

JCI LIMITED (the "COMPANY) or ("JCI")

**SETTLEMENT OF COMPANIES AND INTELLECTUAL PROPERTY COMMISSION
APPLICATION**

5 August 2020

On 22 July 2020, JCI and the Companies and Intellectual Property Commission ("CIPC") entered into and concluded an agreement of settlement in terms whereof the Application instituted by CIPC against JCI in the High Court of South Africa, Gauteng Division under case number 4976/19 ("the Application") was settled ("**July 2020 Settlement Agreement**").

In reaching settlement, the parties recorded that:

- 1** CIPC issued a Compliance Notice and JCI in turn applied to the Companies Tribunal to review and set it aside. Pursuant thereto, the parties engaged one another and concluded a settlement agreement and JCI withdrew its application to the Companies Tribunal. ("**November 2018 settlement agreement**")
- 2** At the time of the conclusion of the November 2018 settlement agreement the board of JCI was of the *bona fide* and honest belief that JCI would be able to produce fully compliant IFRS accounts in accordance with the Compliance Notice and November 2018 settlement agreement.
- 3** CIPC accepts, for the reasons articulated by JCI in its affidavits filed in the Application, as supported by KPMG, that:
 - 3.1** JCI is objectively unable to prepare financial statements fully compliant with IFRS in respect of the various periods specified in the November 2018 settlement agreement and going forward;
 - 3.2** as a consequence of the foregoing, it is impossible for JCI to comply with the Compliance Notice and accordingly, the November 2018 settlement agreement.
- 4** In view, however, of JCI's failure to comply with the Compliance Notice and November 2018 settlement agreement, even where CIPC acknowledge that:

- 4.1 despite extensive efforts on the part of the board of JCI, dealt with at length in the affidavits filed by it in the Application, it proved objectively impossible to produce fully compliant IFRS accounts;
- 4.2 JCI has made every conceivable effort to produce IFRS compliant audited financial statements for the periods stipulated in the Compliance Notice;
- 4.3 the shareholders have approved the specific Basis of Preparation financial statements, which were audited by KPMG, for the financial years 2008 to 2016 by a majority; and
- 4.4 JCI has co-operated with CIPC, first by withdrawing its application to the Companies Tribunal for the review and setting aside of the Compliance Notice and the conclusion of the November 2018 settlement agreement, and made every effort thereafter to comply with the November 2018 settlement agreement to produce fully compliant IFRS accounts, but which then subsequently proved objectively impossible to do so,

CIPC requires payment of an administrative fine in the amount of R1,000,000 by JCI in terms of section 175(1), as read with section 171(7) of the Companies Act, together with a contribution to CIPC's costs, which JCI is prepared to pay in order to settle the Application.

- 5** In addition, it was an express term of the July 2020 Settlement Agreement concluded with CIPC that JCI, in light of its inability to produce IFRS compliant audited financial statements, take steps to convene a shareholders meeting to adopt a special resolution for the voluntary winding up of JCI as soon as reasonably possible after the conclusion of the July 2020 Settlement Agreement. To this end, a notice to convene a shareholders meeting to place JCI into voluntary liquidation will be published imminently.