

Waiver::PROPOSED SALE OF LEASEHOLD PROPERTY - WAIVER FROM COMPLIANCE WITH RULE 1014(2) OF THE LISTING MANUAL

Issuer & Securities

Issuer/ Manager	JACKSPEED CORPORATION LIMITED
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Announcement Details

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Attachments	📎 Jackspeed - Announcement on Waiver - 12 Aug 2014.pdf Total size =19K



JACKSPEED CORPORATION LIMITED

Registration No. 199300300W

(Incorporated in Singapore)

(The “**Company**”)

**PROPOSED SALE OF LEASEHOLD PROPERTY – WAIVER FROM COMPLIANCE WITH RULE
1014(2) OF THE LISTING MANUAL**

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”) of the Company refers to the announcements dated 27 June 2014 and 24 July 2014 (“**Previous Announcements**”) made by it in relation to the proposed sale of the leasehold property at 47 Loyang Drive Singapore 508955 to Tan Soon Huah Gas Supply Pte Ltd (the “**Purchaser**”) (the “**Proposed Sale**”).

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Previous Announcements.

- 1.2 As disclosed in the Previous Announcements, the Proposed Sale is considered a major transaction under Chapter 10 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), and is therefore subject to Shareholders’ approval.

- 1.3 The Company wishes to announce that it has applied to the SGX-ST for a waiver of the requirement to seek Shareholders’ approval for the Proposed Sale (“**Waiver**”) and has received a letter from the SGX-ST dated 12 August 2014, granting the Company the Waiver, subject to the following:

- (i) the Company announcing the grant of the Waiver, details of reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual; and
- (ii) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

2. REASONS FOR SEEKING THE WAIVER

The Company applied for the Waiver on the following grounds:

- (i) **Non-core asset:** The Property is a non-core asset of the Group and is currently not fully occupied. The Property also does not generate much revenue for the Group and is loss making after taking into consideration the rental income and the costs of holding and maintaining the Property. The net loss attributable to the Property for FY2014 is S\$128,895.
- (ii) **Avoid unnecessary maintenance costs:** In recent years, the Singapore manufacturing operations of the Group for automotive seat leather trims were shifted from the Property in Singapore to Malaysia. Further, with the disposal of Jackspeed Aviation Pte. Ltd. (“**Jackspeed Aviation**”), a former subsidiary of the Company who

is in the business of production and sale of seat covers in the aviation industry, the Company's management is of the view that it is no longer necessary for the Company to be situated in the eastern part of Singapore in order to have close proximity to the aviation industry. The Company intends to re-locate its present operations to be more centrally located so as to have better access to its corporate and retail customer base. Therefore, the current use of the Property solely for the Company's corporate office and installation workshop is not economical or cost effective due to its size. The Proposed Sale will allow the Company to avoid unnecessary costs associated with the holding of and the maintenance of the Property.

- (iii) **Existing business not affected:** The Group does not carry out any operations at the Property save for its corporate office and a workshop for installation of leather upholstery for motor vehicles which could be re-located with ease and minimal disruption. The Company has been granted an option to rent the office area on the second floor of the Property ("**Option to Rent**") from the Purchaser upon completion of the Proposed Sale ("**Completion**") for a period of six (6) months commencing from the date of Completion, on the terms set out in the Option. This gives the Company sufficient time to find new premises. Hence, the Proposed Sale will not affect the Group's existing business operations.
- (iv) **Sound commercial decision:** The Proposed Sale gives rise to a net gain of approximately S\$4,542,000 which presents a good opportunity for the Group to realise value of the Property. The Property will be sold on an "as is where is" basis and the Company is not required to make any warranty or representation or provide any undertakings to the Purchaser. As such, the Company believes there is no real cause for shareholders to be overly concerned about the Proposed Sale.
- (v) **No change in risk profile:** The Board is of the unanimous opinion that there will be no change in the risk profile of the Company arising from the Proposed Sale (as the Proposed Sale merely constitutes a divestment by the Group of a non-core asset) and that the Proposed Sale will be beneficial and not prejudicial to the Company and its shareholders.
- (vi) **Not disposed to an interested person:** The Property will not be disposed to an interested person as defined under Chapter 9 of the Listing Manual and the waiver would not contravene any laws and regulations governing the Company and the articles of association of the Company.

3. FURTHER INFORMATION AND CLARIFICATION TO THE PREVIOUS ANNOUNCEMENTS

- 3.1 **Sale Consideration:** As mentioned in the Previous Announcements, the Sale Consideration was agreed between the Company and the Purchaser on a willing-buyer and willing-seller basis, after taking into consideration the prevailing market conditions. In this regard, the Company wishes to add that it had obtained five indicative valuations for the Property ("**Indicative Valuations**") from United Overseas Bank Limited who had in turn obtained them from various valuers during the period from December 2013 to March 2014. These Indicative Valuations ranged from approximately S\$5 million to S\$6 million.
- 3.2 **Not convening of EGM:** As the SGX-ST has granted the Waiver to the Company, the Company will not be convening an EGM to seek Shareholders' approval for the Proposed Sale and accordingly, will not be despatching a circular to Shareholders in relation thereto.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any direct or indirect interest in the Proposed Sale (other than their shareholdings in the Company).

5. SERVICE CONTRACT

No person will be appointed to the Board in connection with the Proposed Sale and no service contracts in relation thereto will be entered into by the Company.

BY ORDER OF THE BOARD

YAP KIAN PENG
Executive Deputy Chairman and Chief Executive Officer
12 August 2014