



**JATENERGY LIMITED**  
ABN 31 122 826 242

**ASX CODE:** JAT

**AUSTRALIAN REGISTERED OFFICE**  
Floor 6, Suite 8  
55 Miller Street  
PYRMONT NSW 2009 AUSTRALIA

**CONTACT DETAILS**

<b>Telephone</b>	+61 2 9571 8300
<b>Facsimile</b>	+61 2 9571 8200
<b>Email</b>	info@jatenergy.com
<b>Web</b>	www.jatenergy.com

# ASX ANNOUNCEMENT

24 March 2015

## ACQUISITION OF LED LIGHTING COMPANY

### HIGHLIGHTS

- Nanyang Ling Feng Electronics Technology Company is a Chinese manufacturer of LED lighting the new energy efficiency lights.
- In the year ended December 2013, Nanyang derived Rmb3.4m in revenue (audited management accounts).
- The purchase consideration is to be satisfied by the issue by JAT of 85,714,286 fully paid ordinary shares.

### About Nanyang and the Proposed Transaction

Nanyang Ling Feng Electronic Technology Company ("Nanyang") is a group of Chinese manufacturing companies producing LED lights which are distributed and sold globally. It is active in China, USA and Japan and seeking further expansion into Europe and Australia with a new brand name of Jatenergy to promote its Australian linkage and promote its high quality products in the growing LED market space. The Nanyang website is located at <http://www.lfsmt.com/Index.asp?sid=92>.

The all-scrip offer for Nanyang is subject to shareholder approval and certain conditions precedent. The acquisition is expected to be completed by June 2015.

JAT Energy Limited ("JAT" or the "Company") will apply to the ASX for a determination as to whether the acquisition will constitute a change in the nature and/or scale of the activities of JAT in accordance with Chapter 11 of the ASX Listing Rules. If such a determination is made by the ASX then JAT will be required to re-comply with the ASX admission requirements of Chapters 1 & 2 of the ASX Listing Rules. The admission requirements will, amongst other things, require JAT to issue a prospectus. JAT intends to raise up to \$1m under that prospectus.



A summary of the key terms of the acquisition is provided below. Further details of the transaction and consideration will be set out in the Notice of Meeting to be sent to shareholders to consider and approve the acquisition at a meeting to be held at the earliest opportunity.

### **Summary of Acquisition Terms**

The terms of the acquisition are as follows:

On the receipt of all relevant approvals, JAT will acquire 100% of the outstanding interest in Nanyang. The consideration for the acquisition is the issue to the vendors of 85,714,286 ordinary fully paid shares (Consideration Securities). JAT will issue performance share rights to the management of Nanyang. The performance share rights will be issued in five tranches which will automatically convert to ordinary shares on the satisfaction of the following milestones:

- i. \$4.8 million worth of JAT shares (pre-consolidation) on a 30 day VWAP “Class A Performance Shares” - the Purchaser achieving EBITDA of \$600,000 on an annualised basis within the first 12 months of the Acquisition;
- ii. \$4.8 million worth of JAT shares (pre-consolidation) on a 30 day VWAP “Class B Performance Shares” - the Purchaser achieving EBITDA of \$1,200,000 on an annualised basis within the second 12 months of the Acquisition;
- iii. \$4.8 million worth of JAT shares (pre-consolidation) on a 30 day VWAP “Class C Performance Shares” - the Purchaser achieving EBITDA of \$1,800,000 on an annualised basis within the third 12 months of the Acquisition;
- iv. \$4.8 million worth of JAT shares (pre-consolidation) on a 30 day VWAP “Class D Performance Shares” - the Purchaser achieving EBITDA of \$2,400,000 on an annualised basis within the fourth 12 months of the Acquisition; and
- v. \$4.8 million worth of JAT shares (pre-consolidation) on a 30 day VWAP “Class E Performance Shares” - the Purchaser achieving EBITDA of \$600,000 on an annualised basis within the fifth 12 months of the Acquisition;

Completion of the Acquisition is conditional upon the satisfaction of the following conditions precedent;

- a) the Purchaser completing commercial, financial, technical and legal due diligence on the members of the Nanyang and their assets, undertakings and business operations, to the sole and absolute satisfaction of the Purchaser (acting reasonably);
- b) the Sellers completing a commercial, financial, technical, and legal due diligence on the Purchaser, to the sole and absolute satisfaction of Sellers (acting reasonably);
- c) the Purchaser, having obtained all necessary shareholder approvals (including shareholder approvals: under Chapter 11 of the Listing Rules; and under Section 611 item 7 of the Corporations Act in respect of any party who may go above 20% as a result of the



transactions contemplated in this Term Sheet), required by the Corporations Act and the Listing Rules in relation to the Acquisition;

- d) the parties obtaining any necessary regulatory approvals on terms acceptable to the parties as are required to give effect to the Acquisition, including (if required) re-compliance with chapters 1 and 2 of the listing rules of ASX on terms required by ASX; and
- e) the Purchaser completing a capital raising of not less than \$1,000,000 at a price per share of \$0.035.

Following completion, the Board of JAT remain as is but there is an option for Nanyang to place a director at a later date and subject to future shareholder approval.

### Existing JAT Assets

The Directors of JAT do not intend to dispose of any of the existing assets of the Group at this point in time.

### Capital Structure post-acquisition

	Shares	
Current JAT Shareholders	129,325,729	57%
Private Placement	12,000,000	5%
Vendors of Nanyang	85,714,286	38%
Total	227,040,015	100

### Proposed Timetable

Announce Transaction	24 March 2015
Share Purchase Agreement Finalised	27 March 2015
Despatch Notice of General Meeting	29 April 2015
Opening of Prospectus Offer	29 April 2015
Meeting Date	5 June 2015
Close Capital Raising	12 June 2015
Complete Acquisition	19 June 2015
ASX Re-Compliance	25 June 2015



## Indicative Consolidated Statement of Financial Position

The Statement should be read in conjunction with the footnotes below.

Jatenergy Limited

	<u>JAT</u> <u>31/12/2014</u> <u>audited</u> <u>AUD</u>	<u>Nanyang</u> <u>30/09/2014</u> <u>unaudited</u> <u>AUD</u>	<u>Transaction</u> <u>Adjustments</u> <u>AUD</u>	<u>Pro forma</u> <u>Consolidated</u> <u>Balance Sheet</u> <u>unaudited</u> <u>AUD</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	422,753	963,868	-	1,386,621
Trade and Other Receivables	66,336	2,734,230	-	2,800,566
Other	1,225,800	349,471	-	1,575,271
<b>TOTAL CURRENT ASSETS</b>	<b>1,714,889</b>	<b>4,047,569</b>	<b>0</b>	<b>5,762,458</b>
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	6,410	2,387,000	-	2,393,410
Intangible assets	-	2,377,156	-	2,377,156
<b>TOTAL NON CURRENT ASSETS</b>	<b>6,410</b>	<b>4,764,156</b>	<b>0</b>	<b>4,770,566</b>
<b>TOTAL ASSETS</b>	<b>1,721,299</b>	<b>8,811,725</b>	<b>0</b>	<b>10,533,024</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	253,504	136,888	-	390,392
Borrowings	-	7,600,276	-	7,600,276
<b>TOTAL CURRENT LIABILITIES</b>	<b>253,504</b>	<b>7,737,164</b>	<b>0</b>	<b>7,990,668</b>
<b>NET ASSETS</b>	<b>1,467,795</b>	<b>1,074,561</b>	<b>0</b>	<b>2,542,356</b>
<b>EQUITY</b>				
Contributed equity	27,095,164	1,861,000	(16,227,050)	12,729,114
Non-controlling Interest	852,996	-	-	852,996
Reserves	(196,829)	-	196,829	-
Accumulated losses	(26,283,536)	(786,439)	16,030,221	(11,039,754)
<b>TOTAL EQUITY</b>	<b>1,467,795</b>	<b>1,074,561</b>	<b>0</b>	<b>2,542,356</b>

### Footnotes:

1. Jatenergy and Nanyang have provided their financial results, and whilst considered accurate, are subject to continuing due diligence under the terms of the proposed transaction.



2. Nanyang's financial results reported above are based upon their audited financial results for the period ending 30 September 2014 which were reported in Chinese Yuan Renminbi. They were converted into Australian dollars using the exchange rate of 1 Chinese Yuan Renminbi = AUD 0.1861.
3. The above Consolidated Statement of Financial Position does NOT include accounting for the issue of the Performance Shares Rights Classes A through to D.
4. Transaction Adjustments have been prepared in accordance with Compiled Accounting Standard AASB-3 – "Business Combinations". In relation to Reverse Acquisition Accounting, a reverse acquisition occurs when the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition.
5. Under a reverse acquisition, the following is applied:
  - a. The consolidated financial statements of the legal parent (Listed shell entity) are presented as a continuation of the financial statements of the private operating entity (the legal subsidiary);
  - b. Any excess of the deemed acquisition cost over the cash balances and other net assets of the listed shell entity should be treated as a cost of obtaining a listing and recorded as an expense;
  - c. Any other transaction costs incurred should be allocated between the costs of a new issue of equity shares and the cost of the listing; and,
  - d. No goodwill is recognised where there is no operating business or other intangibles.



Jatenergy (ASX: JAT) is an ASX listed energy investment company, focused on conventional, second generation and energy conversion technologies. Jatenergy also acquires projects and technologies, and creates value through its extensive marketing and promotion activities.

### Media and Management Contact

Tony Crimmins  
+61 2 9571 8300  
t.crimmins@jatenergy.com

#### About Jatenergy

Jatenergy Limited is a Sydney-based diversified energy company operating in both Australia and Asia. Jatenergy's strategic focus is on producing cash returns from its coal and Jatropa assets as well as implementing the proprietary Coal Plus technology for upgrading low grade coal into high value energy products.

#### Directors

**Tony Crimmins**  
Executive Chairman  
  
**Mr Xipeng Li**  
Non-Executive Director  
  
**Mr Wilton Yao**  
Non-Executive Director

#### Jatenergy Limited

ABN 31 122 826 242

**ASX code**  
JAT

**Ordinary fully paid shares**  
130,345,729