

JAG BERHAD (“JAG” OR “THE COMPANY”)

AGREEMENT FOR SALE AND MELTDOWN OF CUPRONICKEL AND NICKEL RAW METALS AS SCRAP BETWEEN BANK NEGARA MALAYSIA AND JARING METAL INDUSTRIES SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

1. INTRODUCTION

The Board of Directors of JAG (“**Board**”) wishes to announce that Jaring Metal Industries Sdn. Bhd. (“**JMI**” or “**Purchaser**”), a wholly-owned subsidiary of JAG, had entered into an Agreement (“**Agreement**”) with Bank Negara Malaysia (“**BNM**” or “**Bank**”) of Jalan Dato’ Onn, 50480 Kuala Lumpur, Wilayah Persekutuan, for the purpose of buying and meltdown of Cupronickel and Nickel Raw Metals as scrap (“**Raw Metals**”) from the Bank, on an “as is” basis, upon the terms and conditions as stipulated in the Agreement.

2. INFORMATION ON PURCHASER AND THE VENDOR

2.1 Information on Purchaser

JMI is a private limited company incorporated in Malaysia on 2 April 1997 under the Companies Act, 1965, having its registered address at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan and place of business at No. 7, Jalan Sungai Kayu Ara 32/37, Taman Berjaya, Section 32, 40460 Shah Alam, Selangor Darul Ehsan.

JMI has a total issued share capital of RM48,679,490/- made up of 48,679,490 ordinary shares.

JMI is a wholly-owned subsidiary of JAG and the Directors of JMI are Dato’ Ng Aik Kee, Dato’ Ng Meow Giak and Mr. Ng Yaw Long.

The principal activities of JMI are as follows:-

- i) Recycling and manufacturing activities of extraction, production and refinery of ferrous, non-ferrous and precious metals via the recovery and reclamation of industrial and electrical waste.
- ii) Trading ferrous and non-ferrous metals.
- iii) Transportation and movement of goods, products or raw materials by all means of transport for general business purpose.

2.2 Information on BNM

Bank Negara Malaysia (Central Bank of Malaysia) is a statutory body which started operations on 26 January 1959. BNM is governed by the Central Bank of Malaysia Act, 2009.

The role of the Bank is to promote monetary and financial stability and it is aimed at providing a conducive environment for the sustainable growth of the Malaysian economy. BNM is also the sole authority in issuing of national currency, including minting of coins and notes.

(Purchaser and Vendor are collectively referred to as “**the Parties**”)

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3. DETAILS OF THE AGREEMENT

The Bank had on 21 September 2021 undertaken a Request for Proposal (“RFP”) or tender exercise by inviting prospective companies to participate in BNM’s scrap disposal plan i.e. the sale and meltdown of cupronickel and nickel as scrap materials.

The RFP exercise ended on 15 October 2021 and BNM has notified that JMI has been successful in the said RFP exercise.

The Agreement was entered into by the Parties to legally formalise the matter. The total value of the Agreement was significant in terms of the procurement value to the Company for the financial year ended 31 December 2022.

No tenure has been stipulated in the Agreement and either one of the Parties could terminate the Agreement by providing relevant notice.

4. RATIONALE

JMI, being a Total Waste Management Company depends heavily on its sourcing capability as the Company performance is dependent on the volume of raw materials procured where precious metals will be duly extracted and disposed off in the commodity market.

Formal purchase contract with the suppliers is essential to the Company which will secure and enable JMI to receive regular supply of waste.

5. RISK FACTOR

Apart from the normal business risk, the Agreement is not expected to pose any risk factor which could materially and/or adversely affect the business operations and financial performance of the Company and its subsidiaries (“Group”).

6. EFFECTS OF THE TRANSACTION

6.1 Share capital and substantial shareholders’ shareholdings

The Agreement will not have any effect on the total issued share capital of JAG as well as the shareholdings of its substantial shareholders as it does not involve any issuance of new ordinary shares in JAG.

6.2 Earnings and earnings per share (“EPS”)

The Agreement is expected to contribute positively towards the future earnings of the Company and the Group for the duration of the Contract

The Agreement will not have any effect on the share capital and substantial shareholders’ shareholdings of the Company.

6.3 Net Assets (“NA”) and Gearing

The Agreement is not expected to give rise to any material effect on the NA and the gearing of JAG.

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

None of the Directors and/or major shareholders of the Company and/or persons connected to the Directors and/or major shareholders of the Company has any interest, direct or indirect in the Agreement.

8. APPROVALS REQUIRED

The Agreement is not subject to the approval of the shareholders of JAG and/or relevant regulatory authorities.

9. STATEMENTS BY THE BOARD

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

10. DOCUMENT FOR INSPECTION

A copy of the Agreement is available for inspection by the shareholders of JAG at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, during the normal business hours from Mondays to Fridays (except for Public Holiday) for a period of three (3) months from the date of this Announcement.

In adherence to the standard operating procedures imposed by the regulatory authority(ies), all inspection of documents at registered office of the Company could only be conducted by prior appointment only. For appointment(s) request, please contact +603-2084 9000 or Email: info@sshsb.com.my.

This announcement is dated 31 March 2022.

Technical Facts:-

No.	Precious Metals	Definition/meaning
1.	Cupronickel	an alloy (= mixture) of copper and nickel and the metals that is used in making coins in many countries.
2.	Nickel	a silver-white <u>metal</u> used in <u>manufacturing</u> .

[Source: Cambridge English Dictionary]