There are no directors proposed to be appointed to the issuer in connection with the Acquisition.

By Order of the Board

Luong Andy
Executive Chairman and
Chief Executive Officer

For and on behalf of the Board of Directors of
JEP Holdings Ltd.

Date: 20 December 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital 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 Catalyst.

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 details of the contact person for the Sponsor are:

Name: Mr. Shervyn Essex (Registered Professional, RHT Capital Pte. Ltd.)
Address: 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619
Telephone: 6381 6757