

JAG BERHAD

[REGISTRATION NO. 199701023733 (439230-A)] (“JAG” OR THE “COMPANY”)

SALE AND PURCHASE AGREEMENT BETWEEN JAG LAND SDN. BHD. (“JAG LAND”) AND MENARA ABS BERHAD IN RESPECT OF THE PROPOSED ACQUISITION OF A TWELVE AND A HALF-STOREY (12½) OFFICE BUILDING WITH TWO (2) LEVELS OF BASEMENT CAR PARK ERECTED ON A PIECE OF FREEHOLD LAND HELD UNDER HS(D) 71280, PT3569, MUKIM KUALA LUMPUR, DISTRICT OF KUALA LUMPUR, STATE OF WILAYAH PERSEKUTUAN KL

1. INTRODUCTION

The Board of Directors of JAG wishes to announce that JAG Land Sdn. Bhd. [Registration No. 201501005354 (1130684-K)] (“**JAG Land**” or “**Purchaser**”), a wholly-owned subsidiary of JAG, has on 5th September 2022, entered into a Sale and Purchase Agreement (“**SPA**”) with Menara ABS Berhad [Registration No. 200401030991 (669499-X)] of 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan (“**MABSB**” or “**Vendor**”), for the purpose of acquiring a twelve and a half-storey (12½) office building with two (2) levels of basement car park erected on a piece of freehold land held under HS(D) 71280, PT3569, Mukim Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan KL, bearing postal address of Wisma TM Taman Desa, Jalan Desa Utama, Pusat Bandar Taman Desa, 58100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur (“**Property**”), for a total purchase price of RM35,288,000/- (Ringgit Malaysia: Thirty-Five Million Two Hundred and Eighty-Eight Thousand) only (“**Proposed Acquisition**”).

2. INFORMATION ON THE VENDOR

MABSB was incorporated in Malaysia on 15 October 2004 and having its registered office at 12th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The issued share capital of MABSB is RM2.00 comprising 2 ordinary shares. MABSB is principally engaged as specific purpose entity of implementing as asset securitisation programme which the company will issue asset-backed private debt securities of any kind whatsoever including securities, notes, bonds or debentures to raise monies for Telekom Malaysia Berhad.

The Directors and shareholders of MABSB are as follows:-

Directors and shareholders	No. of MABSB shares	Issued and paid-up share capital of MABSB (%)
<u>Directors</u>		
(a) Samuel Sham Chee Leong	Nil	Nil
(b) Cheah Boon Hoe	Nil	Nil
(c) Norhayaty Binti Che Noh	Nil	Nil
<u>Shareholders</u>		
(i) PB Trustee Services Berhad	2	100

3. INFORMATION ON THE PURCHASER

JAG Land is a private limited company incorporated in Malaysia on 6 February 2015 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 a

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place of business at No. 7, Jalan Sungai Kayu Ara 32/37, Taman Berjaya, Section 32, 40460 Shah Alam, Selangor Darul Ehsan.

The issued share capital of JAG Land is RM25,000,000/- comprising 25,000,000 ordinary shares. JAG Land is principally engaged in buying, selling, renting and operating self-owned or leased real estate land, property development and project management.

The Directors of JAG Land are as follows:-

- (a) Dato' Ng Aik Kee; and
- (b) Mr. Ng Yaw Long.

JAG Land is a wholly-owned subsidiary of JAG.

4. INFORMATION ON THE PROPERTY

The details of the Property are as set out as below:-

Registered Owner	: Menara ABS Berhad
Description of the Property	: A twelve and a half-storey (12 ½) office building with two (2) levels of basement car park erected on a piece of freehold land held under HS(D) 71280, PT3569, Mukim Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan KL
Postal Address of the Property	: Wisma TM Taman Desa, Jalan Desa Utama, Pusat Bandar Taman Desa, 58100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur
Title Detail	: HS(D) 71280, PT3569, Mukim Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan KL
Land Tenure	: Freehold
Category of land use	: Building
Encumbrances	: Lease of the whole land to Telekom Malaysia Berhad registered under Presentation No. PDSC180/2008 on 9 January 2008
Land Area	: Approximately 4,230 square metres
Net Book Value	: The Company is unable to provide information on the latest audited net book value as the Company is not privy to such information

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5. SALIENT TERMS OF THE PROPOSED ACQUISITION

5.1 The Existing Lease

The Vendor has granted a lease of the Property to Telekom Malaysia Berhad [Registration No. 198401016183 (128740-P) (“**Lessee**”) for a period of fifteen (15) years from 9 January 2008 to 8 January 2023 (“**Existing Lease**”) pursuant to the Master Ijarah Agreement dated 2 January 2008 made between the Vendor and the Lessee as enumerated in Schedule 2 annexed to the SPA (“**Master Ijarah Agreement**”). The Existing Lease is registered under presentation No. PDSC180/2008 on 9 January 2008.

5.2 Agreement to Sell and Purchase

The Vendor has agreed to sell and the Purchaser has agreed to purchase the Property subject to the Existing Lease on an “as-is where-is” basis free from all encumbrances, charges, caveats, liens, claims whatsoever with legal possession for the space in the Property subject to the Existing Lease and vacant possession for the space in the Property not subject to the Existing Lease and subject to all express conditions and all restrictions in interest (if any) contained in the issue documents of title to the Property and upon the terms and conditions as stated in the SPA.

5.3 Execution of the Transfer

Within fourteen (14) days from the execution of the SPA and upon the payment of the Balance Deposit (as hereinafter defined) by the Purchaser to the Vendor, the Vendor shall execute the memorandum of transfer of the Property in favour of the Purchaser or its nominee, JAG Prop Sdn. Bhd. [Registration No. 201901027499 (1336826-T)], a company incorporated in Malaysia and having its business address at No. 7, Jalan Sungai Kayu Ara 32/37, Taman Berjaya, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan (“**JAG Prop**”) (“**Memorandum of Transfer**”) and shall deposit the same with the Purchaser’s solicitors who are authorised by the parties to proceed with the adjudication for stamp duty payable of the Memorandum of Transfer only and shall not present the same for registration or forward the same to the Purchaser’s financier’s solicitors, as the case may be, until the Balance Purchase Price has been paid or upon payment by the Purchaser of the difference between the purchase price and the loan.

5.4 Payment of Purchase Price and Completion

The purchase price shall be paid by the Purchaser in the following manner and time:-

- 5.4.1 a sum of RM705,760.00 only (“**Bid Deposit**”) has been paid by the Purchaser to the Vendor’s agent prior to the execution of the SPA.
- 5.4.2 a further sum of RM2,823,040.00 only (“**Balance Deposit**”) has been paid by the Purchaser upon execution of the SPA, in the following manner:-
 - (i) a sum equivalent to 3% of the purchase price or RM1,058,640.00 only (“**RPGT Retention Sum**”) to the Purchaser’s solicitors as stakeholders; and

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(ii) the balance of RM1,764,400.00 only to the Vendor.

5.4.3 A sum of RM31,759,200.00 only (“**Balance Purchase Price**”) shall be paid by the Purchaser by means of a loan or otherwise to the Vendor’s solicitors, as stakeholders, within three (3) months from the date of the SPA (“**Completion Period**”).

In the event the Purchaser is unable or fails to pay the Balance Purchase Price to the Vendor’s solicitors as stakeholders on or before the expiry of the Completion Period, then the Vendor shall upon expiry of the Completion Period be deemed to have automatically granted to the Purchaser an extension of further period of one (1) month from the expiry of the Completion Period (“**Extended Completion Period**”) to pay the Balance Purchase Price provided always that the Purchaser shall pay interest at the rate of eight percent (8%) per annum calculated on a daily basis on that part of the Balance Purchase Price remaining outstanding until the date of full settlement of the Balance Purchase Price.

6 BASIS AND JUSTIFICATION FOR THE PURCHASE CONSIDERATION

The Vendor had in February 2022, through their appointed realtor CBRE WTW Real Estate Sdn Bhd, published the commercial for the sales by tender of the Property. JAG Land had appointed Messrs Knight Frank Malaysia Sdn Bhd as an independent property consultancy advisor firstly, to advise the Company the Broker’s Opinion of Value (“**BOV**”), to estimate the probable selling price of the Property and secondly, to carry out the building condition assessment, for the said tender.

The purchase consideration was derived based on the BOV by the advisor after taking the consideration of the potential future rental revenue, operational cost, capital expenditure, lease competition, demand and supply of office, market outlook and other factors in order to derive the BOV.

The purchase consideration will be satisfied by the combination of internal generated fund and bank borrowing.

7 LIABILITIES TO BE ASSUMED

There are no liabilities, contingent liabilities and guarantees to be assumed by JAG and/or its subsidiaries (“**Group**”) pursuant to the Proposed Acquisition.

8 RATIONALE AND BENEFITS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is meant for investment purposes with the aim to create a new stream of recurring income contribution for the Group. In addition, this is also a part of the Group’s efforts to expand our property investment business segment, which will positively contribute to the Group.

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9 RISK FACTORS

9.1 Financing risks

The Proposed Acquisitions will be financed through a combination of internally generated funds and bank borrowings, which will increase the borrowings and gearing level of the Group. It will expose the Group to interest rate and debt servicing risks, whilst any utilisation of internal funds is expected to result in a reduction of funds available for working capital purposes, which may have an adverse effect on the Group’s cash flow position.

Nevertheless, the Group will endeavour to manage its cash flow position and funding requirements prudently to address the risk. The Group will actively review its debt portfolio, taking into account the level and nature of borrowings, and seek to adopt cost effective financing options.

9.2 Business risks

The Property is currently occupied by the Lessee and the Lessee has already expressed their intention to continue with the leasing of the relevant areas of the Property upon completion of the Proposed Acquisition and legal possession of the Property being delivered to JAG Prop. With the execution of the SPA, the management will initiate negotiations with the Lessee on the fresh lease of the Property to be entered into between JAG Prop and the Existing Lease. In the adverse circumstances in which the Existing Lessee decides not to proceed with the fresh lease, JAG Prop will lose its source of income and this may have an adverse impact to the Group financial performance.

Nevertheless, the Group will attempt to manage the business risk through the establishing of a professional leasing team and appointment of a leasing consultant to address the risk. The Group will actively review its business segment to ensure that the performance of the business segment is on track.

10 FINANCIAL EFFECTS

10.1 Share capital and shareholdings of substantial shareholders

The Proposed Acquisition will not have any effect on the issued share capital of JAG nor on JAG’s substantial shareholders’ shareholdings in the Company as it does not involve the issuance of shares in JAG.

10.2 Net Assets, Net Assets per share and gearing

The Proposed Acquisition is not expected to have any material effect on the net assets, net assets per share and gearing of the Group for the financial year ending 31 December 2022.

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10.3 Earnings and Earnings Per Share

The Proposed Acquisition is not expected to have any material effect on the Group's earnings and earnings per share for the financial year ending 31 December 2022 but is expected to contribute positively to the Group's future earnings and the Company's earnings per share.

11 APPROVAL REQUIRED

The Proposed Acquisition is not subject to the approval of the shareholders of JAG and/or any regulatory authorities.

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

None of the Directors and/or major shareholders of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition.

13 STATEMENT BY THE BOARD OF DIRECTORS

The Board of JAG, having considered all aspects of the Proposed Acquisition, including but not limited to the rationale, prospects, salient terms of the SPA and effects of the Proposed Acquisition, are of the opinion that the Proposed Acquisition is in the best interests of JAG.

14 PERCENTAGE RATIO

The highest percentage ratio pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad applicable to the Proposed Acquisition is 16.42%, based on the latest audited financial statements of the Company for the financial year ended 31 December 2021.

15 ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed within 3 months from the date of the SPA.

16 DOCUMENTS AVAILABLE FOR INSPECTION

The SPA 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.

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

This announcement is dated 5th September 2022.