Asset Acquisitions and Disposals::PROPOSED ACQUISITION OF SHARES IN WENUL ASSETS (INDUSTRIAL) PTE. LTD.

Issuer & Securities

Issuer/ Manager	JACKSPEED CORPORATION LIMITED
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Announcement Details

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JACKSPEED CORPORATION LIMITED

Company Registration No. 199300300W
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF SHARES IN WENUL ASSETS (INDUSTRIAL) PTE. LTD.

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1. INTRODUCTION

The board of directors ("**Board**" or the "**Directors**") of Jackspeed Corporation Limited ("**Company**" and, together with its subsidiaries, the "**Group**") wishes to announce that on 6 May 2016, the Company had entered into a legally binding letter of intent ("**LOI**") with Lim Wee Li ("**Vendor**"), pursuant to which the Company and the Vendor (together with the Company, "**Parties**") confirmed their mutual intention to engage in exclusive negotiations regarding the proposed acquisition by the Company from the Vendor up to 72,500 ordinary shares ("**Sale Shares**") in the share capital of Wenul Assets (Industrial) Pte. Ltd. ("**Target**"), representing approximately 14.5% of the total number of issued shares in the Target, for a consideration of up to S$3.77 million ("**Proposed Acquisition**").

2. INFORMATION ON THE TARGET AND THE VENDOR

2.1 Information on the Target

The Target is a company incorporated in Singapore on 30 January 2012 and has, as at the date of this Announcement, an issued and paid-up share capital of S$500,000, comprising 500,000 ordinary shares. The Target is principally engaged in the business of mixed construction activities and real estate development.

The current shareholders and directors of the Target comprise the Vendor, Cheng Kwee Kiang and two (2) other individuals, holding 20%, 40%, 20% and 20% of the total number of issued shares in the capital of the Target, respectively. Cheng Kwee Kiang is a controlling shareholder of the Company. None of the Vendor and the two (2) other shareholders of the Target are a controlling shareholder, director, chief executive officer of the Company or an associate of any such persons (including Cheng Kwee Kiang).

2.2 Certain financial information on the Target

Based on the audited financial statements of the Target for the financial year ended 31 December 2014 and the unaudited financial statements of the Target for the financial year ended 31 December 2015:

(a) as at 31 December 2014 and 31 December 2015, the book value of the Sale Shares in the Target was S$110,500 and S$112,175, respectively;

(b) as at 31 December 2014 and 31 December 2015, the net asset value ("**NAV**") of the Target was S$762,067 and S$773,623, respectively; and

(c) the net profits after tax of the Target for the financial year ended 31 December 2014 and 31 December 2015 were S$24,539 and S$11,555, respectively, and the net profits after tax of the Target attributable to the Sale Shares for the same periods were S$3,558 and S$1,675, respectively.

3. PROPOSED ACQUISITION OF THE TARGET BY THE COMPANY

3.1 Exclusivity period

Under the terms of the LOI, in connection with the Proposed Acquisition, the Company and the Vendor will in good faith negotiate and enter into a sale and purchase agreement ("**SPA**") no later than 31 May 2016 (or such other date as the Parties may mutually agree in writing) ("**LOI Long Stop Date**"), pursuant to which the Company will acquire the Sale Shares from the Vendor.

Further, the Vendor is not to, at any time prior to the Refund Event Date (as defined in paragraph 3.3 below), directly or indirectly solicit, negotiate or encourage the negotiation with any third party on the sale of the Share Shares or the remaining 27,500 ordinary shares in the Target held by him ("**Remaining Shares**"), or any other investment in the Target, without the prior written consent of the Company.

3.2 Consideration

The aggregate purchase consideration for the Proposed Acquisition will be up to S$3.77 million ("**Consideration**") and be satisfied fully in cash.

The Consideration was determined at arm's length and on a "willing buyer-willing seller" basis after taking into account and consideration the following factors:

(a) the NAV attributable to the Sale Shares and the net profits after tax attributable to the Sale Shares for the financial years ended 31 December 2014 and 31 December 2015;

(b) the indicative valuation of the industrial property under development owned by the Target pursuant to enquiries by the Company; and

(c) the business prospects of the Target.

As at the date of this Announcement, no valuation was commissioned by the Company in respect of the Proposed Acquisition.

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

3.3 **Goodwill Deposit**

In connection with the Proposed Acquisition, pursuant to the terms of LOI as set out below, the Company will extend a goodwill deposit of S$2.0 million to the Vendor ("**Deposit**") within five (5) business days from the date of the LOI. The Deposit will be set off against the Consideration, and the Consideration will be reduced by an amount equivalent to the Deposit.

The Vendor has undertaken to, as soon as possible and in any event no later than ten (10) business days from the date of the LOI, execute the following:

(a) a deed of charge over all of his shares in the Target, comprising the Sale Shares and the Remaining Shares; and

(b) a deed of assignment of a shareholder's loan entered into between the Vendor to the Target,

(collectively, "**Security Documents**"), failing which the Deposit will be immediately payable on demand by the Company.

The Security Documents will serve as security for the refund of the Deposit.

In the event that the SPA is not executed by the LOI Long Stop Date or if the completion of the SPA does not take place within three (3) months from the date of execution of the SPA (or such other date as the Parties may mutually agree in writing) ("**SPA Long Stop Date**") for any reason whatsoever, whichever is earlier ("**Refund Event Date**"), the Vendor will refund the Deposit to the Company in full within five (5) business days from the LOI Long Stop Date or SPA Long Stop Date, as the case may be, without any deduction or withholding or otherwise.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is in the best interests of the Company as the Target is involved in the development of an industrial property, and the Proposed Acquisition may provide the Company with the opportunity to leverage on the Target's resources, including use of the premises owned by the Target for the Group's operations, allowing the Group to enjoy costs savings and operational synergies with the Target.

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 IN RELATION TO THE PROPOSED ACQUISITION

The relative figures computed on the basis of Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in respect of the Proposed Acquisition are as follows:

Rule	Bases of computation	Size of relative figure
1006(a)	Net asset value of assets being disposed of, compared with the Group's net asset value	Not applicable as this is an acquisition
1006(b)	Net profits attributable to the assets acquired, compared with the Group's net profits	0.04%(1)
1006(c)	Aggregate value of consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	16.69%(2)
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 as no equity securities are issued by the Company as consideration for the Proposed Acquisition.
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. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

(1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items. Based on the Target's unaudited net profits for the full year ended 31 December 2015 of S$1,675 attributable to the Sale Shares and the Group's unaudited net profits of approximately S$3.90 million (excluding an extraordinary item in relation to the S$4.62 million gain on disposal of a property) for the full year ended 29 February 2016.

(2) Based on (A) the aggregate value of consideration of up to S$3.77 million and (B) the market capitalisation of the Company of approximately S$22.59 million (determined by multiplying the existing number of shares in issue (i.e. 251,043,579 shares) by S$0.09, being the weighted average price of the Company's shares transacted on 28 April 2016, being the last full market day preceding the date of the LOI where the Company's shares were traded).

As the relative figures under Rule 1006(c) of the Listing Manual of the SGX-ST exceed 5.0% but do not exceed 20.0%, the Proposed Acquisition would constitute a discloseable transaction under Rule 1010 of the Listing Manual.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The proforma financial effects of the Group after the Proposed Acquisition set out in this Announcement below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following the Proposed Acquisition, nor a projection of the future financial performance or position of the Group after completion of the Proposed Acquisition.

The proforma financial effects of the Proposed Acquisition are based on the Company's unaudited financial statements for the financial year ended 29 February 2016 ("**FY2016**"):

6.1 **Net tangible assets** ("**NTA**") **per share**

Assuming that the Proposed Acquisition had been completed on 29 February 2016, the NTA per share of the Group would be as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA (S$'000)	36,220	36,220
Number of issued shares ('000)	251,044	251,044
NTA per share (Singapore cents)	14.43	14.43

6.2 **Earnings per share** ("**EPS**")

Assuming that the Proposed Acquisition had been effected on 1 March 2015, the EPS of the Group would be as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Net profit after tax (S$'000)	7,351	7,353
Weighted average number of issued shares ('000)	251,044	251,044
EPS (Singapore cents)	2.93	2.93

6.3 **Share Capital**

The Proposed Acquisition will not have any effect on the share capital of the Company as the Consideration is to be satisfied in cash.

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Number of shares	251,043,579	251,043,579
Issued and paid-up share capital (S$'000)	31,208	31,208

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and save for their interests arising by way of their shareholdings in the Company, none of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Acquisition.

8. SERVICE CONTRACT

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

9. INSPECTION OF DOCUMENTS

Copies of the LOI and the Security Documents will be made available for inspection during normal business hours at the Company's registered office at 221 Henderson Road #06-15, Singapore 159557 for a period of three (3) months from the date of this Announcement.

10. FURTHER ANNOUNCEMENTS

The Company will make such further announcement(s) to keep shareholders informed, as and when there are further updates or developments in due course on the Proposed Acquisition.

BY ORDER OF THE BOARD

YAP KIAN PENG
Executive Deputy Chairman and Chief Executive Officer
8 May 2016