

JAG BERHAD (“JAG” OR “THE COMPANY”)

- DISPOSAL OF 100% EQUITY INTEREST HELD IN JAG SYSTEMS SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF JAG

1. INTRODUCTION

The Board of Directors of JAG (“**Board**”) wishes to announce that the Company had on 1 April 2020 entered into a Share Sale Agreement (“**SSA**”) for the disposal of 758,000 ordinary shares (“**Sale Shares**”), representing 100% equity interest held in JAG Systems Sdn. Bhd. [Registration No. 199401011708 (297387-W)] (“**JAG Systems**”) to Fan Mee Mee and Fan Soon Hee (collectively referred to as the “**Purchasers**”), for a total cash consideration of Ringgit Malaysia Two Hundred and Eighty Thousand (RM280,000) only (“**Disposal**”).

Upon completion of the Disposal, JAG Systems shall cease to be a wholly-owned subsidiary of the Company.

2. DETAILS OF JAG SYSTEMS

JAG Systems was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 25 April 1994 and is deemed registered under the Companies Act 2016 (“**CA 2016**”).

JAG Systems is a wholly-owned subsidiary of the Company. As at the date of the SSA, the total issued share capital of JAG Systems is 758,000 ordinary shares.

The Directors of JAG Systems are Datin Tan Siew Ching, Dato’ Ng Meow Giak and Mr. Ng Yaw Long.

JAG Systems is principally involved in business of computer software development, marketing, maintenance and support services.

3. SALIENT TERMS OF THE SSA

3.1 Purchase Consideration and Payment

The aggregate purchase consideration of the Sale Shares is Ringgit Malaysia: Two Hundred and Eighty Thousand (RM280,000) (“**Purchase Consideration**”) only and is payable by the Purchasers to JAG in the proportion set out below:-

Transferor	Transferee	Number of Sale Shares	Percentage of Shareholding	Purchase Consideration (RM)
JAG Berhad	Fan Mee Mee	606,400	80%	224,000
	Fan Soon Hee	151,600	20%	56,000
Total:		758,000	100%	280,000

The Purchase Consideration shall be satisfied by way of cash and be paid by the Purchasers within seven (7) days from the date of SSA or such other date as may be mutually agreed between the parties. Any payment receipt by the Company from the Purchaser(s) shall be deemed payment towards the Purchase Consideration.

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3.2 Event of termination by the Purchasers

In the event that:

- (a) the Company shall commit any breach of the terms and conditions of the SSA and in the case of a breach capable of remedy buy fails to remedy the same within thirty (30) days after receipt of a written notice from the Purchasers giving particulars of the breach and requiring it to be remedied;
- (b) the Company shall fail to complete the sale of the Sale Shares;
- (c) any warranties on its part contained herein is found to be untrue, false, misrepresented or incorrect; or
- (d) the Sale Shares or the transfer of the Sale Shares is not registered in favour of the Purchasers for reasons that are due to the Company,

then the Purchasers shall have the right (but not obliged) to terminate the SSA, whereupon the Company shall within fourteen (14) days of termination refund to the Purchasers all sums paid to the Company free of interest as agreed liquidated damages failing which such payment shall deemed to be a debt due to the Purchasers by the Company. Upon receipt of the sum referred to herein, the SSA shall be deemed terminated null and void and of no further force and effect and neither party shall thereafter have any claims against each other and the Company's Solicitors or the Purchasers, as the case may be, shall be authorised to return the completion documents as referred to in the SSA to the Company.

3.3 Event of termination by the Company

In the event that the Purchasers:

- (a) shall fail to pay the full Purchase Consideration in accordance with the terms of the SSA; or
- (b) shall commit any breach of the terms and conditions of the SSA and in the case of a breach capable of remedy buy fails to remedy the same within thirty (30) days after receipt of a written notice from the Company giving particulars of the breach and requiring it to be remedied;

the Company shall be entitled to terminate the SSA and a sum of amounting to ten per centum (10%) of the Purchase Consideration shall be (i) forfeited by the Company absolutely but all other monies paid by the Purchasers to the Company (if any) towards account of the Purchase Consideration shall be refunded by the Company to the Purchasers free of interest within fourteen (14) days from the date of such termination; or (ii) payable by the Purchasers within fourteen (14) days from the date of such termination and whereupon the SSA shall be deemed to be null and void and of no further force and effect and neither party shall thereafter have any claims against each other.

4. BASIS AND JUSTIFICATION OF ARRIVING AT THE PURCHASE CONSIDERATION

The Purchase Consideration was arrived on a willing buyer willing seller basis, based on financial performance of JAG Systems and the estimated net realisable value of all assets and settlement of liabilities as at 31 March 2020.

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5. **EXPECTED GAINS AND PROPOSED UTILISATION OF PROCEEDS**

The expected gains to JAG arising from the Disposal is RM77,746/-.

The gross proceeds from the Disposal are expected to be utilised for general working capital purpose of the Group.

6. **RATIONALE FOR THE DISPOSAL**

In view that JAG Systems is in loss making position, the Disposal is to streamline the operations of JAG and its group of companies (“Group”) to focus on core profitable operations while disposing a loss-making business unit which is adversely affecting the Group’s operations and financial results. The Disposal also offers a strategic opportunity for the Company to exit and re-allocate its resources to other businesses within the Group

7. **RISK FACTORS**

The Disposal is not expected to pose any risk factors which could materially and/or adversely affect the business operations and financial performance of JAG.

8. **FINANCIAL EFFECTS OF THE DISPOSAL**

8.1 **Share Capital and Substantial Shareholders’ Shareholdings**

The Disposal will not have any effect on the issued share capital of JAG and its substantial shareholders’ shareholdings as the Disposal does not involve issuance of new ordinary shares of JAG.

8.2 **Net Assets Per Share (“NA”) and Gearing**

The Disposal is not expected to give rise to any material effect on the NA and the gearing of JAG as the proceeds will be reinvested into JAG’s business activities.

8.3 **Earnings Per Share (“EPS”)**

The Disposal is not expected to have any material effect on the EPS of JAG.

9. **HIGHEST PERCENTAGE RATIO APPLICABLE PURSUANT TO RULE 10.02(g)**

The highest percentage ratio applicable to the Proposed Disposal is 0.54% pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

10. **APPROVAL REQUIRED**

The Disposal is not subject to the approval by the shareholders of the Company and/or the relevant regulatory authorities.

11. **INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED**

None of the directors, major shareholders of JAG and/or persons connected with them has any interest direct or indirect in the Disposal.

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12. **DIRECTORS' STATEMENT**

After having considered all aspects of the Disposal, the Board is of the opinion that the Disposal is in the best interest of the Company.

13. **ESTIMATED TIMEFRAME OF COMPLETION**

Barring any unforeseen circumstances, the Disposal is expected to be completed by end of second quarter ending 30 June 2020.

14. **DOCUMENTS AVAILABLE FOR INSPECTION**

In view of the outbreak of Coronavirus Disease (Covid-19) pandemic, the Government of Malaysia has issued a Movement Control Order for the period from 1 April 2020 to 14 April 2020 (“**MCO**”), resulting in the mandatory closure of the registered office of the Company. Subject to any extension of MCO or new regulation being imposed by the Government of Malaysia, as at the date of this announcement, it is envisaged that the MCO shall expire on 14 April 2020 and the registered office of the Company shall re-open on 15 April 2020 (“**Tentative Re-open Date**”).

The SSA is available for inspection from the Tentative Re-open Date at the registered office of the Company located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

In view of the abovementioned uncertainty, it is recommended that prior appointment/ notification being made prior to the inspection of documents at registered office of the Company (to ascertain the opening date(s)/ business hours) by email to the Company Secretary, Mr. Jason Cheng at jason.cheng@sshshb.com.my.

This announcement is dated 1 April 2020.