

JADE MARVEL GROUP BERHAD ("JMGB" OR THE "COMPANY")

JOINT VENTURE BETWEEN JADEM TRADING SDN. BHD. ("JTSB"), A 51%-OWNED SUBSIDIARY OF JADE MARVEL GROUP BERHAD ("JMGB" OR "COMPANY"), WITH FINBOND HEAVY MACHINERY SDN. BHD. IN RESPECT OF JADEM FINBOND HEAVY MACHINERY SDN. BHD. ("JOINT-VENTURE")

1. INTRODUCTION

The Board of Directors of JMGB ("Board") wishes to announce that Jadem Trading Sdn. Bhd. ("JTSB"), a 51%-owned subsidiary of JMGB, had on 26 February, 2022 entered into a Joint Venture Agreement ("JVA") with Finbond Heavy Machinery Sdn. Bhd. ("Finbond") and Jadem Finbond Heavy Machinery Sdn. Bhd. ("JFHM") for purposes of regulating JTSB's and Finbond's rights as shareholders of JFHM as the joint venture company to undertake the Business (as defined below).

Further details on the JVA are set out in the ensuing sections.

2. DETAILS OF THE JOINT VENTURE

2.1 Salient terms of the JVA

2.1.1 JTSB and Finbond have that JFHM shall principally be engaged in the business of dealing and leasing in heavy machinery, trucks, tractors, bulldozers, excavators and all other kinds of equipment and description for commercial, industrial or business use ("**Business**") and such other business activities as may be determined by the directors of JFHM from time to time.

2.1.2 The parties agree that JFHM's issued and paid-up share capital shall be increased to RM100,000-00 comprising 100,000 ordinary shares in JFHM ("**Shares**"), the breakdown of which shall be as follows:

Shareholder	Number of Shares	Percentage
JTSB	51,000	51%
Finbond	49,000	49%
Total	100,000	100%

2.1.3 JTSB and Finbond shall exercise its respective rights hereunder and as the shareholders to ensure that JFHM:

- (i) performs and complies with the provisions of the JVA and the provisions contained in its constitution;
- (ii) adopts and implements proper and prudent corporate governance practices and procedures;
- (iii) conducts the Business in accordance with sound and good business practice and the highest ethical standards; and
- (iv) maintains proper and complete books, records and accounts and prepare financial statements in accordance with the relevant laws and applicable approved accounting standards in Malaysia.

2.1.4 The shareholders shall procure that at any one time, unless otherwise expressly agreed by the shareholders:

- (i) the number of directors of JFHM shall be no more than four (4);
- (ii) there shall not be any shareholding qualifications for the directors of JFHM; and

(iii) JTSB shall be entitled to appoint the Chairman of the board of directors of JFHM with a right of a casting vote.

2.1.5 For purposes of the Business, JFHM will be entering into contracts of the following nature (collectively, “**Customer Contract(s)**”) with its customers (“**Customers**”):

- (i) contracts for the purchase of the heavy equipment by the Customers;
- (ii) contracts for the rental of the heavy equipment by the Customers;
- (iii) contracts for the rental (with an option to purchase) of the heavy equipment by the Customers.

The Parties agree that Finbond shall use its best efforts to review the Customer Contract(s) and supply the heavy equipment to JFHM to enable JFHM to fulfil the Customer’s Contract(s).

2.1.6 The managing director of JFHM shall be nominated / jointly nominated by JTSB and Finbond.

2.1.7 Save and except as otherwise agreed between the JTSB and Finbond in writing or where any change in the agreed proportions is permitted under JVA, the respective shareholding of the Shares shall at all times during the duration of this Agreement be in the following agreed proportions:

Party	Percentage
JTSB	51%
Finbond	49%
Total	100%

2.1.8 Except as agreed otherwise by the shareholders, any further Shares to be issued shall first be offered to each of the shareholders in proportion to their respective shareholding in JFHM at the relevant time. No Shares shall be allotted to any third-party without the prior written consent of each of the shareholders.

2.1.9 In the event any shareholder (“Offeror”) is desirous of selling or transferring all of its shares (“Transfer Shares”) to a single third party purchaser, the Offeror shall first make an offer in writing to sell the Transfer Shares to the other shareholder of JFHM (“Offeree”). For the avoidance of doubt, the sale and transfer of the Transfer Shares must be in respect of all (and not some only) of the shares held by the Offeror. Upon receipt of an offer for the Transfer Shares (“Offer”), the Offeree may accept the Offer within thirty (30) days from the date of receipt of the Offer and shall complete the purchase of the Transfer Shares so accepted within ninety (90) days from the date of acceptance. If by the expiry of the period of the Offer, the Offeree does not accept all of the Transfer Shares so offered to it (them), the Offeror shall, within a period of one hundred and twenty (120) days thereafter be entitled to sell such unaccepted Offer in a bona fide sale to the third-party purchaser at a price which is not less than the Offer price and upon sale terms which are not more favourable, subject always to the third-party purchaser first entering into the Deed of Ratification and Accession of the JVA.

2.2 Information of JTSB and JFHM

2.2.1 JTSB

JTSB is a private limited company incorporated in Malaysia on 30 August 2021 with its registered address at 39, Irving Road, 10400 George Town, Pulau Pinang. JTSB is principally engaged in the business of (i) dealing in all kinds of sand, gravel, stones and mineral substances for construction usage or any other kinds of usage and businesses; (ii) purchase, lease or otherwise acquire any mines, mining rights and any other interest and dealing in all products of residual and by products; and (iii) investment holding.

The current directors of JTSB are Dato' Khoo Yik Chou, Dennis Chung Vui Ming and Chua Kian Leong. JTSB is 51%-owned by JMGB whilst the remaining 49% is owned by Chua Kian Leong (36%) and Goh Chee Siang (13%).

2.2.2 JFHM

JFHM is a private limited company incorporated in Malaysia on 24 February 2022 with its registered address at 39, Irving Road, 10400 George Town, Pulau Pinang. JFHM is principally engaged in the business of dealing and leasing in heavy machinery, trucks, tractors, bulldozers, excavators and all other kinds of equipment and description for commercial, industrial or business use.

The current directors of JFHM are Dato' Khoo Yik Chou, Chua Kian Leong, Dato' Loh Lap Yan and Loh Sai Kiat. JFHM is 51%-owned by JTSB whilst the remaining 49% is owned by Finbond.

2.3 Information of Finbond

Finbond is incorporated in Malaysia on 16 November 1993 as a private limited company with its registered address at No. 13, Jalan Astaka U8/84, Bukit Jelutong Industrial Park, Seksyen U8, 40150 Shah Alam, Selangor.

The directors of Finbond are Dato' Loh Lap Yan and Loh Sai Yik. Finbond is wholly-owned by Finbond Industries Sdn. Bhd.

Finbond is principally engaged in the reconditioning, sale, rental and dealing in heavy equipment, industrial and commercial plant and machinery. Finbond is a distributor and authorised dealer of heavy machinery, industrial and commercial plant and machinery and heavy equipment for the following brands ("Brands") in Malaysia:



2.4 Basis and justification for arriving at the subscription price for the Shares

The subscription price of RM1.00 per Share is nominal as JFHM is a newly incorporated company.

2.5 Source of funding

The subscription consideration payable by JTSB for the Shares in JFHM will be financed via internally generated funds.

2.6 Liabilities to be Assumed

There are no liabilities, including contingent liabilities and guarantees to be assumed by JMGB arising from the joint venture.

3. RATIONALE FOR THE JOINT VENTURE

The joint venture represents a strategic opportunity for JMGB to expand its businesses into the sale, rental and lease of heavy equipment business to complement the business of JTSB of dealing in all kinds of sand, gravel, stones and mineral substances and mining products, which will provide an additional revenue stream to JMGB.

In partnering with Finbond as its joint venture partner, JMGB is able to leverage on Finbond's business experience and know-how in the reconditioning, sale, rental and dealing in heavy equipment, industrial and commercial plant and machinery. As Finbond is the distributor and authorised dealer of the Brands of heavy equipment, JMGB is able to look to

Finbond to supply JFHM with the required the heavy equipment for the Business at competitive pricing.

Barring any unforeseen circumstances, the Board believes that the Business of the joint venture will contribute positively to the future earnings of JMGB and its subsidiaries (“**JMGB Group**”) and may potentially augur well for the growth prospects of the Group. The Business is expected to provide the Group with anew and additional stream of earnings.

Premised on the above, the Board believes that JMGB’s participation in the joint venture is expected to enhance the Group’s profitability and returns on shareholders’ funds.

4. PROSPECTS

The Board is optimistic of the future prospects of the Business of JFHM would be positive. The Board envisages that the Business will contribute to the future earnings and growth of the JMGB Group which in turn, will be value accretive to JMGB.

5. RISKFACTORS

Save for the investment risk and integration risk as disclosed below and the normal business and global economic risks, the Board is not aware of and does not foresee any other material risk pursuant to the JVA.

5.1 Investment risk

The joint venture is expected to contribute positively to the future earnings of JMGB Group. However, there is no assurance that the anticipated benefits from the joint venture will be realised. Nevertheless, the Board has exercised due care in evaluating the potential risks and benefits associated with the joint venture and believes that the investment in JFHM and its Business will provide an avenue for JMGB to expand its business and add on its revenue stream in the sale, rental and lease of heavy equipment business.

5.2 Integration risk

The synergies and benefits arising from the joint venture is predicated on the successful collaboration between JTSB and Finbond on the Business of JFHM. There can be no assurance that Group is able to fully realise the anticipated benefits from the joint venture, in which case, may have a material adverse effect on the financial and operating conditions of the enlarged JMGB Group.

6. EFFECTSOFTHEPROPOSALS

6.1 Issued Share Capital and Substantial Shareholders’ Shareholdings

The joint venture will not have any effect on the issued and paid-up share capital and the substantial shareholders’ shareholdings of the Company.

6.2 Net Assets (“NA”), NA per Share

The joint venture will not have any material effect on the NA, NA per share of the Company for the financial year ending 31 March 2022.

6.3 Earnings and Earnings Per Share

The joint venture is not expected to have any material effect on the earnings and earnings per share of the Company for the financial year ending 31 March 2022. The Board envisages that the Business will contribute to the future earnings of the Group.

7. APPROVALSREQUIRED

The JVA is not subject to the approval of the shareholders of JMGB or any other regulatory authorities.

The JVA is not conditional upon any other corporate proposals undertaken or to be undertaken by JMGB.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

To the best of the knowledge of the Board, none of the Directors and/or major shareholders of JMGB, or persons connected with them, has any interest, direct or indirect, in the JVA.

9. DIRECTORS' STATEMENT

The Board of JMGB, after having considered the terms and conditions of the JVA and all relevant aspects including the rationale, prospects and financial effects of the joint venture, is of the opinion that the JVA is in the best interest of the Group.

10. DOCUMENTS FOR INSPECTION

The JVA is available for inspection at the registered office of the Company at 39, Irving Road, 10400 George Town, Penang, Malaysia during normal business hours from Monday to Friday (except for public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 26 February 2022.