

JASCO ELECTRONICS HOLDINGS LIMITED

Incorporated in the Republic of South Africa
Registration Number 1987/003293/06
Share code: JSC ISIN: ZAE000003794
("Jasco" or "the company" or "the group")

FIRM INTENTION ANNOUNCEMENT REGARDING GENERAL OFFER AND DELISTING

1. Introduction

Jasco shareholders are referred to the cautionary announcement released on SENS on 5 December 2022 and renewed on 19 January 2023 and 2 March 2023, which advised that the company had entered into discussions with its major shareholder Community Investment Holdings Proprietary Limited ("CIH") with regards to its intention to make a general offer ("Offer"), as contemplated in section 117(c)(v) of the Companies Act, 2008 (as amended), to the holders of Jasco ordinary shares ("Jasco Shareholders") and to consequently terminate the listing of the company's ordinary shares on the JSE (the "Delisting").

CIH, through Community Holdings No 1 Proprietary Limited (a wholly owned subsidiary of CIH) (the "Offeror") proposes the Offer in terms of section 117(1)(c)(v) of the Companies Act 71 of 2008 (the "Companies Act"), read with Chapter 5 of the Companies Regulations promulgated under the Companies Act (the "Takeover Regulations").

The Offeror will offer to purchase all of the issued Jasco ordinary shares for a consideration ("Offer Consideration") equivalent to 16 cents per Jasco ordinary share.

This announcement constitutes a firm intention announcement in terms of regulation 101 of the Takeover Regulations.

2.Appointment of the Jasco Independent Board

Jasco has appointed PF Radebe, DH du Plessis, MSC Bawa and T Zondi (together, the "Independent Board") to fulfil the role of an independent board in terms of the Takeover Regulations.

The Jasco Independent Board has appointed BDO Corporate Finance as the independent expert ("Independent Expert"), as required in terms of Section 114(2) of the Companies Act and the Companies Regulations, to issue a report dealing with the matters set out in Sections 114(2) and 114(3) of the Companies Act and Regulations 90 and 110 of the Companies Regulations and in accordance with Paragraph 1.15(d) as read with Schedule 5 of the JSE Listings Requirements, in respect of its opinion on whether the terms and conditions of the Offer and Delisting are fair and reasonable to Shareholders ("Independent Expert Report").

As at the date of this announcement, the Jasco Board has not received any other firm intention letter, other than the Offer from the Offeror as set out in this announcement.

The Independent Expert Report and recommendations of the Jasco Independent Board and Jaco Board will be included in the Circular to be posted as set out in paragraph 7 of this announcement.

3. Terms and conditions of the Offer

3.1 The Offer and Offer Consideration

- 3.1.1 The Offeror hereby offers, in terms of section 117(1)(c)(v) of the Companies Act, to acquire from the Jasco Shareholders all the Offer Shares, being a maximum of 155 430 311 Jasco Shares, in respect of which it receives valid acceptances prior to the offer closing date for the Offer Consideration.
- 3.1.2 The Offer Consideration is a cash consideration of 16 cents per Jasco Share acquired in terms of the Offer, being a maximum of R24 868 853.
- 3.1.3 In the Offeror's view, the Offer Consideration is compelling as (i) the Jasco Shares are thinly traded, (ii) the Offer Consideration represents a 14% premium to the closing price on the date preceding the cautionary announcement dated 5 December 2022 and a 4% premium to the 30-day volume weighted average price on the date preceding the cautionary announcement. (iii) represents a premium in excess of 100% against the audited tangible net asset value per share of 1.2 cents, published for the year ended 30 June 2022. The audited net asset value per share at 30 June 2022 was 16.7 cents per share.
- 3.1.4 The Offer Consideration shall be settled in full, in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against an Offer Participant.
- 3.1.5 The tax implications of the Offer are dependent upon the individual circumstances of the Offer Participants concerned and the tax jurisdiction applicable to such Offer Participants.
- 3.1.6 It is recommended that the Offer Participants seek appropriate professional advice in this regard.

3.2 The Delisting

- 3.2.1 The Offer is subject to, inter alia, the condition that the Delisting of Jasco's Shares from the JSE pursuant to the voluntary delisting provisions of the JSE Listings Requirements is approved by the requisite majority Jasco Shareholders at the General Meeting to be convened ("Delisting Resolution") and the JSE (the "Delisting Condition").
- 3.2.2 The Delisting will occur pursuant to the Delisting Resolution being approved and the Offer being implemented.
- 3.2.3 The effect of the Delisting will be that all Jasco's ordinary shares will be removed from the list of securities admitted to trading by the JSE.

3.3 Conditions Precedent

The Offer and its implementation are subject to the fulfilment of the following Conditions Precedent:

- 3.3.1 the Delisting of Jasco's Shares from the JSE pursuant to the voluntary delisting provisions of the JSE Listings Requirements is approved by the JSE and Jasco Shareholders;
- 3.3.2 all approvals, consents and/or waiver from the applicable South African regulatory authorities as may be required in order for the Offer to be implemented (other than the issue of the compliance certificate by the TRP) have been obtained, including, to the extent required, approval/s of the exchange control authorities of the SARB, provided that if such approval is granted conditionally, this Condition Precedent shall not be regarded as having been fulfilled unless before such date The Offeror gives notice to Jasco to the effect that such conditions and terms are acceptable to the Offeror (in its discretion); and
- 3.3.3 the TRP issues a compliance certificate in relation to the Offer in terms of section 119(4) (b) of the Companies Act.

The Offer is not subject to any minimum acceptance threshold being achieved.

4. Rationale for the Offer and Delisting

- 4.1 CIH and its associated entities currently hold 55.36% of Jasco's Ordinary Shares, a further 13.61% are held by Goldsol II Proprietary Limited and 6.38% by TMM Holdings Proprietary Limited, resulting in a low free float and a Shareholder profile consisting of a substantial number of small Shareholders.
- 4.2 As a result, Jasco's shares trade in small volumes with minimal liquidity and no premium to its peers. In this context, the Jasco Board has resolved that Jasco can no longer justify the costs and associated administrative burden of a JSE listing when considered relative to the benefit of an ongoing listing. From a Shareholder perspective, the costs associated with Jasco being listed outweigh the benefit of being able to publicly trade in Jasco Shares.
- 4.3 The Delisting will also enable management of the Company to dedicate more time and resources to the Company's business operations without having to dedicate considerable time, expenses and resources to the regulatory processes associated with being a listed entity.
- 4.4 The Offer will provide Shareholders with an opportunity to realise their investment in Jasco by facilitating an exit for them from a relatively illiquid share.
- 4.5 The Offer Consideration of 16 cents per Jasco ordinary share represents a 14% premium to the closing price on the date preceding the Cautionary Announcement dated 5 December 2022 and a 4% premium to the 30-day volume weighted average price on the date preceding the Cautionary Announcement.
- 4.6 The audited net asset value per share at 30 June 2022 is 16.7 cents per share and tangible net asset value of 1.2 cents per share.

5. Cash Confirmation

The Offeror has delivered an irrevocable unconditional guarantee to the Takeover Regulation Panel in accordance with regulations 111(4) and 111(5) of the Takeover Regulations and in favour of Jasco shareholders for the sole purpose of fully satisfying the Offeror's cash commitments in respect of the Offer.

6. Beneficial interest in Jasco of the Offeror, persons related to the Offeror and/or persons acting in concert with the Offeror

6.1 At the date of this announcement, CIH owns a total of 203 348 677 (55.34%) Jasco Shares, through the below associated group entities:

6.1.1 Community Holdings No 1 Proprietary Limited a wholly owned subsidiary of CIH), which owns 84 285 982 (22.94%) Jasco Shares, who will act as the Offeror company;

6.1.2 Golden Pond Trading 175 Proprietary Limited an associated company of CIH, which owns 73 836 471 (20.09%) Jasco Shares;

6.1.3 Pond Technologies Proprietary Limited (previously CIH Projects No 8 Proprietary Limited) an associated company of CIH, which owns 44 263 793 (12.05%) Jasco Shares;

6.1.4 Inkonkoni Investment Holding Trust , a preference shareholder of CIH which owns 594 250 (0.16%) Jasco Shares; and

6.1.5 Parmtro Investments No 76 Proprietary Limited of which Dr ATM Mokgokong is the sole shareholder, which owns 368 181 (0.10%) Jasco Shares.

Dr ATM Mokgokong and MJ Madungandaba (the chairperson and deputy chairperson of Jasco's board of directors) are also the sole directors of CIH and have direct or indirect interests in the CIH associated entities listed above.

Dr ATM Mokgokong and MJ Madungandaba and its associated entities listed above are presumed to be acting in concert with the Offeror and each other, in terms of regulation 84 of the Takeover Regulations for the purposes of the Offer and are therefore excluded from the Offer and from voting on the Delisting Resolution.

Dr N Munisi (non-executive director of Jasco), as a shareholder of Golden Pond Trading 175 Proprietary Limited and AMF (Pete) Da Silva who serves on the Jasco board as an alternate director for MJ Madungandaba are also presumed to be acting in concert with the Offeror and are therefore excluded from the Offer and from voting on the Delisting Resolution.

6.2 Statement of direct and indirect beneficial interest in securities of Jasco directors

As at the date of this announcement, the Jasco directors and their associates (as defined in terms of the Listings Requirements), including directors who have resigned in the last 18 months, had the following direct and indirect beneficial interest in the share capital of the Company:

Director	Direct beneficial		Indirect Beneficial		Total	Total %
		Current %		Current %		
MSC Bawa	50,509	0.01	6,758,171	1.84	6,808,680	1.85
AMF da Silva ¹	1,070,500	0.29	-		1,070,500	0.29
WA Prinsloo	25,000	0.01	2,649,296	0.72	2,674,296	0.73
MJ Madungandaba ³	-	-	103,111,356	28.06	103,111,356	28.06
Dr ATM Mokgokong ³	368,181	0.10	51,884,957	14.12	52,253,138	14.22
Dr N Munisi ⁴	-	-	2,399,209	0.65	2,399,209	0.65
Total	2,181,290	0.59	166,802,989	45.40	168,317,179	45.81

Notes:

1. Mr AMF (Pete) da Silva acted as a non-executive director, until 15 July 2019, when his status changed to alternate non-executive director to Mr JM Madungandaba.
2. No share options were issued during the year ended 30 June 2021, nor between 30 June 2021 to the date of this announcement.
3. MJ Madungandaba and Dr ATM Mokgokong are directors of CIH and the Offeror and as such is excluded from receiving the Offer and from voting on the Delisting Resolution.
4. Dr N Munisi was appointed as a non-executive director with effect from 1 July 2022.

6.3 As at the date of this announcement, Jasco held no CIH securities.

6.4 During the last 12 months, there has been no resignations of Jasco Directors holding direct and indirect beneficial interest in Jasco.

6.5 No Jasco director had any dealings in Shares during the six-month period prior to the last practicable date.

6.6 Neither the Company, nor any Director, have dealt for value in the Shares or any other securities of CIH during the period beginning six months before the Offer Period and ending on the last practicable date.

6.7 CIH's interest in Jasco Shares

The interest of CIH and its director's interest in Jasco Shares is disclosed in paragraphs 6.1 and 6.2 above.

Pursuant to the Offer becoming unconditional, the Offeror will become the beneficial owner of the number of Offer Shares sold pursuant to the acceptance of the Offer.

6.8 CIH's dealings in Jasco Shares

No dealings in Jasco Shares were conducted by CIH or CIH directors during the period beginning six months prior to the date of this announcement.

7. Offer Circular

Jasco and the Offeror will issue a combined offer circular setting out the full terms and conditions of the Offer and Delisting including the notice convening the General Meeting to consider the required resolutions ("Circular"). The Circular will be distributed on or about 23 March 2023, once all the relevant regulatory approvals have been obtained. A further announcement relating to the posting of the Circular and notice of the General Meeting, further important details related to the Offer and Delisting and the salient dates and times will be published on SENS in due course.

8. Withdrawal of Cautionary Announcement

Jasco Shareholders are advised that as a result of the publication of this firm intention announcement, the Cautionary Announcement released on SENS dated 5 December 2022 and renewed on 19 January 2022 and 2 March 2023 are accordingly withdrawn and Shareholders are no longer required to exercise caution when dealing in Jasco's securities.

9. Jasco Independent Board and Jasco Board Responsibility Statement

The Independent Board and the Jasco Board, individually and collectively accept full responsibility for the accuracy of the information contained in this announcement, and certify that, to the best of their respective knowledge and belief, the information is true and, where appropriate, this announcement does not omit anything likely to affect the importance of the information included.

10. Offeror Responsibility Statement

The Offeror accepts responsibility for the information contained in this announcement insofar as it relates to detail around the Offeror and the Offer. To the best of its knowledge

and belief, the information contained in this announcement is true and this announcement does not omit anything likely to affect the importance of the information.

6 March 2023

Corporate Advisor and Transaction Sponsor: Grindrod Bank Limited