

JACKSPEED CORPORATION LIMITED
(Registration No.: 199300300W)

SHARE PURCHASE AGREEMENT DATED 14 FEBRUARY 2006 (THE "SPA") AND SUPPLEMENTAL AGREEMENT DATED 7 JUNE 2006 ("SUPPLEMENTAL AGREEMENT") ENTERED INTO BETWEEN LEE SENG JEOW, LIEW HAM CHOW, LIEW NYUK NGOH AND HO CHOON MENG (COLLECTIVELY REFERRED TO AS THE "VENDORS") AND JACKSPEED CORPORATION LIMITED (THE "COMPANY")

The Board would like to refer to the SPA and the announcement made on 30 June 2008.

Pursuant to the SPA, as amended by the Supplemental Agreement, the Company acquired the entire issued and paid-up share capital in Jackson Vehicle Holdings Pte. Ltd. ("JVHPL") from the Vendors (the "**Acquisition**"). At the time of the Acquisition, JVHPL holds the entire issued and paid-up share capital of Jackson Vehicle (Singapore) Pte Ltd ("JVS") and J.V. (Thailand) Co., Ltd ("JVT"), collectively known as **JVH Group**. The purchase consideration (the "**Purchase Consideration**") for the Acquisition is a maximum aggregate amount of S\$14.55 million. The Purchase Consideration will be satisfied by:

- (a) a cash consideration of S\$3,112,880 (the "**Cash Consideration**"), which is equivalent to the net tangible assets of the JVH Group as at 28 February 2006, which was paid on the completion of the Acquisition on 6 July 2006; and
- (b) deferred consideration through the allotment and issue of new shares in the Company (the "**Consideration Shares**") at the issue price of S\$0.18 per Consideration Share. The Consideration Shares will be issued in two tranches, the First Tranche and the Second Tranche, in accordance with the prescribed formulae set out below:
 - (i) First Tranche : 40% x (Net Profit for FY2007 x 4.85 – Cash Consideration)
 - (ii) Second Tranche : 60% x (Net Profit for FY2008 x 4.85 – Cash Consideration)

Where: "Net Profit" means the net profit after tax of the JVH Group as set out in its audited accounts, such accounts having been prepared in conformity with the Singapore Financial Reporting Standards as adopted by the Company;

"FY2007" means the financial year ended 28 February 2007; and

"FY2008" means the financial year ended 29 February 2008.

The Consideration Shares will be issued under the following circumstances:

- (a) based on a weightage of 40 : 60 for FY2007 and FY2008 respectively;
- (b) based on a price earning ratio of 4.85;
- (c) in the event that the Net Profit for either FY2007 or FY2008 exceeds S\$3.0 million, Consideration Shares for the relevant Tranche will not be issued for the Net Profit amounts in excess of S\$3.0 million; and
- (d) subject to the meeting of Net Profits targets of S\$1.5 million and S\$2.0 million in FY2007 and FY2008 respectively, the failure of which will result in the Vendors repaying to the Company, the 2007 Shortfall Amount in cash, up to a maximum of

S\$1.5 million, and/or the 2008 Shortfall Amount in cash, up to a maximum of S\$2.0 million, as the case may be, where:

- (i) "the 2007 Shortfall Amount" means the aggregate of the difference between S\$1.5 million and the Net Profit for FY2007; and
- (ii) "the 2008 Shortfall Amount" means the aggregate of the difference between S\$2.0 million and the Net Profit for FY2008.

In response to the request made by certain shareholders of the Company at the annual general meeting held on 30 June 2008 (the "**AGM**"), the Board authorised the Company's Audit Committee to review the basis (the "**Basis**") for the allotment and issue of Consideration Shares to the Vendors pursuant to the SPA and the Supplemental Agreement to confirm that the Basis is in accordance with the terms of the SPA and the Supplemental Agreement. The Board has also empowered the Audit Committee to engage an audit firm of international repute to assist the Audit Committee in its review.

The Audit Committee had since appointed Deloitte & Touche LLP ("**Deloitte**") to carry out a special audit of the JVH Group for the purposes of determining the net profit of the JVH Group for the financial year ended 28 February 2007 and 29 February 2008 ("**Special Audit**"). Based on the findings of Deloitte, the Board would like to state the following:

- (1) the Net Profit target for FY2007 for the issuance of the First Tranche of Consideration Shares had been met, however, there was an overstatement of S\$7,199 (the "**Overstatement**");
- (2) the Net Profit for FY2008 was below S\$2.0 million by S\$15,342; and
- (3) the findings of the Review does not in any way affect the truth and fairness of the audited accounts of the Company and its subsidiaries for the financial years ended 28 February 2007 and 29 February 2008, in any respect whatsoever, which have been presented and accepted by the shareholders of the Company at the annual general meetings held on 25 June 2007 and 30 June 2008 respectively.

Based on the findings above:

- (a) the Vendors would have to pay S\$15,342 to the Company; and
- (b) the Company will issue an aggregate of 21,631,446 Consideration Shares to the Vendors for the Second Tranche, after making adjustments for the First Tranche of Consideration Shares in view of the Overstatement.

Submitted by Liew Ham Chow, Director, to SGX on 23 September 2008.