



**JAWALA INC.**



# REPLANTING SABAH'S FOREST FOR FUTURE GENERATIONS

**2022**  
ANNUAL REPORT

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Front cover

Photo on the right,

The Chief Minister of Sabah, YAB Datuk Seri Panglima Haji Hajiji Noor planted the One Millionth tree, symbolically.

Photos on the left:

1st – Malaysian Timber Council (MTC) Roadshow

2nd – YB Datuk Seri Panglima Dr Joachim Gunsalam carried out tree planting

3rd – Datuk Frederick Kugan, Chief Conservator of Forest Sabah Forestry Department, inspecting the trees

4th – Datuk Jema Khan's speech during the Chief Minister of Sabah's visit

Back cover

Animals and insects found at the Group's plantation

This annual report has been prepared by Jawala Inc. (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst.

The annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.



# CORPORATE PROFILE

Listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 1 June 2018, **JAWALA INC.**, (the “Company” and together with its subsidiary corporation, the “Group”) is a Malaysian sustainable forest company.

The Group’s objective “Replanting Sabah’s Forests For Future Generations” represents a commitment to sustainable development.

The Group focuses on the cultivation of industrial tree plantations through the implementation of sustainable forest management practices situated in Sabah, Malaysia. Its main business is the management of forestry resources including the planting and extraction of logs, managing the planting and silvicultural treatments of natural and plantation forests, felling, cutting, collecting, removing and converting trees into forest produce such as logs within the Sapulut Forest Reserve, Sabah (the “Licensed Area”). The Group currently manages a Licensed Area comprising a Commercial Forest Reserve (Class II) of approximately 11,043 hectares in the Licensed Area, until 31 December 2115, with a potential for a 100 year period extension at the discretion of Sabah’s Chief Minister.

The logs produced from salvage logging are sold to customers for the production of sawn-timber, veneer, plywood and other timber products.



## GROUP STRUCTURE & DEFINITIONS

<b>Jawala Inc.</b>	
	70%
<b>Jawala Plantation Industries Sdn. Bhd.</b>	

Name of Company	Principal Activities
Jawala Inc. (the “Company”)	Investment holding
Jawala Plantation Industries Sdn. Bhd. (“JPISB”)	Harvesting, distributing, processing and sales of logs





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Datuk Jema Anton Khan** ("Datuk Jema Khan")  
(Chairman)

**Abdul Rahman Khan Bin Hakim Khan** ("Mr. Rahman Khan")  
(Chief Executive Officer and Executive Director)

**Nadja Binti Jema Khan** ("Ms. Nadja")  
(Non-Independent Non-Executive Director)

**Muaz Bin Jema Khan** ("Mr. Muaz")  
(Alternate Director to Ms. Nadja)

**Lee Yong Soon** ("Mr. Lee Yong Soon")  
(Lead Independent Director)

**Leow Ming Fong @ Leow Min Fong** ("Mr. Leow Ming Fong")  
(Independent Director)

**Faridah Binti Mohd. Fuad Stephens** ("Ms. Faridah")  
(Independent Director)

## AUDIT COMMITTEE

**Leow Ming Fong @ Leow Min Fong**  
(Chairman)

**Lee Yong Soon**

**Faridah Binti Mohd. Fuad Stephens**

## NOMINATING COMMITTEE

**Lee Yong Soon**  
(Chairman)

**Faridah Binti Mohd. Fuad Stephens**

**Leow Ming Fong @ Leow Min Fong**

## REMUNERATION COMMITTEE

**Faridah Binti Mohd. Fuad Stephens**  
(Chairman)

**Lee Yong Soon**

**Leow Ming Fong @ Leow Min Fong**

## SECRETARIES

**Hans Corporate Services Ltd.**

**Chen Chuanjian, Jason**

**Chew Pei Tsing**

## REGISTERED OFFICE

Lot A020, Level 1, Podium Level

Financial Park, Jalan Merdeka

87000 Labuan, F.T. Malaysia

Tel : +608 742 7745

Fax : +608 742 8845

## SPONSOR

**UOB Kay Hian Private Limited**

8 Anthony Road

#01-01

Singapore 229957

## SHARE REGISTRAR

**Boardroom Corporate & Advisory  
Services Pte. Ltd.**

1 Harbourfront Avenue

#14-07 Keppel Bay Tower,

Singapore 098632

Tel : (65) 6536 5355

Fax : (65) 6536 1360

## INDEPENDENT AUDITORS

**Nexia TS Public Accounting  
Corporation**

80 Robinson Road,

#25-00

Singapore 068898

Partner-in-Charge:

**Tan Chun Hun**

(Appointed since the financial year ended

31 July 2022)

## PRINCIPAL BANKERS

**United Overseas Bank (Malaysia)  
Bhd.**

UOBM Medan Pasar

Bangunan UOB 10-12

Medan Pasar

50050 Kuala Lumpur

**CIMB Islamic Bank Bhd.**

Damai Plaza

Lot No. 41 & 42, Ground Floor,

Jalan Damai, Damai Plaza Phase 1,

88300 Kota Kinabalu, Sabah.

**Public Bank Bhd.**

Lido Branch

Lot 8, 9 & 10 Blk P,

Taman Che Mei KM5 Jln Penampang

88300 Lido, Kota Kinabalu, Sabah

Tawau Branch

TB 304A & B, Block 34,

Ground & 1st Floor Fajar Complex,

91000 Tawau, Sabah.

**RHB Bank Berhad**

58, Bukit Bintang Street,

Bukit Bintang,

55100 Kuala Lumpur, Wilayah

Persekutuan



## CHAIRMAN'S MESSAGE



### DEAR SHAREHOLDERS,

#### OVERALL REVIEW

On behalf of the Board of Directors ("Board") of Jawala Inc. (the "Company", together with its subsidiary, collectively the "Group"), it is my pleasure to present the Group's Annual Report for the financial year ended 31 July 2022 ("FY2022").

The Group operates as a forest resource company focusing on industrial tree plantations (ITP) in Malaysia's Sabah state. We specialise in sustainable management of forestry resources, planting and extraction of timber. The Group's objective is "Replanting Sabah's Forest For Future Generations" and it represents a commitment to sustainable plantation development.

The Malaysian economy recorded a contraction in Gross Domestic Product ("GDP") of 3.1% in 2021 compared to 5.6% in 2020 mainly due to the Covid-19 pandemic, which had a significant effect worldwide including Malaysia.

Amidst the ongoing trend of global inflation and geo-political tensions, businesses across the globe are experiencing an increase in wages, energy and other operating costs, resulting in higher overall operating costs.

#### FINANCIAL PERFORMANCE

Our revenue is derived principally from the sales of logs in Malaysia, comprising of Seraya, Kapur, Keruing, Selangan Batu, Majau, Sedaman, Laran and other logs of hard and soft densities.

For the financial year under review, total revenue decreased by RM 14.0 million or 42% from RM 33.6 million in FY2021 to RM 19.6 million in FY2022 mainly due to lower sales volume from 65,733m<sup>3</sup> in FY2021 to 36,018m<sup>3</sup> in FY2022 because of reduced production due to the delay in obtaining coupe permit as a result of the pandemic with frequent closure of Government offices. In addition, the frequent adverse weather condition have impacted the logging operation. Moving forward, the production of our logging operation is scaling down as the subsidiary

corporation is gradually exhausting the balance of the coupe per the Annual Work Plan and Forest Management Plan.

Profit after tax of the Group in FY2022 amounted to RM1.3 million as compared to RM 7.9 million, a decrease of approximately RM 6.6 million, or 84%.

Cash and cash equivalents which are the most significant component of current assets, remain healthy at RM 29 million as at 31 July 2022 compared to the previous year of RM 34 million as a result of lower cash flow from operating activities and additions to property, plant and equipment and biological assets.

#### DIVIDEND

The Company does not have a fixed dividend policy. No dividend has been declared or recommended for FY2022 after taking into consideration of the lower profit recorded by the Group and the strategic reserves requirement.

#### GOVERNANCE AND SUSTAINABILITY

The Group recognises the importance of adopting sustainable practices and how they can enhance our business operations and performance. The Board of Directors is entrusted with the responsibility of overseeing the business and corporate affairs of the Group, including sustainable value to stakeholders through principles, policies, objectives and strategies. Our business strategy formulation included sustainability factors, risk and opportunities to achieve our objectives and sustainability agenda.

We will continue to build our Group on the belief that to be a sustainable forest management company, we must balance our business ambitions with the progress of society and the sustainability of the environment. We believe that our sustainability approach and business strategies drive us through the challenging business environment and achieve the Group's success and sustainability agenda to becoming a sustainable forest resource company.



# CHAIRMAN'S MESSAGE



On the 10 May 2022, Forest Interactive Foundation (FIF) signed a non-binding Memorandum of Understanding (“MoU”) with the Group and the Ministry of Science, Technology and Innovation (KSTI) Sabah, in which the Group sponsored RM 200,000. The signing of their MOU with KSTI and FIF demonstrates our steadfast commitment to the enhancement of skills and educational programs for Sabahans. The objective is to improve their employability and, using a technology-focused approach to address community concerns resulting from systemic challenges like poverty and a high unemployment rate.

The Group successfully met the conditions of its Annual Work Plan 2021 and all environmental impact assessment requirements. On this note, I am pleased to advise that the Sabah Forestry Department has certified that the Group is in compliance with all requirements under the Timber Legality Assurance Scheme for industrial timber plantations and the Compliance Certificate 2022 was issued on the 24 August 2022.

The Group’s main focus on industrial tree plantations in Malaysia, had successfully achieved a seedling production of 360,000 with total of 298,800 seedlings planted in FY2022. The total area planted during FY2022 was 798.63 hectares resulted in approximately 2,310 hectares planted as at 31 July 2022. As the Group increases its planting activities, the total biological assets as at 31 July 2022 amounted to RM 13.6 million, an increase of approximately RM 5 million from FY2021.

We are proud to share that the Chief Minister of Sabah, YAB Datuk Seri Panglima Haji Hajiji Noor was invited by our subsidiary corporation on 25 July 2022 and had planted the one millionth tree, symbolically.

## GOING FORWARD

During the Sabah International Business and Economic Summit (SIBES) 2022, I said that “there is a pressing need to leverage on industrial tree plantation (ITP) initiatives as a revenue source to revive the State’s economy, especially with timber productions being slashed by half during the pandemic. The plywood and sawmill capacity in Sabah is about three million cubic meters of logs a year. In 2019, they only received one and a half million cubic meters, so they are struggling with the shortage of raw material. We really need to plant in order to support the industry. Our goal is to produce 200 cubic meters of timber per hectare in eight years with the indigenous “Laran” tree which is a native species in Sabah. This species is already being used in the current industry for plywood and timber purposes. One cubic meter of Laran that we grow actually takes out 0.8 tons of carbon dioxide from the atmosphere. We are doing something good for the environment and at the same time, we are supporting the industry as a whole.”

Subsequent to the financial year end, the Group had on 18 October 2022 entered into a facility agreement with Forest Plantation Development Sdn. Bhd. for an additional loan of RM 35 million. This will aid us in completing our planting commitment for this area.

With regard to ramping up growth, we are and will always remain receptive to explore opportunities for acquisitions, joint ventures and strategic alliances to strengthen the Group’s market position. We hope to achieve greater economies of scale and progress in the future.

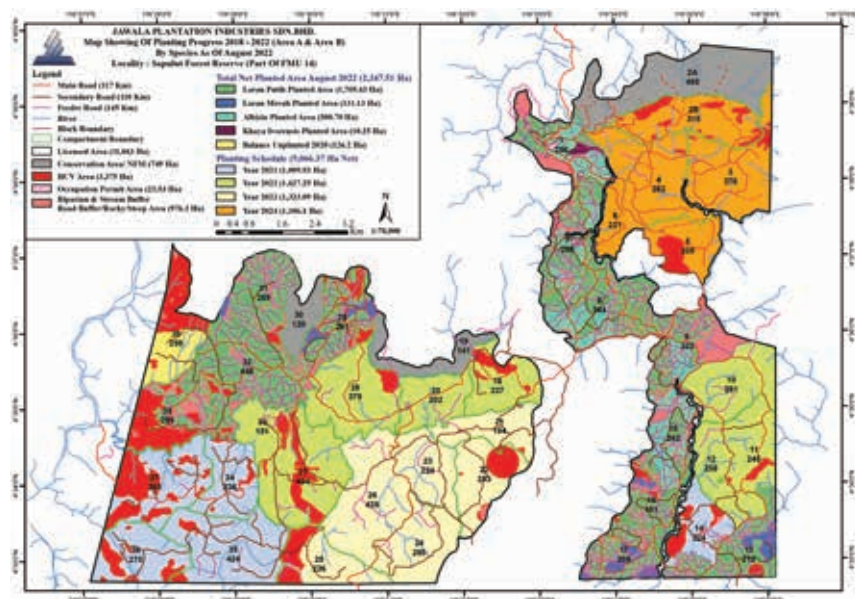
## THANK YOU

On behalf of the Board, we would like to extend our sincere gratitude to our shareholders, customers, suppliers, business associates and partners for their trust and confidence in the Group.

I would also like to take this opportunity to show my appreciation to my fellow colleagues on the Board, management team and employees for their commitment and dedication as we continue to grow the Group. Last but not least, I would express my gratitude to the Sabah Forestry Department, various government agencies and regulatory authorities for their continued trust and confidence in us.

Jawala Inc is committed to demonstrate sustainable growth and we look forward to all our stakeholders’ continuous support as we forge ahead in managing future challenges.

**DATUK JEMA KHAN**  
Chairman



## BOARD OF DIRECTORS



### DATUK JEMA KHAN

*Non-Independent Non-Executive Chairman*

**Datuk Jema Khan** was appointed to the Board as the Executive Chairman and Chief Executive Officer on 8 August 2017 and was last re-elected as Director on 25 November 2019. Datuk Jema Khan has retired as the Chief Executive Officer and has been redesignated as a Non-Independent Non-Executive Chairman on 1 June 2021. He ensures that there is mentorship, unity of purpose within the Board and that the Board engages in productive discussions on strategic, tactical, business, financial and planning issues of the Group.

Datuk Jema Khan has more than 30 years' of experience in the timber industry. Datuk Jema Khan had previously served as the Chief Executive Officer of Jawala Corporation Sdn. Bhd. ("Jawala Corporation") from August 2016 until the date of listing of the Company. Prior to this, he was the Managing Director of Jawala Corporation from April 1988 to June 2004 and was responsible for the overall direction and management of Jawala Corporation, a company involved in the trading of wood and palm oil products. During this time, he was also the Deputy Chairman in Jaycorp Bhd., a company in the business of furniture manufacturing, for the period from April 2006 to July 2011 and the Chairman of Progressive Insurance Bhd. from the period of January 1995 to November 2000. Datuk Jema Khan did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

Datuk Jema Khan graduated from City University, London, with a Bachelor of Science in Economics and Accountancy in October 1985.



### MR. RAHMAN KHAN

*Chief Executive Officer/Executive Director*

**Mr. Rahman Khan** was appointed to the Board as Executive Director on 28 September 2017 and was last re-elected as Director on 25 November 2019. Meanwhile, he has been promoted as the Chief Executive Officer of the Group on 1 June 2021. He is responsible for the overall management, strategic planning, business expansion of the Group and oversight of our Group's strategies and business development. He is also in charge of marketing.

Mr. Rahman Khan has more than 20 years' of experience in the timber industry, including the production of sawn timber, log purchasing and marketing. He started his career as a Property Manager in Induslumber Sdn. Bhd. for the period from 1992 to 1998. Thereafter, in 1998, he joined Harusmas Agro Sdn. Bhd. as a General Manager and was promoted to Director in 2001. Mr. Rahman Khan was a director of Imaprima Sdn. Bhd. from 2011 to 2018 and has been a Non-Independent Non-Executive Director of Jaycorp Engineering & Construction Sdn. Bhd. since 2014. Mr. Rahman Khan was elected as Vice President of Sabah Timber Industries Association (STIA) in June 2022. He is also a member of the 18 General Assembly of the Forest Stewardship Council (FSC) National Consultative Assembly on forest conversion. Mr. Rahman Khan did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

## BOARD OF DIRECTORS



### MS. NADJA BINTI JEMA KHAN

*Non-Independent Non-Executive Director*

**Ms. Nadja Binti Jema Khan** was appointed to the Board as Non-Independent Non-Executive Director on 28 September 2017 and was last re-elected as Director on 27 November 2020. Ms. Nadja is currently Head of Financial Reporting and Special Projects at Deliveroo UK. Previously, Ms. Nadja was Chief Financial Officer at Jaycorp Bhd. Ms. Nadja was also appointed to the Board of Jaycorp Bhd. as an Executive Director from 1 October 2018 to 1 November 2019. Subsequently, Ms. Nadja has been appointed as a Non-Independent Non-Executive Director to the Board of Jaycorp Bhd. Jaycorp Bhd. is an associated company of Jawala Corporation. Ms. Nadja previously worked in Deloitte LLP (UK), from September 2010 to June 2017, first as an associate in the audit department before moving to the corporate tax (advisory) department where she was subsequently promoted to associate director. During her time in the corporate tax department, Ms. Nadja advised businesses (both private and listed companies) on corporate and personal tax issues. Apart from her Non-Independent Non-Executive Director position in Jaycorp Bhd., Ms. Nadja did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

Ms. Nadja graduated from Imperial College London in 2010 with a Bachelor of Science in Biomedical Science. She is currently a member of the Institute of Chartered Accountants in England and Wales, a member of Chartered Institute of Taxation (UK) and a member of the Malaysian Institute of Accountants.



### MR. MUAZ BIN JEMA KHAN

*Alternate Director to Ms. Nadja*

**Mr. Muaz Bin Jema Khan** was appointed to the Board as the Alternate Director to Ms. Nadja Binti Jema Khan on 1 June 2021.

Mr. Muaz started his career as an associate in CIMB Private Equity Sdn. Bhd. in 2012. Thereafter, in 2013 he joined Jaycorp Berhad, an investment holding company listed on the main board of Bursa Malaysia Securities Berhad, as the Head of Business Development and was subsequently promoted as Non-Independent Executive Director in 2016. At Jaycorp Berhad, Mr. Muaz is the Chairman of the Enterprise Risk Management Committee, a member of the Investment Committee and a member of the Board Risk Management Committee.

Mr. Muaz is a co-founder and Non-Executive Chairman of Eternal Meteor Sdn Bhd and he also holds Executive Directors' positions in several subsidiary companies of Jaycorp Bhd.

Apart from his Executive Director position in Jaycorp Bhd., Mr. Muaz did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

Mr. Muaz graduated from University College London (UCL) in 2011 with a Bachelor of Science (Honours) in Human Genetics.



## BOARD OF DIRECTORS



**MR. LEE YONG SOON**

*Lead Independent Director*

**Mr. Lee Yong Soon** was appointed to the Board as Lead Independent Non-Executive Director on 27 April 2018 and was last re-elected as Director on 26 November 2021. Mr. Lee Yong Soon has more than 45 years of experience in the finance industry, and started his career in September 1968 with the Inchcape Group, where he was responsible for accounting, finance and administrative matters. He left in 1981 to join the Haw Par Group, where he assumed the role of financial controller for its subsidiary corporations. After serving in the Haw Par Group for four years, Mr. Lee Yong Soon joined the Petrodril group as their financial controller from February 1986 to May 1997. After his stint at the Petrodril group, he joined Keppel Integrated Engineering Ltd as its financial controller from July 1997 to August 1999, and from the period of August 1999 to December 2014, Mr. Lee Yong Soon served as the financial controller of Keppel FELS Ltd where he was involved in the accounting, finance, management of operations and administrative functions of the company and several subsidiary corporations within the Keppel group. He was also involved in the company's SGX-ST compliance matters.

Mr. Lee Yong Soon served as an Independent Non-Executive Director of Wong Fong Industries Ltd, a company listed on the Catalist, and was also the chairman of its Remuneration Committee, a member of the Audit and Nominating Committees from 28 June 2016 up to his retirement on 29 April 2019. Save for the aforementioned, Mr. Lee Yong Soon did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

Mr. Lee Yong Soon obtained his Diploma in Management Studies from the Singapore Institute of Management in 1977 and subsequently his degree in Accountancy from the Association of International Accountants of the United Kingdom in 1981. He is currently a Fellow of the Association of International Accountants of the United Kingdom, and an Associate and Chartered Secretary of The Chartered Governance Institute of Australia. He is also a member of the Singapore Institute of Directors.



**MR. LEOW MING FONG**

*Independent Director*

**Mr. Leow Ming Fong** was appointed to the Board as Independent Non-Executive Director on 27 April 2018 and was last re-elected as Director on 27 November 2020. Mr. Leow Ming Fong commenced his articleship with a medium sized firm of Chartered Accountants in London, United Kingdom in 1969. He joined KPMG Malaysia upon his return in 1974 and worked there until his retirement. During his 32 years career with KPMG, he held various positions including taking charge of Sabah East Coast offices of KPMG Malaysia in Sandakan and Tawau from 1976 to 1995, taking charge of KPMG Cambodia from 1996 to 2000 and finally retired as an Audit Partner of KPMG Kuala Lumpur in 2005. In addition to his audit experience, he was involved in special work for fraud investigations, due diligence work for merger and acquisitions and reporting accountants for various corporate exercises for public listed companies.

Mr. Leow Ming Fong currently serves as an Independent Non-Executive Director of Hap Seng Consolidated Bhd. which is listed on Bursa Malaysia. He also sits on the board of three Cambodian companies, Canadia Bank PLC, Sovannaphum Life Assurance PLC and Dara Insurance PLC as an Independent Non-Executive Director. Mr. Leow Ming Fong served as an Independent Non-Executive Director of Focus Point Holdings Bhd., a company listed on Bursa Malaysia from 2010 up to his retirement on 25 May 2022. Mr. Leow Ming Fong served as a Director of KSK Group Bhd., a non listed public company from 2007 up to his retirement on 28 February 2022. Apart from the aforementioned, Mr. Leow Ming Fong did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

Mr. Leow Ming Fong is currently a Fellow of the Institute of Chartered Accountants in England and Wales and is also a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants.

## BOARD OF DIRECTORS



### MS. FARIDAH BINTI MOHD. FUAD STEPHENS

*Independent Director*

**Ms. Faridah Binti Mohd. Fuad Stephens** was appointed to the Board as Independent Non-Executive Director on 27 April 2018 and was last re-elected as Director on 26 November 2021. Ms. Faridah obtained her Bachelor of Arts from Monash University in December 1984 and a LLB Bachelor Of Laws from the University of London in August 1989. Following which, she began her career as a journalist in Berita Publishing Sdn. Bhd. from October 1990 to January 1993. Thereafter, she joined The Writers' Publishing House Sdn. Bhd. from October 1993 till September 2015 and served as the managing director. Ms Faridah did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.





## SENIOR MANAGEMENT



### MR. MAXY SELF

*Chief Operations Officer*

**Mr. Maxy Self** was appointed as our Group's Chief Operations Officer on 8 August 2017. He is mainly responsible for the running of the operations on the ground, which includes oversight of forest and plantation management, security, camp management and administrative issues.

Mr. Maxy Self has more than 40 years of experience in the timber industry and started his career as a Management Cadet with Benawood Sdn. Bhd. in January 1974, where he was involved in the overall management of the logging operations. He left in December 1983 and subsequently joined Inchcape Ltd as a forest manager for the period from January 1984 to May 1990. Following his role as a forest manager in Inchcape Ltd, he started his role as a self-employed consultant, providing ad-hoc consultancy services for Malaysian companies involved in the management of forestry resources, planting and extraction of logs from the period of June 1990 to December 2015.



### MS. JULIE TAN

*Chief Financial Officer*

**Ms. Julie Tan** was appointed as the Chief Financial Officer of the Group on 8 August 2017. She oversees the accounting and financial matters of the Group and has overall responsibility for the framework and implementation of finance-related activities including management and financial reporting, budgeting, compliance and tax-related matters.

Ms. Julie Tan started her career in Myers Davies & Company, United Kingdom, as a trainee accountant in April 1981. She left soon after and continued her career as a trainee accountant in Cohen Arnold & Company, United Kingdom till April 1985. Thereafter, she joined MP Saunders & Company, United Kingdom from January 1986 to April 1987, KPMG Malaysia from June 1987 to October 1987, Finnie & Company, United Kingdom from November 1987 to December 1989, Storey Blackwood & Company, Australia from January 1990 to February 1994, where she largely oversaw the audit supervision (including the review of corporation tax returns) and preparation of management and statutory accounts of various companies. From March 1994 to July 1995, she joined Datuk Keramat Holdings Bhd., Malaysia, an investment holding company listed on the Bursa Malaysia as a group accountant. Thereafter, Ms. Julie Tan joined Solarvest Sdn. Bhd., from September 1996 to February 2005, as its finance manager and had the overall responsibility of managing its financial reporting. In August 2006, she joined Jaycorp Bhd. as its group financial controller till June 2013. Prior to her current role, she was also the finance director at Pacific Regency Hotel Group from October 2014 to April 2016. Ms. Julie Tan served as an Independent Director of Komarkcorp Bhd, a company listed on the main board of Bursa Malaysia Securities Berhad and as the chairperson of the Audit Committee, Nomination Committee and Remuneration Committee from 8 June 2016 up to her retirement on 30 June 2020.

Ms. Julie Tan is currently a Fellow of the Institute of Chartered Accountants in England and Wales and is also a member of the Malaysian Institute of Accountants.

## MAJOR EVENTS DURING THE FINANCIAL YEAR 2022

17 January 2022



### Sabah International Business and Economic Summit (SIBES) 2022

Datuk Jema said that “there is a pressing need to leverage on industrial tree plantation (ITP) initiatives as a revenue source to revive the State’s economy. We really need to plant in order to support the industry. Our goal is to produce 200 cubic meters of timber per hectare in eight years with an indigenous plant ”

20 January 2022



### UMS Universiti Malaysia Sabah and Jawala Plantation Industries Sdn Bhd have signed a non-binding Memorandum Of Understanding (MOU) to promote tree planting in the state

Prof. Datuk Dr Taufiq Yap Yun Hin said “tree planting is a vital part of Sabah’s forestry sector. I do know that Jawala is a forestry company with a big heart. As far as I know, no forestry company in Sabah has planted laran in a big way like Jawala have done.”

21 February 2022



### YB Datuk Seri Panglima Dr Joachim Gunsalam carried out tree planting at Tawau

Organised by Jawala and Sabah Timber Industries Association (STIA) in conjunction with the Deputy Chief Minister’s visit to Tawau.

21 February 2022



### Jawala donated 120 seedlings to Timber Mills in Tawau

In conjunction with Malaysia One Hundred Millionth tree planting campaign witnessed by the Deputy Chief Minister of Sabah YB Datuk Seri Panglima Dr Joachim Gunsalam.

7 April 2022



### Datuk Frederick Kugan, Chief Conservator of Forest Sabah Forestry Department

Purpose of Datuk Frederick visit was to view the current status and find out about issues and challenges related to the industrial timber plantation.



## MAJOR EVENTS DURING THE FINANCIAL YEAR 2022

10 May 2022



### Memorandum Of Understanding to Foster Future Innovators

Forest Interactive Foundation signed a non-binding MOU with Jawala and the Ministry of Science, Technology and Innovation (KSTI) Sabah. The signing of their MOU with KSTI and Forest Interactive Foundation demonstrates our steadfast commitment to the enhancement of skills and educational programs for Sabahans. The Hackathon program aims to incite the excitement of Sabah's future innovators surrounding the myriad opportunities available in the technology industry.

25 May 2022



### Malaysian Timber Council (MTC) Roadshow

Puan Hajah Norrida Yusoff, Chairman of Malaysian Timber Council (MTC) together with her team organised the Industry Engagement Roadshow in the state of Sabah and Sarawak from 22 May 2022 to 28 May 2022 visited Jawala's plantation.

25 July 2022



### Chief Minister of Sabah visit

YAB Datuk Seri Panglima Haji Hajiji Noor visited Jawala's industrial tree plantation and planted the One Millionth tree, symbolically.

31 July 2022



### Bayu Hackathon's Best Project

Bayu Hackathon, a collaborative program of Forest Interactive Foundation, Jawala and the Ministry of Science, Technology and Innovation (MOSTI) Sabah. Bayu Hackathon aims to drive diverse and inclusive digital growth by equipping the participants with specialized digital skills, increasing employment opportunities and addressing the digital talent shortage in Malaysia.

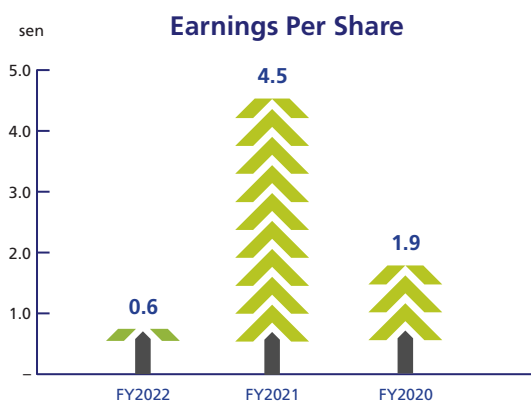
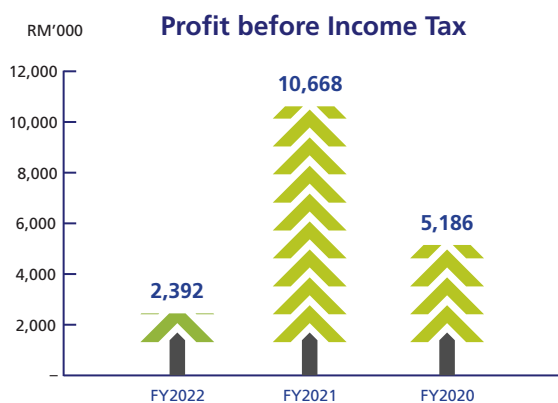
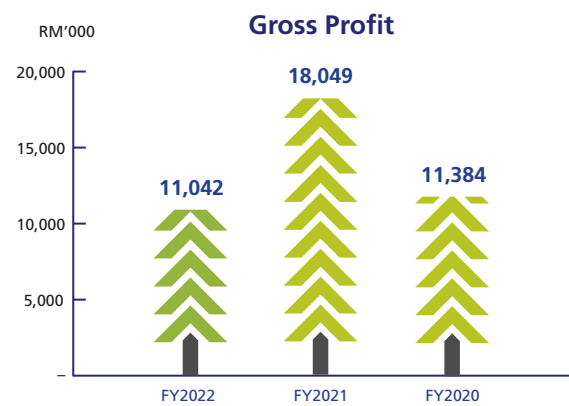
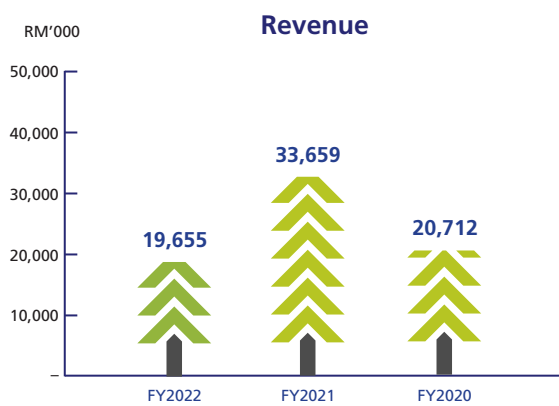
The Hackathon is part of FIF's mission to provide education platforms that are aligned with the industrial demands and ensure our youths are able to keep pace with technological advancements.

# FINANCIAL HIGHLIGHTS

Income Statement (RM'000)	FY2022	FY2021	FY2020
Revenue	19,655	33,659	20,712
Gross profit	11,042	18,049	11,384
Gross profit margin (%)	56%	54%	55%
Profit before income tax	2,392	10,668	5,186
Profit after income tax	1,271	7,916	3,479
<b>Profit attributable to:</b>			
Equity holders of the Company	708	5,341	2,203
Non-controlling interests	563	2,575	1,277
<b>Earnings per share:</b>			
Basic and diluted (sen)	0.6	4.5	1.9

Balance Sheet (RM'000)	31 July 2022	31 July 2021	31 July 2020
Current assets	40,170	44,196	34,393
Non-current assets	19,470	13,857	10,286
Current liabilities	3,989	3,659	1,332
Non-current liabilities	7,704	6,611	2,674
<b>Total Equity</b>	<b>47,947</b>	<b>47,783</b>	<b>40,673</b>

Cash Flows (RM'000)	FY2022	FY2021	FY2020
Cash flows provided by operating activities	2,516	3,719	3,823
Cash flows used in investing activities	(5,770)	(3,614)	(3,415)
Cash flows (used in)/provided by financing activities	(1,689)	3,149	(1,798)
Cash and cash equivalents at the end of the year	28,022	32,965	29,711





## FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW



### REVENUE

Our revenue is derived principally from the sales of logs in Malaysia. Our logs comprises of Seraya, Kapur, Keruing, Selangan Batu, Majau, Sedaman and logs of hard and soft densities.

Revenue decreased by RM14.0 million, or 42% in FY2022 compared to FY2021 mainly due to lower sales volume because of reduced production due to the delay in obtaining coupe permit as a result of the pandemic with frequent closure of Government offices. In addition, the frequent adverse weather condition has impacted the logging operations. Moving forward, the production of our logging operation is scaling down as JPI is gradually exhausting the balance of the coupe per the Annual Work Plan (AWP) and Forest Management Plan (FMP).

### COST OF SALES AND GROSS PROFITS

The decrease in cost of sales by RM7.0 million, or 45% in FY2022 compared to FY2021 was mainly attributed to the decrease in sales volume as compared to FY2021.

The gross profit decreased by RM7.0 million, or 39% in FY2022 compared to FY2021 mainly due to the decrease in revenue. The gross profit margin increased from 54% in FY2021 to 56% in FY2022 mainly due to higher average selling price of logs per m<sup>3</sup> obtained in FY2022.

### OTHER INCOME

Other income comprises mainly of interest income from fixed deposits. Other income decreased by RM171,000, or 25% in FY2022 compared to FY2021 mainly due to no Covid-19 pandemic wage subsidy received from the Malaysia Social Security Organisation (SOCSSO) in FY2022. In addition, lower fixed deposit interest rate during the year also contributed to the lower other income.

### DISTRIBUTION EXPENSES

Distribution expenses comprises of transportation expenses incurred for transporting our logs to customers in Tawau and Sandakan. Distribution expenses increased by approximately RM0.2 million or 20% mainly due to increase in sales from customers that need transportation of logs during the financial year.

### ADMINISTRATIVE EXPENSES

Administrative expenses comprise mainly of employee compensation, depreciation, amortisation, donation, listing expenses, rental and travelling expenses. Administrative expenses increased by approximately RM0.9 million, or 13% in FY2022 compared to FY2021 mainly due to increase in employee compensation as a result of an increase in headcounts as well as implementation of New Minimum Wages Order in FY2022 as compared to FY2021.

### PROFIT AFTER TAX

As a result of the foregoing, profit after tax in FY2022 amounted to RM1.3 million compared to RM7.9 million in FY2021, a decrease of approximately RM6.6 million, or 84%.

### CURRENT ASSETS

Cash and cash equivalents were the most significant component of current assets and amounted to approximately RM29.0 million, or 72% of current assets.

## FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW

Trade and other receivables amounted to approximately RM8.8 million, or 22% of current assets. Trade receivables amounted to approximately RM7.5 million, or 19% of current assets. Other receivables amounted to approximately RM1.2 million or 3% of current assets. Trade receivables decreased by approximately RM0.7 million, or 8% in FY2022 mainly due to the decrease in sales. Other receivables increased by RM737,000 in FY2022 mainly due to advances extended to unrelated third party for the acquisition of plant and machinery.

The income tax recoverable amounted to RM1.2 million, or 3% of current assets, is related to the income tax refundable from the Inland Revenue Board. The income tax recoverable increased by RM0.6 million, or 81% because the payment of instalment is higher than the expected actual tax assessment due to expenses claimed on biological assets incurred during the year.

Inventories amounted to approximately RM1.1 million, or 3% of current assets and is related to logs held at central stumping. Inventories increased by approximately RM0.3 million in FY2022 compared to FY2021 mainly due to logging before year end which was included in the inventories during the financial year.

### NON-CURRENT ASSETS

Other receivables amounted to approximately RM1.3 million or 7% of non-current assets. This is related to the retention sum collected by the Sabah Forestry Department (“SFD”) to offset against any potential shortfall in payment to the SFD. Such retention sum can be used for future payments to the SFD. Other receivables increased by approximately RM0.2 million, or 13% in FY2022 compared to FY2021 due to the retention sum paid to SFD during the financial year.

Property, plant and equipment amounted to approximately RM3.1 million, or 16% of non-current assets comprising mainly motor vehicles, plantation infrastructure, office equipment, and furniture and fittings. Property, plant and equipment increased by RM0.6 million, or 23% in FY2022 compared to FY2021 mainly due to addition of plantation infrastructure.

Right-of-use (“ROU”) asset amounted to RM1 million, or 5% of non-current assets due to the adoption of SFRS(I) 16 for recognition of ROU since 1 August 2019. The decrease in right-of-use asset by RM0.05 million, or 5% in FY2022 compared to FY2021 is mainly due to the depreciation of motor vehicles during the year.

Biological assets amounted to approximately RM13.6 million, or 70% of non-current assets. Biological assets mainly comprised of hiring charges for equipment used in stacking and levelling of the nursery to prepare the land for planting, depreciation of fixed assets, employee compensation and all other expenses relating to the preparation of the nursery and planting and expenses incurred in upkeep and maintenance of immature planted areas. Biological assets increased by approximately RM4.9 million, or 57% mainly due to the cost incurred for the initial stages of replanting and planting activities during the financial year.

Intangible assets amounted to approximately RM0.5 million, or 2% of non-current assets and is related to the acquired timber rights on the license granted by the SFD as per the Sustainable Forest management License Agreement.

### CURRENT LIABILITIES

Trade and other payables amounted to approximately RM3.8 million, or 95% of current liabilities comprising mainly of trade payables of approximately RM2.1 million and other payables amounting to RM1.7 million. Trade payables increased by approximately RM1.1 million in FY2022 compared to FY2021 mainly due to the increase in logging production during the second half of the year. Other payables decreased by approximately RM0.8 million, or 31% in FY2022 compared to FY2021 mainly due to no dividend proposed for FY2022.

Lease liabilities amounted to RM180,000, or 5% of current liabilities, comprise of the current portion of the finance leases for motor vehicles as well as the lease liabilities as a result of the adoption of SFRS(I) 16 Leases. Current lease liabilities increased by approximately RM0.02 million or 9% in FY2022 compared to FY2021 mainly due to the new lease obtained during the financial year on the purchase of motor vehicle.

### NON-CURRENT LIABILITIES

Lease liabilities amounted to RM1.1 million, or 14% of non-current liabilities. This comprised of the finance lease liabilities as well as the lease principals as a result of the adoption of SFRS(I) 16 Leases, that are due later than one year. The lease liabilities decreased by RM55,000 or 5% in FY2022 compared to FY2021 mainly due to the repayment of lease liabilities.

Borrowings amounted to RM3.3 million, or 43% of non-current liabilities. This borrowing represents a loan facility obtained from Forest Plantation Development Sdn Bhd (“FPD”) in order to partly finance the plantation activities in the Group’s licensed area of the Sapulut Forest Reserve in Sabah.

Deferred income tax liability amounted to RM3.3 million or 43% of non-current liabilities. Deferred income tax liability increased by approximately RM1 million or 47% in FY2022 compared to FY2021 mainly due to higher timing difference between the net book value and tax written down value as a result of the addition in property, plant and equipment and biological assets.

### NET CASH PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities has reduced by RM1.2 million in FY2022 mainly due to reduced net profit reported during the financial year.

### NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities of approximately RM5.8 million in FY2022 is related to the acquisition of motor vehicles, additions to plantation infrastructure and biological assets.

### NET CASH USED IN FINANCING ACTIVITIES

Net cash used in financing activities of approximately RM1.7 million is related to principal payment of lease liabilities, interest received from fixed deposit, interest paid for lease liabilities and dividend paid in FY2022.

Overall, the Group’s cash and cash equivalents position remains healthy with accumulated cash of approximately, RM28 million as at 31 July 2022.





# CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**”) of JAWALA INC. (“**Jawala**” or the “**Company**” and together with its principal subsidiary, Jawala Plantation Industries Sdn Bhd (“**JPISB**”), the “**Group**”) recognises the importance of corporate governance and the offering of high standards of accountability to all shareholders (the “**Shareholders**”). The Board is committed to observing high standards of corporate governance to promote corporate transparency and to enhance the long-term value of the Group to its Shareholders and stakeholders in line with the good practices recommended by the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018 (the “**Code**”).

This report describes the corporate governance structure and practices that the Company had adopted for the financial year ended 31 July 2022 (“**FY2022**”), with specific reference to the principles and provisions of the Code which forms part of the continuing obligations under the SGX-ST Listing Manual: Section B Rules of Catalist (the “**Catalist Rules**”). For FY2022, the Company has adhered to the principles and substantially with the provisions of the Code. Where the Company’s practices vary from provisions of the Code, specific disclosures and appropriate explanations are provided in the relevant sections below.

## (A) BOARD MATTERS

### THE BOARD’S CONDUCT OF AFFAIRS

**Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

The Board comprises the following members:

Datuk Jema Anton Khan	Non-Independent Non-Executive Chairman
Abdul Rahman Khan Bin Hakim Khan	Executive Director and Chief Executive Officer
Nadja Binti Jema Khan	Non-Executive Non-Independent Director
Muaz Bin Jema Anton Khan	Alternate Director to Nadja Binti Jema Khan
Lee Yong Soon	Lead Independent Director
Leow Ming Fong @ Leow Min Fong	Independent Director
Faridah Binti Mohd. Fuad Stephens	Independent Director

### Provision 1.1 – Principal Duties of the Board

The Board provides entrepreneur leadership and is responsible for the overall corporate governance, strategic direction (including sustainability issues) and formulation of policies of the Company to protect and enhance long-term value for Shareholders and other stakeholders. The Board heads the Company, sets the appropriate tone-from-the-top to provide effective leadership and direction, and works with Management to enhance the long-term success of the Group.

The main roles of the Board, apart from its statutory duties, are:

- to review and oversee Management’s performance and affairs of the Group;
- to ensure that the necessary financial and human resources are available for the Group to meet its objectives;
- to oversee the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- to establish a framework of prudent and effective controls to assess and manage risks including safeguarding the Group’s assets and Shareholders’ interests;
- to identify key stakeholder groups and determine the Group’s values and standards including ethical standards to ensure that obligations to its stakeholders are understood and met;



## CORPORATE GOVERNANCE REPORT



- (f) to set the Group's values and standards (including ethical standards), and ensure that obligations to Shareholders and other stakeholders are understood and met;
- (g) to consider sustainability issues, e.g., environmental and social factors, in the formulation of its strategies; and
- (h) to ensure compliance with all laws and regulations as may be relevant to the business.

All Directors of the Company ("**Directors**") are fiduciaries who exercise due diligence and independent judgement in dealing with the business affairs of the Group. The Board works with Management, its external advisors and auditors and is supported by three Board Committees to facilitate the discharge of its functions to which specific areas of responsibilities were delegated.

### **Conflict of Interest**

The Directors are expected to be cognizant of their statutory duties, and to discharge them objectively in the interest of the Company. As a matter of good practice, all Board members and members of Board Committees who have a potential conflict of interest in a particular agenda item, will recuse themselves from the discussion and decisions involving the relevant discussions.

# CORPORATE GOVERNANCE REPORT

## Provision 1.2 – Continuous Training and Development of Directors

Each new Director will, upon his/her appointment, sign an appointment letter which sets out the terms of his/her appointment, general duties and obligations, including expectations of the Company.

A comprehensive and tailored induction programme is also conducted by the Chief Operations Officer (“**COO**”) and the plantation manager at the Group’s campsite in Sapulut Forest Reserve in Sabah to allow newly appointed Directors to get acquainted with key executives and Management, and to familiarise him/her with the Group’s business and governance practices, to enable them to assimilate into their new roles. The programme also allows the new Director to be acquainted with senior Management members, thereby facilitating board interaction.

Any newly appointed Director who has no prior experience as a director of a Singapore-listed company is required to attend the relevant prescribed training on the roles and responsibilities as a director of a listed company in Singapore, conducted by the Singapore Institute of Directors (“**SID**”).

Thereafter and on an on-going basis, the Directors are provided with opportunities to develop and maintain their skills and knowledge, particularly on applicable new laws, regulations, as well as trainings in areas such as accounting, legal and industry-specific knowledge, as appropriate. The Company endeavours to provide Directors with opportunities to develop and maintain their skills and knowledge at the Company’s expense. In this regard, the Board has approved an annual budget to fund any Director’s participation/attendance at seminars and training programmes that are relevant to his/her duties as a Director. These ranges from in-house talks by invited speakers or training or seminars conducted by external parties, including webinars and online courses organised by professional associations.

During the financial year:

- the external auditor, Nexia TS Public Accounting Corporation, and internal auditor, Tricor Axelasia Sdn Bhd respectively, regularly briefed the Audit Committee members on developments in accounting and governance standards, as well as risk management issues;
- the CEO and COO updated the Board at each board meeting on business and operational developments within the industry;
- the Board and senior Management members had in-depth discussions on strategic issues and direction of the Group at Board meetings;
- Management had kept the Directors abreast on pertinent developments in the Group’s business during Board and Board Committee meetings to facilitate the discharge of their duties;
- most of the Directors had attended an in-house training on Understanding Sustainability and Environmental, Social and Governance (ESG) conducted by Tricor Axelasia Sdn Bhd;
- some of the Directors had attended training on financial instruments, audit oversight with audit committee, integrated reporting and key amendments to listing requirement 2022; and
- the Head of Departments regularly conduct in-house training to the operation staffs at site in the plantation.

Mr. Muaz Bin Jema Anton Khan (“Mr. Muaz”), the Alternate Director to Ms. Nadja Binti Jema Khan (“Ms. Nadja”), had also attended the Listed Entity Directors 2 to 4 courses during the year.

In addition, pursuant to the recent regulatory update, the Directors will be attending the relevant sustainability training course.



## CORPORATE GOVERNANCE REPORT

The Board is also provided with information and updates on the Group's policies and procedures relating to issues pertaining to governance, disclosure of interests in securities and restrictions on disclosure of price sensitive information, changes in reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties and responsibilities as Board members or Board Committee members.

### **Provision 1.3 – Matters Requiring Board's Approval**

Matters which are specifically reserved to the Board for decision are, *inter alia*, those involving a conflict of interest for a substantial shareholder or a Director, material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies.

### **Provision 1.4 – Delegation of Authority to Board Committees**

To facilitate effective Management, the Board delegates specific responsibilities to committees ("**Board Committees**") namely:

- (a) Audit Committee ("**AC**");
- (b) Nominating Committee ("**NC**"); and
- (c) Remuneration Committee ("**RC**").

These committees have been constituted to assist the Board in the discharge of specific responsibilities and function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The information on each of the Board Committees is set out in this report. As at 31 July 2022, the AC, NC and RC each comprised entirely of Independent Non-Executive Directors.

While the Board Committees have been delegated power to make decisions within the authority delegated to the respective committees, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

### **Provision 1.5 – Board Processes and Meetings of Board and/or Board Committees**

The Board and the various Board Committees meet regularly, with Directors attending and actively participating in such meetings. The Board meets at least once every six months to discuss and review the strategic policies of the Group, significant business transactions, performances of the business and approves the release of the half-yearly financial results. Board meetings may include presentations by members of the Management and/or external advisers/consultants on strategic issues pertinent to the Group.

Ad-hoc meetings are convened as and when warranted by circumstances. The Company's Articles of Association ("**Articles**") allow a Board meeting to be conducted by means of a teleconference telephone, videoconferencing, audio visual or other electronic means of communication. The Board and Board Committees may also make decisions by way of circulating resolutions in writing.

The schedule of all Board and Board Committee meetings and the Annual and/or Extraordinary General Meeting of the Company is planned in advance, in consultation with the Directors. In between regularly scheduled meetings, matters that require the Board and/or Board Committees' approval are circulated to all Directors and/or respective Board Committee members, as the case may be, for their consideration by way of circular resolutions, as provided in the Articles and the terms of reference of the respective Board Committees.

For FY2022, the Board met four (4) times, with the year-end meeting focusing on annual budget and strategic issues, while the Board Committees met a total of six (6) times. In view of the COVID-19 situation, meetings for FY2022 were predominantly held via electronic means.

## CORPORATE GOVERNANCE REPORT



The attendance of each Director at the Board and Board Committee meetings during FY2022 is summarised as follows:–

Name	Board		AC		RC		NC	
	No. of Meetings held	No. of Meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Datuk Jema Anton Khan	4	4	4	4*	N/A	N/A	N/A	N/A
Abdul Rahman Khan Bin Hakim Khan	4	4	4	4*	N/A	N/A	N/A	N/A
Nadja Binti Jema Khan	4	3	N/A	N/A	N/A	N/A	N/A	N/A
Lee Yong Soon	4	4	4	4	1	1	1	1
Leow Ming Fong @ Leow Min Fong	4	4	4	4	1	1	1	1
Faridah Binti Mohd Fuad Stephens	4	3	4	3	1	1	1	1
Muaz Bin Jema Anton Khan	4	3	4	3*	N/A	N/A	N/A	N/A

\* *by invitation*

The Board communicates frequently through informal meetings and teleconference to discuss the Group's strategies and businesses. All the Directors are obliged to act in good faith and consider at all times the interest of the Group and avoid situations in which their own personal or business interests directly or indirectly conflict or potentially conflict with the interests of the Group. The Directors are also required to discharge their duties and responsibilities objectively at all times as fiduciaries in the interests of the Group.

### **Provision 1.6 – Access to Information**

To enable the Board to fulfil its responsibilities and make informed decisions in the discharge of their duties and responsibilities, the Directors receive from Management, a regular flow of information pertaining to relevant matters to be brought before the Board for its decision as well as ongoing reports, explanations and updates relating to the operational and financial performance of the Group.



## CORPORATE GOVERNANCE REPORT



To allow the Directors sufficient time to prepare for meetings of the Directors and relevant Board Committees, all scheduled Board and Board Committee papers are distributed to the Directors not less than a week in advance of the respective meetings. Information provided include amongst others, the background or explanatory information relating to matters to be brought before the Board and/or Board Committees, budgets, forecasts, internal and external auditors' reports and internal financial statements. This allows Directors to focus on the meeting agenda or raise questions/issues which they may have at the meetings.

Management, the Company's auditors and other professionals are invited to be present at these meetings, where necessary, to provide additional insights into the matters to be discussed at Board and Board Committee Meetings.

The Directors also liaise with senior Management as required, and may consult with other employees and seek additional information on request. Any additional material or information requested by the Directors will be promptly furnished.

### **Provision 1.7 – Directors Have Separate and Independent Access to Information**

The Company provides the Directors, individually or as a group, to have separate and independent access to Management, the Company Secretary and to seek external professional advice, where necessary, at the Company's expense, in furtherance of their duties and after consultation with the Chairman of the Board.

Under the Chairman's direction, the Company Secretaries ensure that Board procedures are followed and that applicable rules and regulations including the provisions of the Company's Articles are complied with. The Company Secretaries assist the Chairman to ensure good information flow within the Board and its Board Committees, and between Management and Non-Executive Directors.

## CORPORATE GOVERNANCE REPORT



The Company Secretaries, or at least one of the Company Secretaries attended all Board and Board Committee meetings and assist the Chairman, the Chairmen of the respective Board Committees and Management in the development of meeting agendas for the various Board and Board Committee meetings.

The appointment and removal of the Company Secretaries is subject to the approval of the Board.

### BOARD COMPOSITION AND GUIDANCE

**Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.**

#### Provision 2.1 – Independence of the Board

An independent director, as defined under the Code, is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

In its deliberation on whom may be considered as independent, the Board takes into account the views of the NC and adopts the Code's as well as Catalist Rule 406(3)(d)'s definition of independence in its review. The Board considers whether a Director had business relationships with the Group, its related corporations, its substantial shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Group.

Each Director is required to disclose to the Board, any relationships or circumstances which are likely to affect or could appear to affect the Director's judgement, as and when they arise. The independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code.

For FY2022, the Board, through the NC, assessed the independence of each of the Directors. Based on the declarations of independence provided by the Directors and taking into account the requirements and/or guidance set out in the Catalist Rules and the Code as well as its accompanying practice guidance, Ms. Faridah Binti Mohd. Fuad Stephens, Mr. Leow Ming Fong @ Leow Min Fong and Mr. Lee Yong Soon, were considered independent Directors as there were no relationships or other factors such as past associations, business dealings and relationship with Directors and the Management that could impair or compromise their independent judgement or which deem them to be not independent.

## CORPORATE GOVERNANCE REPORT

### **Provisions 2.2 and 2.3 – Independent Directors Comprising Majority of the Board and the Proportion of Non-Executive Directors**

Under Provision 2.2 of the Code, the Independent Directors should make up a majority of the Board where the Chairman is not independent. The Board comprises one (1) Executive Director, two (2) Non-Executive Non-Independent Directors, three (3) Independent Directors and one (1) Alternate Director. Whilst this is not in line with Provision 2.2 of the Code, the Board currently comprises only one (1) Executive Director and the majority of the Board is made up of Non-Executive Directors.

As half of the Board is made up of Independent Directors, the NC believes that notwithstanding that the Non-Executive Chairman was not independent, the Board is able to exercise strong and independent judgement on corporate affairs, with no one individual or groups of individuals dominating any decision-making process. The Independent Directors have no financial or contractual interests in the Group other than by way of their directors' fees as set out in the financial statements. There are also no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him/her not to be independent.

Under Provision 2.3 of the Code, Non-Executive Directors should make up a majority of the Board. The Company complies with Provision 2.3 of the Code as the Board currently comprises six (6) members of which five (5) are Non-Executive Directors.

### **Provision 2.4 – Composition, Size and Diversity of Board and Board Committees**

The Company does not have a fixed diversity policy. However, the Company strives to achieve an appropriately balanced mix of talent on the Board, principally through combining Directors with diverse but complementary backgrounds and experiences, but also through gender and racial diversity. The NC believes that the Board, in its current size, has a good balance of Directors who have extensive business, financial, accounting and management experience, and whom as a group, is capable of providing the core competencies, necessary to meet the Group's objectives. There is also currently gender diversification within the Board, with a 33% female representation on board.

The current Board composition provides a diversity of skills, experience and knowledge to the Group as follows:

Core Competencies	Number of Directors	Proportion of the Board (%)
• Accounting or finance	4	67%
• Business Management	4	67%
• Legal or Corporate Governance	5	83%
• Relevant Industry knowledge or experience	3	50%
• Strategic Planning Experience	3	50%
• Customer based experience or knowledge	2	33%

None of the Independent Directors has served on the Board beyond nine (9) years from the date of his/her first appointment.



# CORPORATE GOVERNANCE REPORT

## **Provision 2.5 – Meetings of the Non-Executive Directors**

The Non-Executive Directors of the Company (including the Independent Directors) engage in open and constructive debate and endeavour to constructively challenge Management in helping with the development of strategic proposals. The Directors also review and oversee effective implementation by Management in achieving agreed goals and objectives and monitor the reporting of performance.

To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, such Directors are provided unrestricted access to Management. Where necessary, the Company would co-ordinate information sessions for the Non-Executive Directors to meet on a need-basis with relevant external auditors of the Group or amongst the Non-Executive Directors, without the presence of Management. Thereafter, the chairperson of such meetings will provide feedback to the Board and/or Chairman as appropriate.

## ***CHAIRMAN AND CHIEF EXECUTIVE OFFICER (“CEO”)***

**Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

## **Provision 3.1 – Chairman and CEO**

The Chairman and Chief Executive Officer (“CEO”) are two separate persons, with Datuk Jema Anton Khan (“Datuk Jema Khan”) as the Chairman and Mr. Abdul Rahman Khan Bin Hakim Khan (“Mr Rahman”) as the CEO. There is a clear division of responsibilities between the leadership of the Board and Management, with no one individual having unfettered powers of decision making.

The Chairman and CEO jointly oversee the observance of high standards in corporate governance and compliance with the Code.

## **Provision 3.2 – Roles and Responsibilities of Chairman/CEO**

### ***Role of Chairman***

As the Chairman, Datuk Jema Khan acts independently in the best interests of the Company and its Shareholders. The Chairman ensures that there is mentorship, unity of purpose within the Board and that the Board engages in productive discussions on strategic, tactical, business, financial and planning issues. He is responsible for, amongst others:

- (a) leading the Board to ensure its effectiveness on all aspects of its role;
- (b) setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular, strategic issues;
- (c) promoting a culture of openness and debate at the Board;
- (d) facilitating contributions from the Non-Executive and Independent Directors and encourage constructive relationships within the Board and between the Directors and Management;

## CORPORATE GOVERNANCE REPORT

- (e) exercising control over the quality, quantity and timeliness of information flow to the Board;
- (f) ensuring effective communication with Shareholders and fostering constructive dialogue between Shareholders, the Board and Management during general meetings;
- (g) promoting high standards of corporate governance; and
- (h) managing and developing the businesses of the Group and implements Board's decisions.

### **Role of the CEO**

The CEO, Mr. Rahman, drives the Company's businesses with full executive responsibility over the business executive decisions of the Company. Assisted by Management, the CEO makes strategic proposals to the Board and after robust and constructive board discussions, executes the agreed upon strategy(ies), manages and develops the Group's businesses and implements the Board's decision.

The CEO makes sure that the information that is shared with the Board is timely, appropriate and of the requisite quality so that the Board can discharge its duties and responsibilities effectively.

### **Provision 3.3 – Lead Independent Director**

Notwithstanding the clear separation of duties between the Chairman and the CEO, Mr. Lee Yong Soon, also the NC Chairman, remains as the Lead Independent Director of the Board ("**LID**").

Other than his statutory duties as a Director, the LID has the following additional roles:

- (a) LID is available to Shareholders where there are concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate;
- (b) LID plays an additional facilitative role within the Board;
- (c) where necessary, the LID may also facilitate communication between the Board and Shareholders as well as other stakeholders of the Company; and
- (d) the LID provides a channel to NEDs for confidential discussions on any concerns and to resolve conflicts of interests, as and when necessary.

### **BOARD MEMBERSHIP**

**Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

### **Provision 4.1 – NC and its Terms of Reference**

The NC comprises the following members, all of whom are independent:

Lee Yong Soon (Chairman)	Lead Independent Director
Leow Ming Fong @ Leow Min Fong	Independent Director
Faridah Binti Mohd. Fuad Stephens	Independent Director

The NC had convened one (1) scheduled meeting in FY2022, which was attended by all members.

## CORPORATE GOVERNANCE REPORT

The NC's terms of reference sets out its roles and responsibilities. The NC is primarily responsible for the following functions:

- (a) review and approve any new employment of related persons and proposed terms of their employment;
- (b) recommend to the Board on Board appointments, including re-nominations of existing Directors for re-election in accordance with the Company's Articles, taking into account the Directors' contribution and performance;
- (c) review board succession plans for the Directors;
- (d) determine on an annual basis, and when so required under the particular circumstances, whether or not a Director of the Company is independent;
- (e) in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple Boards and discharging his duties towards other principal commitments;
- (f) decide whether or not a Director of the Company is able to and has been adequately carrying out his duties as a director;
- (g) review training and professional development programmes for the Board;
- (h) decide on how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers and address how the Board has enhanced long-term shareholders' value; and
- (i) administer jointly with the RC, the Jawala Performance Share Plan and the Jawala Employee Share Option Scheme.

### **Provision 4.2 – Composition of NC**

In line with Provision 4.2 of the Code, the NC is made up of independent, Non-Executive Directors. The NC is chaired by Mr. Lee Yong Soon, who is also the LID of the Board.

### **Provision 4.3 – Selection, Appointment and Re-Appointment of the Directors**

The Board, in conjunction with the NC, reviews the composition of the Board and Board Committees annually, taking into account the performance and contribution of each individual Director. Board composition is also evaluated to ensure diversity of skills, core competencies, knowledge, professional experience, educational background, gender, age and length of service.

The NC reviews and makes recommendations to the Board on all nominations for appointments and re-appointments to the Board and the Board Committees. The NC may identify suitable candidates for appointment as new Directors through the business network of the Board members or engage independent professional advisers to assist in the search for suitable candidates, taking into consideration factors such as the ability of the potential candidates to contribute to discussions, deliberations and activities of the Board. The potential candidate will go through a shortlisting process and thereafter, an interview will be set up before the NC proceeds to recommend the selected candidate to the Board for consideration and approval.

Pursuant to the Company's Articles, the Directors, upon receipt of recommendation from the NC, shall have power to appoint a new Director either to fill a casual vacancy or as an additional Director. Newly appointed Directors may only hold office until the next annual general meeting ("**AGM**") of the Company but will be eligible for re-election by Shareholders at the AGM. The Board is also advised by the Sponsor on the appointment of Directors as required under Catalist Rule 226(2)(d).



## CORPORATE GOVERNANCE REPORT

All Directors, other than the Alternate Director, are also subject to the provisions of the Articles whereby at least one-third (1/3) of the Directors are required to retire and subject themselves to re-election by Shareholders at every AGM. Further, all the above Directors are also required to retire from office at least once in every three years. Shareholders will be provided with relevant information of the candidates for election or re-election so that they may exercise their voting rights on an informed basis.

The NC oversees the nomination of Directors for election or re-election and each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her re-election as Director. When deliberating the nomination of Directors for re-election and re-appointment, the NC takes into consideration the Directors' attendance, participation, contribution, commitment and performance during the previous year, and where applicable, the retiring Directors' independence.

The following Directors are due for retirement at the forthcoming AGM:

- (a) Datuk Jema Anton Khan; and
  - (b) Mr. Abdul Rahman Khan Bin Hakim Khan;
- (together the "**Retiring Directors**").

After consideration of the Retiring Directors' overall contribution and performance, the NC had recommended them for re-election and the Board had accepted the recommendation of the NC. Both Retiring Directors have offered themselves for re-election at the AGM, and upon re-election:

- (a) Datuk Jema Anton Khan shall remain as Non-Independent Non-Executive Chairman of the Board; and
- (b) Mr. Abdul Rahman Khan Bin Hakim Khan shall remain as an Executive Director and CEO of the Company.

The profiles of the Retiring Directors are set out under the "Board of Directors" section of this Annual Report. In addition, the Notice of the 2022 AGM sets out information on the Directors proposed for re-election at the 2022 AGM. Detailed information on these Directors can also be found in the "Additional Information on Directors Seeking Re-election at the AGM" section of this Annual Report.

As and when required, the NC seeks to balance Board renewal, which brings in fresh insights with maintenance of knowledge and experience of the Group's operations. The NC strives to ensure that the Board, Board Committees and key management personnel comprise individuals who are able to discharge their duties and responsibilities to the highest standards of corporate governance.

### **Alternate Director**

Mr. Muaz was appointed as the Alternate Director to Ms. Nadja on 1 June 2021 to ensure that sufficient time and attention are given to the affairs of the Company in view of Ms. Nadja's work commitments in the United Kingdom. As an Alternate Director, Mr. Muaz bears all the duties and responsibilities as a Director. All rules and procedures that apply to Directors would similarly apply to Mr. Muaz as an Alternate Director.

Mr. Muaz is fully apprised of all Board matters, and following upon his appointment, receives notices to attend Board meetings and Board papers as well as Board resolutions by circulation. In the absence of the principal Director, Ms. Nadja, Mr. Muaz is competent to contribute to the Board on behalf of the principal Director and to discharge the duties as a Director, including but not limited to attending Board Meetings on behalf of Ms. Nadja, where necessary.

# CORPORATE GOVERNANCE REPORT

## ***Succession Planning***

Succession planning is an important part of the governance process. The NC makes recommendations to the Board on matters relating to the review of succession plans for Directors (in particular, the appointment and/or replacement of the Chairman and the CEO) and other key management personnel to ensure peaceful and efficient leadership transitions, crucial to ensure the Group's longevity and security in meeting the Group's business objectives and strategies for future growth.

The Company had on 28 September 2022 adopted the Group's Succession Planning Framework which takes into consideration the long-term succession plan and emergency succession plan, for key positions including the CEO, COO, Chief Financial Officer and other key management position as may be determined by the CEO and the Board from time to time.

With regard to the succession planning for the Board, the NC aims to maintain an optimal Board composition by considering the Company's strategic priorities and the factors and trends affecting the long-term success of the Company, reviewing the skills needed on the Board, in line with its terms of reference.

## **Provision 4.4 – NC to Determine Directors' Independence**

The NC conducts an annual review of each Director's independence, in line with the relevant provisions and salient factors in the Code as well as the Catalist Rules. No member of the NC participated in the deliberation in respect of his/her own status as an Independent Director. Each of the Independent Directors has also signed a declaration of independence based on the substantive requirements of the Code, and confirmed that he/she does not have any relationship with his/her fellow Directors or with the Group and its substantial shareholders.

## **Provision 4.5 – Commitments of Directors sitting on Multiple Directorships**

The NC assesses the effectiveness of the Board as a whole and takes into account each Director's contribution and devotion of time and attention to the Company. In assisting the NC to determine whether the Directors who have multiple board representations are able to adequately carry out their duties and commitments towards the Group, the Directors have adopted a form of internal guidelines whereby Directors are required to apprise the Board of their other listed company directorships and other principal commitments. The NC, after reviewing the completed disclosure forms returned by all Directors together with the respective list of directorships held by each Director as well as their attendance at Board and/or Committee meetings, is satisfied that all the Directors who sit on multiple boards are able to devote adequate time and attention to the affairs of the Group and to fulfil their duties as Directors.

To address the competing time commitments faced by the Directors serving on multiple boards, the Board has based on the NC's recommendation, determined that the maximum number of listed company board representations which any Director may hold, should not be more than five (5) including the Company, in line with international practices and conventions.

## ***Information on Directors***

The Company will continue to disclose each Director's listed company board directorships and principal commitments, and these can be found in the "**Board of Directors**" section in the Annual Report.

Key information on the Directors, including their academic and professional qualifications, and their shareholdings, if any, in the Company, can also be found on pages 5 to 8 of this Annual Report.

# CORPORATE GOVERNANCE REPORT

## BOARD PERFORMANCE

**Principle 5: The Board undertakes a formal assessment of its effectiveness as a whole and each of its board committees and individual directors.**

### Provisions 5.1 and 5.2 – Board Performance and Board Evaluation

The NC is responsible for recommending and implementing a process to assess the performance and effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contributions of each individual Director to the overall effectiveness of the Board.

Annually, the NC undertakes a process to assess the effectiveness of the Board as a whole, and its Board Committees. The NC will ascertain the key areas for improvement and relevant corresponding follow-up actions, as appropriate.

To facilitate the evaluation and assessment of the effectiveness of the Board Committees and Chairman, the relevant Directors completed a Board Committee evaluation questionnaire for each of the Board Committees. The key areas covered in such assessment included:

- (a) roles and responsibilities of the respective Board Committees;
- (b) actual practices, which cover matters relating to decision making in meetings and access to information;
- (c) performance of the Board Committees;
- (d) culture and robustness of discussions amongst the members; and
- (e) composition of members with the right competencies and skillsets.

Their feedback and responses were collated by the Company Secretary and presented to the NC for review and discussion prior to submitting to the Board for its review and assessment of areas of improvement.

A Board assessment is also performed by each Director in the form of a Board Performance Evaluation. Among the areas covered in the board effectiveness assessment are:

- (a) Board culture and dynamics;
- (b) Board composition;
- (c) Board organization, processes and procedures;
- (d) quality of information and accessibility provided during Board meetings;
- (e) Board's relationship with senior management;
- (f) potential Board developmental needs; and
- (g) Shareholders' engagement and communications.

The performance assessment is administered on a confidential basis by the Company Secretary, and the results and data collated from the input and performance assessments from the Directors are consolidated and shared with the NC and the Chairman, prior to the results being tabulated for review and discussion at the Board meeting. The Company did not engage any external facilitator for the Board and Board Committee assessments for FY2022.



# CORPORATE GOVERNANCE REPORT

## (B) REMUNERATION MATTERS

### *PROCEDURES FOR DEVELOPING REMUNERATION POLICIES*

**Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

#### **Provision 6.1 – RC and its Terms of Reference**

The RC comprises three (3) members, all of whom are Independent Directors, namely:

Faridah Binti Mohd. Fuad Stephens (Chairman)	Independent Director
Leow Ming Fong @ Leow Min Fong	Independent Director
Lee Yong Soon	Lead Independent Director

The RC had convened one (1) scheduled meeting, which was attended by all members, during the financial year.

Under the RC's terms of reference, the RC performs the following functions:

- (a) to establish and recommend to the Board, the individual remuneration structure and policy for key management personnel, taking due account of short term and long term incentives and whether there is an appropriate balance between fixed and incentive pay that is aligned with the objectives of the Company and is commensurate with the level of executive responsibilities;
- (b) to review and advise on the terms of any contract to be offered to the key management personnel ensuring that contractual terms on appointment, retirement, termination and any payments made are fair to the individual and the Company;
- (c) to take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code in determining the remuneration policy;
- (d) to review the remuneration of employees who are immediate family members of a director, and whose remuneration exceeds SGD100,000 during the year;
- (e) to review the ongoing appropriateness and relevance of the remuneration policy and approving any major changes to remuneration policy;
- (f) to determine and agree with the Board an appropriate performance framework;
- (g) to support the setting of performance target parameters for the remuneration of the key management personnel;
- (h) to monitor Management's performance against targets and to recommend resultant annual remuneration levels; and
- (i) to administer jointly with the NC, the Jawala Performance Share Plan and the Jawala Employee Share Option Scheme.

#### **Provision 6.2 – Composition of RC**

In line with Provision 6.2 of the Code, the RC is made up entirely of Independent, Non-Executive Directors.

## CORPORATE GOVERNANCE REPORT

### Provision 6.3 – Roles and Responsibilities of the RC

The scope of responsibilities of the RC encompasses all aspects of remuneration, including but not limited to the Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. The RC also review the remuneration of senior Management and employees related to the Directors, if any. Each member of the RC shall abstain from voting on any resolutions in respect of his/her remuneration package and also in respect of any employee related to him/her, if any. The remuneration of employees who are related to Directors and substantial shareholders will also be reviewed annually by the RC to ensure that their remuneration package is in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Additionally, the RC also review the Group's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or key management personnel, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group.

### Provision 6.4 – RC's Access to Advice on Remuneration Matters

In discharging its functions, the RC may from time to time, seek independent external legal and other professional advice on the remuneration of all Directors and key management personnel. The expenses of such advice shall be borne by the Company.

The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2022.

### **LEVEL AND MIX OF REMUNERATION**

**Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

### Provision 7.1 – Remuneration of Executive Directors and Key Management Personnel

The RC administers all the performance-related elements of remuneration for senior management and key management personnel.

The Company currently has standing service agreements with Mr. Rahman Khan (Executive Director and CEO) and Ms. Julie Tan (Chief Financial Officer) ("CFO"), and such agreements which were for an initial period of three (3) years ("Initial Term") are subject for renewal annually thereafter unless otherwise agreed in writing or terminated in accordance with the service agreements. The parties may terminate the respective service agreement by either party giving not less than six months' notice in writing to the other.

In setting remuneration packages, the Company takes into account, the pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel.

The Company has adopted an overall remuneration policy for employees comprising a fixed component in the form of base salary, and a variable component in the form of a bonus that is linked to the performance and cashflows of the Group, the individual, the industry and the economy. The remuneration packages are formulated to attract, retain and motivate the Executive Director(s) and the key management personnel, to align their interests with the long-term interests of Shareholders and other stakeholders and promotes the long-term success of the Company. The RC endorses the bonus for distribution to key management personnel and Directors based on individual performance, and presents its recommendations to the Board for approval.

# CORPORATE GOVERNANCE REPORT

## **Provision 7.2 – Remuneration of Non-Executive Directors**

The Non-Executive Directors (including Independent Directors) do not have any service agreement with the Company and they receive Directors' fees which are pro-rated according to their appointment date, where applicable, and based on their contributions to the Company, taking into account factors such as efforts and time spent as well as their responsibilities on the Board and Board Committees, if applicable. The Company recognizes the need to pay competitive fees to attract, motivate and retain Directors to provide good stewardship of the Company without being excessive to the extent that their independence might be compromised. Directors' fees which are subject to Shareholders' approval at the Company's AGMs, are reviewed annually by the RC and/or the Board, taking into consideration contributions, regulatory changes, responsibilities and market benchmarks.

## **Provision 7.3 – Incentive Schemes to Promote Good Stewardship of the Company for the Long Term**

To align the interest of the Directors and key management personnel, the Company has also adopted the Jawala Performance Share Plan ("PSP") and the Jawala Employee Share Option Scheme ("ESOS"), details of which are set out in pages 34 and 35 respectively of this Annual Report. The PSP and ESOS aim to amongst others, provide an opportunity for Executive Directors, key management personnel and eligible employees of the Group to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organizational commitment, dedication and loyalty of the eligible participants to the Group. Non-Executive Directors who satisfy the eligibility requirements shall also be eligible to participate in the PSP and ESOS.

The RC is of the view that the current schemes/compensation structure is appropriate to attract, retain and motivate both the Directors and key management personnel to provide good stewardship of the Company and to successfully manage the Company for the long term.

## ***DISCLOSURE ON REMUNERATION***

**Principle 8: The company is transparent in its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

## **Provisions 8.1 and 8.3 – Remuneration of the Directors and Top Five Key Management Personnel**

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and key management personnel with adequate experience and expertise to manage the business and operations of the Group.



## CORPORATE GOVERNANCE REPORT

The remuneration paid to the Directors and key management personnel for services rendered for FY2022 are as follows:

Names	Salary	Performance Bonus	Directors' Fees	Total
	%	%	%	%
<b>Directors</b>				
<b>Below SGD250,000 (equivalent to approximately MYR800,000)</b>				
Datuk Jema Khan	–	–	100	100
Abdul Rahman Khan Bin Hakim Khan	89	11	–	100
Nadja Binti Jema Khan	–	–	100	100
Faridah Binti Mohd. Fuad Stephens	–	–	100	100
Leow Ming Fong @ Leow Min Fong	–	–	100	100
Lee Yong Soon	–	–	100	100
Muaz Bin Jema Anton Khan (Alternate Director)	N/A	N/A	N/A	N/A
<b>Key Management Personnel</b>				
<b>Below SGD250,000 (equivalent to approximately MYR800,000)</b>				
Julie Tan	89	11	–	100
Maxy Bin Self	89	11	–	100

Save for the Executive Director, the Company only has 2 top key management personnel as at 31 July 2022.

After reviewing the industry practice and analyzing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the commercial sensitivity and confidential nature of remuneration packages. The Board is of the view that this level of disclosure in bands of SGD250,000 is both sufficient and adequate.

There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2022.

### **Aggregate remuneration for key management personnel**

The aggregate remuneration paid to the above key management personnel (who are not Directors or CEO) in FY2022 was SGD180,755 (equivalent to approximately MYR578,417).

### **Provision 8.2 – Employees who are Substantial Shareholders or are Related to Directors/CEO/Substantial Shareholder of the Company**

There are no employees whose remuneration exceeds SGD100,000 (equivalent to approximately MYR320,000) during FY2022 who are immediate family members of any Director, substantial shareholder or the CEO.

# CORPORATE GOVERNANCE REPORT

## Provision 8.3 – Employee share Schemes

### ***Jawala Performance Share Plan (“PSP”)***

The Company recognizes that the contributions and continued dedication of the employees within the Group and Non-Executive Directors are critical to the future growth and development of the Group and has adopted the PSP which was approved by its Shareholders at an extraordinary general meeting held on 26 April 2018 (“EGM”). The PSP which is based on the principle of pay-for-performance, is designed to enable the Company to reward, retain and motivate employees of the Group to achieve superior performance.

The PSP allows for participation by full-time employees of the Group (including the Executive Director) and Non-Executive Directors (including Independent Directors), controlling shareholders and their associates, provided they have met the eligibility criteria.

The PSP is managed by the members of the NC and the RC (the “**Administration Committee**”) which has the absolute discretion to determine persons who are eligible to participate in the PSP.

The aggregate number of shares which may be issued and/or transferred under the PSP (including other share schemes of the Company) shall not exceed eight per cent (8%) of the Company’s total issued capital (excluding treasury shares) on the date preceding the date of the relevant grant.

There is no minimum vesting period under the PSP for Awards and the length of the vesting period in respect of each Award will be determined on a case-by-case basis by the Administration Committee.

As at the date of this report, no awards had been granted under the PSP.

Information on the PSP is set out in the Company’s Offer Document dated 24 May 2018.

### ***Jawala Employee Share Option Scheme (“ESOS”)***

The ESOS was adopted at the EGM, and provides eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS which forms an integral and important component of the Company’s compensation plan is designed to primarily reward and retain employees whose services are vital to the success of the Company.

The ESOS allows for participation by confirmed employees of the Group (including the Executive Director) and Non-Executive Directors (including Independent Directors), controlling shareholders and their associates provided they have met the eligibility criteria.

The ESOS is managed by the Administration Committee which shall have the powers to determine, among others, the following:

- (a) persons to be granted Options;
- (b) number of Options to be offered; and
- (c) recommendations for modifications to the ESOS.

The aggregate number of shares which may be offered under the ESOS (including the PSP and any other share option schemes of the Company) shall not exceed eight per cent (8%) of the Company’s total issued capital (excluding treasury shares) on the date preceding the date of the relevant grant.

## CORPORATE GOVERNANCE REPORT

The options that are granted under the ESOS may have exercise prices that are at the discretion of the Administration Committee.

As at the date of this report, no options had been granted under the ESOS.

Information on the ESOS is set out in the Offer Document dated 24 May 2018.

### (C) ACCOUNTABILITY AND AUDIT

#### **RISK MANAGEMENT AND INTERNAL CONTROLS**

**Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls to safeguard the interests of the company and its shareholders.**

#### **Provision 9.1 – Risk Management and Internal Control System**

The Board is responsible for the overall internal control framework and risk management in the Group, amongst other matters. The Board determines the Group's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of risk management and internal control systems. Such systems are put in place to address financial, operational, compliance and information technology risks with the objectives to provide reasonable assurance that there are no material financial misstatements or material loss and that the assets are safeguarded. The Board is assisted by the AC in carrying out its responsibility for risk management and internal controls.

#### ***Adequacy and Effectiveness of Risk Management and Internal Control Systems***

The Board reviews, at half-yearly, the adequacy and effectiveness of the Group's risk management and internal control systems.

The Company had engaged Tricor Axcelasia Sdn Bhd ("**Tricor Axcelasia**") as an external consultant and has established a formal Enterprise Risk Management ("**ERM**") framework which facilitates risk assessment and the identification of risk actions across the organisation. Risk assessment was carried out by the Group's internal audit function and risk action plans were deliberated during the financial year. An internal control review was also carried to assess the adequacy and effectiveness of the internal control system established by the Company's principal subsidiary, JPISB.

The risk-based audit plan is approved by the AC and audits are conducted to assess the adequacy and effectiveness of the Group's system of risk management and internal controls in addressing shortage of manpower, health and safety risk as a result of the Covid-19 pandemic, market and planting risks as well as the risks of non-performing contractors and termination of the Sustainable Forest Management License Agreement. Material control weaknesses, if any, would also be highlighted by the external auditors in the course of the audit of the Group's books.



# CORPORATE GOVERNANCE REPORT

## ***Risk Management Committee***

To assist the Board in carrying out its responsibility of overseeing the Group's risk management framework and policies, the Board has established the Risk Management Committee ("**RMC**"), a dedicated board risk management committee comprising the CEO/Executive Director, the CFO and COO as its members. The RMC which would report to the Board, is responsible for:

- (a) monitoring the consistent enforcement of ERM Framework across the Group;
- (b) communicating requirements of the ERM Framework and ensuring continuous enhancement of ERM;
- (c) reviewing the risk appetite, risk parameters, risk profiles, risk treatment options and risk action plans status monitoring;
- (d) providing guidance and advice on the appropriateness of risk treatment option selected and risk action plans development;
- (e) formulating and implementing ERM mechanism to accomplish requirements of the ERM policy;
- (f) articulating and challenging risk ratings, control effectiveness, risk treatment options and risk action plans;
- (g) ensuring that the ERM reports prepared are submitted to Board in a timely manner, and flash reports are submitted in the event of any new risk(s) that require urgent attention; and
- (h) reviewing the ERM Policy on a quarterly basis and considering to adopt best practices based on corporate governance framework.

## **Provision 9.2 – Adequacy and Effectiveness of Internal Controls and Risk Management Systems**

For FY2022, the Board and the AC have obtained assurances from the CEO and the CFO for the following:

- (a) that the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement; and
- (b) that the Group's risk management and internal control systems in place were adequate and effective in FY2022 in addressing the material risks of the Group in its current business environment including financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed and actions taken by Management and on-going reviews and continuing efforts at enhancing controls and processes, the Board with the concurrence of the AC, is satisfied that the Group's risk management systems and internal controls were adequate and effective to address the financial, operational, compliance and information technology risks for FY2022.

The Group's internal controls and risk management systems provide reasonable assurance against foreseeable events that may adversely affect the Group's business objectives. The Board and the AC also note that no internal controls and risk management systems can provide absolute assurance in this regard, or against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

## CORPORATE GOVERNANCE REPORT

### AUDIT COMMITTEE (“AC”)

**Principle 10: The Board has an AC which discharges its duties objectively.**

#### Provision 10.1 – AC and its Terms of Reference

The AC comprises the following members, all of whom are independent:

Leow Ming Fong @ Leow Min Fong (Chairman)	Independent Director
Lee Yong Soon	Lead Independent Director
Faridah Binti Mohd. Fuad Stephens	Independent Director

The AC had convened four (4) scheduled meetings, which were attended by all members.

The AC assists the Board in discharging their responsibility to safeguard the Group’s assets, maintain adequate accounting records, and in developing and maintaining effective systems of risk management and internal control.

Under the AC’s terms of reference, the AC performs, among others, the following functions:

- (a) to assist the Board in the discharge of its responsibilities on financial reporting matters;
- (b) to maintain oversight and discretionary power on the Use of Strategic Reserves as set out in the section entitled “Working Capital” in the Offer Document;
- (c) to monitor and review on a quarterly basis, the Use of Strategic Reserves, which will be kept in a separate bank account;
- (d) to review and approve the Use of Strategic Reserves for any other purposes other than the stated Use of Strategic Reserves;
- (e) to monitor compliance with the undertakings provided by the Company in relation to the Bumiputra Requirement, the Jawala Corporation Additional Undertaking, the Khan Family Additional Undertaking as set out under the section entitled “Shareholders – Moratorium” in the Offer Document, the Undertaking provided by Jawala Corporation in relation to the provision of shareholder loans as set out in the sections entitled “Working Capital” and “General Information on our Group – Business – Salvage Logging within the Licensed Area” of the Offer Document, and the Undertakings by Jawala Corporation, Datuk Jema Khan, Tan Sri Abdul Majid Khan, JPIBS and the Company in relation to compliance with the Shareholding Requirement of the Sustainable Forest Management Licence Agreement (“**SFMLA**”) as set out in the section entitled “General Information on Our Group – Licences, Permits, Approvals and Certifications” in the Offer Document;
- (f) to review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the Management’s response, and results of the Group’s audits compiled by the Company’s internal and external auditors;
- (g) to review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- (h) to review the effectiveness and adequacy of the Group’s internal control and procedures, including accounting, financial controls, operational, compliance and information technology and risk management systems and ensure coordination between the internal and external auditors and Management, to review the assistance given by the Management to the auditors, and to discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

## CORPORATE GOVERNANCE REPORT

- (i) to review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (j) to review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;
- (k) to make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors;
- (l) to review significant reporting issues and judgments with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before submission to the Board of Directors;
- (m) to review and report to the Board at least annually, the adequacy and effectiveness of the Group's material internal controls with the CFO and the internal and external auditors, including financial, operation, compliance and information technology controls, and risk management systems via reviews carried out by the internal auditors;
- (n) to monitor and review the implementation of recommendations from external and internal auditors, if any, to address any control weaknesses;
- (o) to review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- (p) to review any potential conflict of interests;
- (q) to review and approve all hedging policies and instruments (if any) to be implemented by the Group;
- (r) to undertake such reviews and projects as may be requested by the Board and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (s) to review and establish procedures for receipt, retention and treatment of complaints received by the Group, among others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and
- (t) to generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matters within its terms of reference. It has full access to and co-operation of Management and full discretion to invite any Director or Executive Director to attend its meetings, with reasonable resources to enable it to discharge its function.

The Company's internal and external auditors are invited to attend AC meetings and to make presentations, as appropriate. The AC, which also has independent access to both the internal and external auditors, meets with the external auditors without the presence of Management in FY2022.

### **Provisions 10.2 and 10.3 – Composition of AC**

In line with Provision 10.2 of the Code, the AC comprises three (3) Directors, all of whom are Independent, Non-Executive Directors, with no management and/or business relationships with the Company or any connection to any of its substantial shareholders.

## CORPORATE GOVERNANCE REPORT

The AC members bring with them invaluable professional expertise in the accounting and financial management domains. All members of the AC (including the AC Chairman) have relevant accounting or related financial management expertise or experience to discharge the AC's functions, and they keep abreast of relevant changes to accounting standards and issues which have a direct impact on the financial statements.

The Board considers the members of the AC to be appropriately qualified to discharge the responsibilities of the AC. None of the AC members were previous partners or directors of the Group's external auditor, Nexia TS Public Accounting Corporation ("Nexia") within the last 24 months or hold any financial interest in Nexia.

### ***Independence of External Auditor***

The AC oversees the Group's relationship with its external auditor. It reviews the selection of the external auditor and recommends to the Board the appointment, re-appointment and removal, if necessary, of the external auditor, the remuneration and terms of engagement of the external auditor. Cognizant that the external auditor should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the AC undertook a review of the independence and objectivity of the external auditor annually. Such review is made through discussions with the external auditor as well as reviewing all the non-audit fees awarded to them to satisfy the AC that the nature and extent of such services will not prejudice the independence of the external auditor.

The AC approved the scope and plans for the audit undertaken by the external auditor, reviewed the results of the audits, significant findings and recommendations as well as Management's responses for FY2022. The external auditor also provided regular updates to the AC on relevant changes to the accounting standards and the implication of such changes on the financial statements.

Based on the above, the AC is satisfied with the independence and quality of the external auditor and has recommended to the Board the re-appointment of Nexia as the Company's external auditor at the forthcoming AGM.

The total fees in respect of audit and non-audit fees paid to the external auditor (including its associate firms) for FY2022 are disclosed in the table below:

<b>External Auditor's Fees for FY2022</b>	<b>S\$'000</b>	<b>% of Total Fees</b>
Total Audit Fees	65	100
Total Non-Audit Fees	–	–
<b>Total Fees Paid</b>	<b>65</b>	<b>100</b>

There were no non-audit fees paid to the external auditor for FY2022.

### ***Whistle-Blowing Policy***

The Company has put in place a whistle-blowing policy and procedures to provide employees and others with well-defined and accessible channels within the Group, to raise concerns in confidence, about possible improprieties in matters of financial reporting or other matters. The policy establishes a confidential line of communication by way of a dedicated and secured email address which would be monitored by the AC Chairman. This ensures that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.



## CORPORATE GOVERNANCE REPORT

The aim of the policy is to encourage employees to report malpractices and misconduct in the workplace. All information received will be treated confidentially and the identity of the whistle-blowers protected. Anonymous disclosures will be accepted and anonymity honored. Employees who have acted in good faith will be protected from reprisal.

The AC reviews all whistle-blowing complaints, if any, at each AC meeting to ensure independent, thorough investigations and appropriate follow-up actions. Where appropriate, an independent third party may be appointed to assist in the investigation.

### **Activities in FY2022**

The AC is kept abreast of changes by the external auditors and Company Secretaries in accounting standards, stock exchange rules and other codes and regulations, where applicable, which could have an impact on the Group's business and financial statements, during its meeting(s).

### **Provision 10.4 – Internal Auditor**

The AC reviews the effectiveness of the internal control procedures within the Group and had appointed Tricor Axcelasia as its internal auditor to ensure the adequacy and sufficiency of internal controls procedures within the Group. Tricor Axcelasia, which is a subsidiary of Tricor Group, possesses vast experience in providing internal audits, risk management services and advisory services in the region.

The number of staff deployed for its internal audit reviews ranges from 3 to 4 staff per visit, including the Engagement Partner. The Engagement Partner is Mr. Ranjit Singh a/l Taram Singh ("Mr. Ranjit"). Mr. Ranjit has diverse professional experience in internal audit, risk management and corporate governance advisory for over 30 years. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Mr. Ranjit is also a Certified Internal Auditor (United States) and has a certification in Risk Management Assurance (United States) as well as a Master of Business Administration from Heriot-Watt University, Edinburgh, United Kingdom.

The primary reporting line of the internal auditor is to the AC. The AC also decides on the appointment, termination and remuneration of the internal auditors.

The AC exercised its oversight over the internal audit function throughout the financial year and reviews, among other things, the followings:

- (a) scope of the annual internal audit plans;
- (b) significant audit observations and Management's responses thereto; and
- (c) adequacy and effectiveness of the internal audit function.

The internal auditor has unfettered access to the AC, members of the Management as well as the Group's documents, records, properties and personnel, where necessary, for the internal auditor to carry out their function accordingly.

The internal auditor carries out their functions under the direction of the AC and reports directly to the AC Chairman, and administratively to the CEO and CFO. Key audit findings and recommendations are tabled for discussion at AC meetings, and the timeliness and progress of implementing the corrective or improvement actions are measured and reported.

## CORPORATE GOVERNANCE REPORT

### ***Adequacy and Effectiveness of the Internal Audit Functions***

The AC reviews and assesses annually the adequacy and effectiveness of the Group's internal audit function to ensure that internal audits are conducted effectively, and that Management provides the necessary co-operation to enable the internal auditor to perform its function. The AC also reviews the internal auditor's reports and remedial actions implemented by Management to address any internal control inadequacies identified and was satisfied that the internal audit functions were adequate and effective.

The AC is satisfied that Tricor Axcelasia is adequately qualified (given its adherence to Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.

### **Provision 10.5 – Meeting with the External Auditor and Internal Auditor Without the Presence of Management**

The Company's internal and external auditors were invited to attend AC Meetings during FY2022 and make presentation, as appropriate. Both auditors also met separately with the AC without the presence of Management, to provide them with the opportunity to discuss unreservedly and to raise any pertinent issues without restrictions or interference.

## **(D) SHAREHOLDER RIGHTS AND ENGAGEMENT**

### ***SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS***

**Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospect.**

### **Provision 11.1 – Shareholders' Participation and Voting at General Meetings**

The Company recognizes the importance of maintaining transparency and accountability to Shareholders, and endeavors to maintain full and adequate disclosure of material event and matters concerning its business, in a timely, fair and transparent manner. The Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet, and where appropriate, such information is also posted on the Company's Website at <https://jawalainc.com>. The Company recognises that the release of timely, regular and relevant information regarding the Group's performance, progress and prospects aids shareholders in their investment decisions.

Shareholders are entitled to attend the Annual and/or Extraordinary General Meetings ("**General Meetings**") and are accorded the opportunity to participate effectively in and vote at General Meetings. Shareholders are also informed of the rules governing the General Meetings including voting procedures and given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the Chairman of each of the Board Committees.

Shareholders are informed of General Meetings through notices published in the Company's announcements via SGXNet, as well as reports/circulars sent to all Shareholders. Following upon the enactment by the Singapore Government of the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements For Meetings For Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**") on 7 April 2020 and 13 April 2020 respectively, the Company had commenced using electronic communications to transmit annual reports and other documents to Shareholders in addition to uploading such documents via the SGXNet and on the Company's website.

## CORPORATE GOVERNANCE REPORT

The Company's Articles allow a member of the Company to appoint up to two (2) proxies to attend and vote at the Company's General Meetings. Indirect investors, who hold the Company's shares through a relevant intermediary, may attend and vote at the General Meetings. Pursuant to the Articles of the Company, a member who is a relevant intermediary may appoint more than two (2) proxies to attend and vote at a General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

The Company puts all resolutions at General Meetings to vote by electronic poll and announces the number of votes cast for and against each resolution, as well as the respective corresponding percentages. An independent polling agent and an independent external scrutineer will be appointed by the Company for General Meetings, and they will explain the rules, including the voting procedures which govern the proceedings of the General Meetings. Prior to the commencement of the General Meetings, the scrutineer would review the proxies and proxy process. The results of the electronic poll voting are announced immediately after each resolution has been put to a vote, and the number of votes cast for and against as well as the respective percentages are displayed in real-time at the General Meetings. Detailed results of the poll votes for each resolution will be promptly disclosed on the SGXNet after the respective General Meetings.

### **2021 AGM**

The Fourth (4th) AGM of the Company ("**2021 AGM**") was convened and held by way of electronic means on 26 November 2021 pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (COVID-19 Temporary Measures Order) and the checklist jointly issued by ACRA, MAS and SGX RegCo ("**Checklist**"), which gave guidance to listed and non-listed entities on the conduct of general meetings in the midst of the COVID-19 pandemic. The alternative arrangements put in place for the conduct of the 2021 AGM included attendance at the AGM via electronic means where Shareholders could observe and/or listen to the AGM proceedings via live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM and voting by appointing the Chairman of the Meeting as proxy. All the Directors attended the 2021 AGM via electronic means.

### **Forthcoming 2022 AGM**

The forthcoming 2022 AGM will be held, in a wholly physical format, at Marie Room I & II, York Hotel, 21 Mount Elizabeth, Singapore 228516 on 29 November 2022, pursuant to the COVID-19 Temporary Measures Order and the Checklist. There will be no option for Shareholders to participate virtually. Arrangements relating to attendance at the 2022 AGM, submission of questions to the Chairman of the Meeting in advance of, or at the 2022 AGM, and voting at the 2022 AGM by Shareholders or their duly appointed proxy(ies), are set out in the Notice of AGM and corresponding Proxy Form which will be released on the SGXNet and the Company's corporate website on 4 November 2022.

### **Provision 11.2 – Resolutions to be tabled at General Meetings**

As a matter of good order, the Board ensures that issues or matters requiring Shareholders' approval are tabled at General Meetings in the form of separate and distinct resolutions, unless such resolutions are interdependent and linked. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

## CORPORATE GOVERNANCE REPORT

### **Provision 11.3 – Attendance at General Meetings**

All the Directors including the Chairman of the Board and the Board Committees attend all General Meetings to address Shareholders' queries, if any. The Company's external auditors are also present to address questions raised by the Shareholders. All the Directors have attended all General Meetings held in FY2022.

### **Provision 11.4 – Absentia Voting**

The Company's Articles provide for Shareholders to participate and vote at General Meetings, and Shareholders are encouraged to do so. If any Shareholder is unable to attend, the Articles allow the Shareholder to appoint up to two (2) proxies to vote on his/her behalf through proxy forms submitted at least 72 hours prior to the relevant meeting. The Company has decided not to implement voting in absentia by mail, email or facsimile, until all relevant issues on security and integrity on such mode of communication are satisfactorily resolved.

### **Provision 11.5 – Minutes of General Meetings**

The Company Secretaries prepare minutes of General Meetings that include substantial and pertinent comments from Shareholders relating to the agenda of the meeting, and responses from Management and the Board, which would be subsequently approved by the Board. Such minutes will be announced and made available to Shareholder via the SGXNet and Company's website within one month from the General Meeting.

### **Provision 11.6 – Dividend Policy**

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the Company's Shares that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors:

- (a) the level of the Company's cash and retained earnings;
- (b) actual and projected financial performance;
- (c) projected levels of capital expenditure and expansion plans;
- (d) working capital requirements and general financing conditions; and
- (e) restrictions on payment of dividends imposed on the Company by the relevant financing arrangements (if any).

The Company may declare an annual first and final dividend with the approval of the Shareholders in a General Meeting, but the amount of such dividend shall not exceed the amount recommended by the Board.



# CORPORATE GOVERNANCE REPORT

## ENGAGEMENT WITH SHAREHOLDERS

**Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

### Provision 12.1 – Communication with Shareholders

The Company is committed to maintaining high standards of corporate disclosure and transparency. In line with the continuous disclosure obligations under the Catalyst Rules, the Board has and will continue to apprise Shareholders promptly of all pertinent information. Material information is disclosed in an adequate, accurate and timely manner via SGXNet. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Company's interactions with the investing community, a media release or announcement will be released to the public via SGXNet promptly.

The Company does not currently have an investor relations policy and considers advice from its corporate lawyers and professionals on the appropriate disclosure requirements before the announcement of each material information. The Company will consider the appointment of a professional investor relations officer to manage this function, should the need arise.

### Provisions 12.2 and 12.3 – Dialogues with Shareholders

General Meetings are currently the principal forum for the Board's dialogue and interaction with Shareholders. Shareholders are encouraged to participate during the General Meetings, to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters.

The Directors (including the Chairpersons of the respective Board Committees) and key management personnel are in attendance to address queries and concerns about the Group. The Company's external auditor also attend to address Shareholders' queries relating to the conduct of the audit and the preparation and content of the external auditors' report.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### ENGAGEMENT WITH STAKEHOLDERS

**Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

### Provisions 13.1, 13.2 and 13.3 – Managing Stakeholders relationships

The Company has appropriate channels in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company's approach to stakeholder engagement and materiality assessment can be found under the "Sustainability Report" section of this Annual Report.

The Company maintains a corporate website at [www.jawalainc.com](http://www.jawalainc.com) to communicate and engage with its stakeholders.

## CORPORATE GOVERNANCE REPORT

### **APPOINTMENT OF AUDITORS**

#### **(Rule 712 and Rule 715 of the Catalyst Rules)**

The Company confirmed that Rule 712 and Rule 715 of the Catalyst Rules has been complied with.

### **MATERIAL CONTRACTS**

#### **(Rule 1204(8) of the Catalyst Rules)**

Other than disclosed in the audited financial statements for FY2022, there was no material contracts entered into by the Group involving the interest of the Chairman, CEO or any Directors or controlling shareholders which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

### **CONFIRMATION OF ADEQUACY OF INTERNAL CONTROLS**

#### **(Rule 1204(10) of the Catalyst Rules)**

The Board and AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following:

- internal controls and the risk management system established by the Company;
- work performed by the Internal Auditor and External Auditor;
- assurance from the CEO and CFO; and
- reviews done by the various Board Committees and key management personnel.

### **DEALINGS IN SECURITIES**

#### **(Rule 1204(19) of the Catalyst Rules)**

In line with Catalyst Rule 1204(19), the Company has adopted a policy with respect to dealings in securities by Directors and officers of the Group. The Company, its Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares for the period of one (1) month prior to the announcement of the Company's half-yearly results and full year results as the case may, ending on the date of announcement of the relevant results. The Company, its Directors and employees who are in possession of unpublished material price-sensitive information of the Group should not deal in the Company's securities on short term consideration. The Company, its Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

### **INTERESTED PERSON TRANSACTIONS**

#### **(Rule 907 and 920 of the Catalyst Rules)**

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on an arm's length basis.

There was no discloseable interested person transactions for the financial year ended 31 July 2022.

### **NON-SPONSOR FEES**

#### **(Rule 1204(21) of the Catalyst Rule)**

No non-sponsor fees were paid up to the Company's sponsor, UOB Kay Hian Private Limited for FY2022.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Datuk Jema Anton Khan and Mr. Abdul Rahman Khan Bin Hakim Khan who will be retiring by rotation under Article 98 of the Articles of Association of the Company, are seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 November 2022 ("**AGM**") (collectively the "**Retiring Directors**" and each a "**Retiring Director**").

The information relating to the Retiring Directors as set out in Appendix 7F to the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**") as required under Rule 720(5) of the Catalist Rules, is set out below:

Name of Retiring Director	Datuk Jema Anton Khan ("Datuk Jema")	Mr. Abdul Rahman Khan Bin Hakim Khan ("Mr. Rahman")
Date of Appointment	8 August 2017	28 September 2017
Date of last re-appointment	25 November 2019	25 November 2019
Age	57	49
Country of principal residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors believes that the Board, in its current size, has a good balance of Directors who have extensive business, financial, accounting and management experience. After considering the recommendation of the Nominating Committee, the Board is of the view that Datuk Jema has the expertise, knowledge and skills to contribute towards the core competencies of the Board, as well as possesses the requisite experience and capabilities to continue to assume his responsibilities as Non-Independent Non-Executive Chairman of the Group.	The Board of Directors believes that the Board, in its current size, has a good balance of Directors who have extensive business, financial, accounting and management experience. After considering the recommendation of the Nominating Committee, the Board is of the view that Mr. Rahman possesses the requisite expertise, knowledge and skills to contribute towards the core competencies of the Board and has recommended his continuous re-appointment as an Executive Director and Chief Executive Officer of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Providing overall strategy and direction for implementation by Management.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Board	Executive Director and Chief Executive Officer
Professional qualifications	Bachelor of Science (Honours) in Economics and Accountancy	N/A

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Datuk Jema Anton Khan ("Datuk Jema")	Mr. Abdul Rahman Khan Bin Hakim Khan ("Mr. Rahman")
Working experience and occupation(s) during the past 10 years	<p><u>Jawala Inc.</u></p> <ul style="list-style-type: none"> <li>Chief Executive Officer 8 August 2017 to 1 June 2021</li> </ul> <p><u>Jawala Corporation</u></p> <ul style="list-style-type: none"> <li>Chief Executive Officer August 2016 to 24 May 2018</li> <li>Managing Director April 1988 to June 2004</li> </ul> <p><u>Jaycorp Bhd.</u></p> <ul style="list-style-type: none"> <li>Executive Deputy Chairman April 2006 to July 2011</li> </ul>	<p><u>Jawala Inc.</u></p> <ul style="list-style-type: none"> <li>Chief Executive Officer since 1 June 2021</li> </ul> <p><u>Jaycorp Engineering &amp; Construction Sdn. Bhd.</u></p> <ul style="list-style-type: none"> <li>Non-Independent Non-Executive Director from 2016 to present</li> </ul> <p><u>Harusmas Holdings Sdn. Bhd.</u></p> <ul style="list-style-type: none"> <li>Director from 1998 to present</li> </ul> <p><u>Imaprima Sdn. Bhd.</u></p> <ul style="list-style-type: none"> <li>Director from 2011 to 2018</li> </ul> <p><u>Harusmas Agro Sdn. Bhd.</u></p> <ul style="list-style-type: none"> <li>General Manager from 1998 to 2001</li> <li>Director from 2001 to 2008</li> </ul>
Shareholding interest in the listed issuer and its subsidiaries	<u>Deemed Interest in Jawala Inc.</u> 100,000,000 ordinary shares	N/A
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<p>(i) Son of Tan Sri Abdul Majid Khan, Substantial Shareholder</p> <p>(ii) Father of Ms. Nadja, Non-Executive Non-Independent Director and Mr. Muaz Bin Jema Anton Khan (Alternate to Ms. Nadja)</p> <p>(iii) Cousin to Mr. Abdul Rahman Khan Bin Hakim Khan, Executive Director</p>	<p>(i) Nephew of Tan Sri Abdul Majid Khan, Substantial Shareholder</p> <p>(ii) Cousin to Datuk Jema Khan, Non-Executive Chairman</p> <p>(iii) Uncle to Ms. Nadja, Non-Executive Non-Independent Director and Mr. Muaz Bin Jema Anton Khan (Alternate to Ms. Nadja)</p>
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Datuk Jema Anton Khan ("Datuk Jema")	Mr. Abdul Rahman Khan Bin Hakim Khan ("Mr. Rahman")
<b>Other Principal Commitments including Directorships</b>		
*Past (for the last 5 years)	<ul style="list-style-type: none"> <li>• CEO and Statutory Director of Jawala Corporation Sdn Bhd</li> <li>• Director of Countertrade (M) Sdn Bhd</li> <li>• Executive Chairman of Pana Harrison (M) Sdn Bhd</li> <li>• Director of Jawala Veneer Sdn Bhd</li> <li>• Chief Executive Officer of Jawala Inc.</li> </ul>	Director of Imaprima Sdn. Bhd.
Present	Non-Independent Non-Executive Director in Jawala Inc.	<ul style="list-style-type: none"> <li>• Non-Independent Non-Executive Director in Jaycorp Engineering &amp; Construction Sdn Bhd</li> <li>• Executive Director and Chief Executive Officer in Jawala Inc.</li> <li>• Director in Jawala Plantation Industries Sdn. Bhd.</li> <li>• Director in Paragaya Sdn. Bhd.</li> <li>• Director in Harusmas Holdings Sdn Bhd</li> <li>• Vice President of Sabah Timber Industries Association (STIA)</li> <li>• Member of Consultative Assembly of Forest Stewardship Council (FSC)</li> </ul>
<b>Information Required Pursuant to Rule 720(5) of the Catalyst Rules</b>		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Datuk Jema Anton Khan ("Datuk Jema")	Mr. Abdul Rahman Khan Bin Hakim Khan ("Mr. Rahman")
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Datuk Jema Anton Khan ("Datuk Jema")	Mr. Abdul Rahman Khan Bin Hakim Khan ("Mr. Rahman")
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Datuk Jema Anton Khan ("Datuk Jema")	Mr. Abdul Rahman Khan Bin Hakim Khan ("Mr. Rahman")
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
<b>Disclosure applicable to the appointment of Director only</b>		
Any prior experience as a director of an issuer listed on the Exchange?  If yes, please provide details of prior experience.  If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.  Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.







# SUSTAINABILITY REPORT

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# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

Jawala Inc.'s ("Jawala", the "Company", "we" and "us") and its subsidiaries (the "Group") 2022 Sustainability Report set forth the Group's forward-looking plan, its measurable objectives, goals and targets and the commitment to monitor and report its sustainability progress. This is our fourth year of reporting sustainability, and it covers our implementation of sustainable strategies, overview of our Group's sustainability efforts and our approach towards risks and opportunities in environmental, social and governance ("ESG") aspects.

## INTRODUCTION

Jawala operates as a forest resource company focusing on industrial tree plantations in Malaysia's Sabah state. We specialise in sustainable management of forestry resources, planting and extraction of timber. The Group's sustainability objective is "Replanting Sabah's Forest For Future Generations", and it represents a commitment to sustainable plantation development. This objective translated into a sustainable forest management and protecting the environment.

The Group focuses on the cultivation of industrial tree plantations through implementation of sustainable forest management practices situated in Sabah, Malaysia. Its main business is the management of forestry resources including the planting and extraction of logs, managing the planting and silvicultural treatments of natural and plantation forests, felling, cutting, collecting, removing and converting trees into forest produce such as logs and timber within the Sapulut Forest Reserve, Sabah (the "License Area"). The Group currently manages a License Area comprising a Commercial Forest Reserve (Class II) of approximately 11,043 hectares in the License Area, until 31 December 2115, with a potential for 100-years period extension at the discretion of Sabah's Chief Minister.

## BOARD STATEMENT

We are pleased to present our sustainability report for the financial year ended ("FYE") 31 July 2022 which describe our sustainability policies and approach. The Sustainability Report outlines our performance and challenges in forest management with implementation of sustainable forest management practices. We continue to view sustainability as a key consideration to our long-term business strategy and we appreciate opportunity to present our achievements and ambitions.

We strive to put our best effort in everything that we do, building a resilient and sustainable business. The Group is managing its risks, overcoming challenges innovatively, and combating the pandemic that devastated us for the last two years. In times like this, our first priority was to protect our workplace, which we did by enacting strict protocols to protect our frontline workers. As a result, we managed to maintain our operational activities all year long.

We recognise the importance of adopting sustainable practices and how they can enhance our business operations and performance. The Board of Directors of Jawala (The "Board") is entrusted with the responsibility of overseeing the business and corporate affairs of the Group, including sustainable value to stakeholders through principles, policies, objectives and strategies. Our business strategy formulation included sustainability factors, risk and opportunities to achieve our objectives and sustainability agenda. Key ESG performance targets are set to meet Jawala's objective and our sustainability agenda. The Management team comprising selected senior management and key executives of the Group assist the Board in overseeing the sustainability reporting. We review our sustainability practices periodically and the annual sustainability report is submitted to the Board for endorsement.

On behalf of management and employees at Jawala, we will continue to build our Group on the belief that to be a sustainable forest management company, we must balance our business ambitions with the progress of society and the sustainability of the environment. We believe that our sustainability approach and business strategies drive us through the challenging business environment and achieve the Group's success and sustainability agenda to becoming a sustainable forest resource company.

# SUSTAINABILITY REPORT

## SCOPE OF THIS REPORT

### Reporting Boundaries and Standards

This report is prepared in line with Sustainability reporting requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual and Global Reporting Initiative (“GRI”) Sustainability Framework. GRI is an independent, international organisation that helps businesses and other organisations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. GRI provides a set of an extensive framework that is widely accepted as a global standard for sustainability reporting – the GRI Standards.

We use GRI standards as it provides Jawala with a flexible and future-proof reporting structure. The forward-looking and rigorous approach advocated by GRI also ensures its process and topics always remain up-to-date and relevant. GRI standards considers policy assimilation and references, enabling easy reference that meets all needs for sustainability reporting – from comprehensive reports to issue-specific disclosures.

### Reporting Period and Scope

This report covers information based on our fiscal year from 1 August 2021 to 31 July 2022. Our sustainability initiatives on ESG aspects covers our sole principal subsidiary, Jawala Plantation Industries Sdn Bhd (“JPISB”).

In this report, we describe our existing policies, approaches and initiatives towards sustainability, with focus on environmental, social and governance (“ESG”) topics that are considered material to the Company and its subsidiary (collectively, the “Group”) and our key stakeholders. Monetary amounts are in Ringgit Malaysia unless otherwise stated.

External Assurance on this Report – This report has not been audited by external auditors. The Group will consider seeking external assurance for our future sustainability reports when the need arises.





# SUSTAINABILITY REPORT

## KEY SUSTAINABILITY HIGHLIGHTS – TARGETS AND ACHIEVEMENTS

During the year, we monitor our sustainability targets and convert any potential opportunities into action.

Sustainability Matters	Target – FY2023	Targets – FY2022	FY2022 Achievement	FY2021 Achievement
<b>Environmental Impact Assessment and Mitigation</b>	<ul style="list-style-type: none"> <li>Forest silviculture – 90% treated areas</li> <li>To be replanted – 1,500 ha**</li> </ul>	<ul style="list-style-type: none"> <li>Forest silviculture – 90% treated areas</li> <li>To be replanted – 1,500 ha**</li> </ul>	<ul style="list-style-type: none"> <li>Forest silviculture – 87% treated areas</li> <li>Replanted – 798.63 ha***</li> </ul>	<ul style="list-style-type: none"> <li>Forest silviculture – 84% treated areas</li> <li>Replanted – 452.04 ha</li> </ul>
<b>Compliance with SFMLA</b>	<ul style="list-style-type: none"> <li>100% Complied</li> </ul>	<ul style="list-style-type: none"> <li>100% Complied</li> </ul>	<ul style="list-style-type: none"> <li>100% Complied</li> </ul>	<ul style="list-style-type: none"> <li>100% complied</li> </ul>
<b>Nursery and Seedling Production</b>	<ul style="list-style-type: none"> <li>Target seedling production: 825,000</li> <li>To be planted: 750,000</li> </ul>	<ul style="list-style-type: none"> <li>Target seedling production: 825,000****</li> <li>To be planted: 750,000</li> </ul>	<ul style="list-style-type: none"> <li>Seedling production: 360,000</li> <li>Planted: 298,800</li> </ul>	<ul style="list-style-type: none"> <li>Seedling production – 375,000</li> <li>Planted – 224,502 seedlings</li> </ul>
<b>Workforce Diversity</b>	<ul style="list-style-type: none"> <li>Board – 33% Female</li> <li>Employee Gender: 35% F: 65% M*</li> </ul>	<ul style="list-style-type: none"> <li>Board – 33% Female</li> <li>Employee Gender: 35% F: 65% M</li> </ul>	<ul style="list-style-type: none"> <li>Board – 33% Female</li> <li>Employee Gender: 28% F: 72% M</li> </ul>	<ul style="list-style-type: none"> <li>Board – 33% Female</li> <li>Employee Gender: 27% F: 73% M</li> </ul>
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>LTI* – No major incident</li> </ul>	<ul style="list-style-type: none"> <li>LTI* – No major incident</li> </ul>	<ul style="list-style-type: none"> <li>LTI* – No major incident</li> </ul>	<ul style="list-style-type: none"> <li>LTI* – No major incident</li> </ul>

Legend:

F – Female

M – Male

Ha – hectares

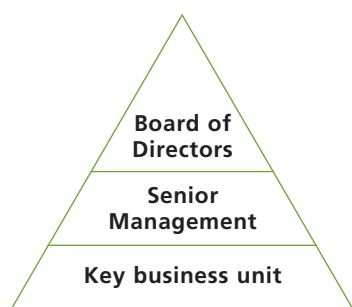
\*- LTI: Lost Time due to Injury defined as a major incident involving fatality or injuries to workers require hospitalisation and workers to stop work for more than 4 days.

\*\* Part of Compartment 11, 12, 13, 14, 31, 32, 33, 38 & 39 – based on the calendar year of Annual Work Plan ("AWP") and Forest Management Plan.

\*\*\* Only 53.24% replanting achievement against target for FY2022 due to shortage of machinery and manpower for planting as a result from MCO implementation by Malaysia Government.

\*\*\*\* Nursery and seedling production is lower than targeted as it has to be balanced with the total area planted and the total number of planters to avoid overproducing which will then lead to overgrown seedlings and high culling rate.

## OUR SUSTAINABILITY GOVERNANCE



The Board is committed to ensuring high standards of corporate governance, this includes ensuring transparency, to protect shareholders' interests and promote investors' confidence.

The Board has oversight responsibility to integrate ESG factors in the formulation of Jawala's strategy to create sustainable value to stakeholders. The Board is primarily responsible for the Group's sustainability practices and performance and is assisted by a team comprising of selected senior management and key executives. The team drives the Group's sustainability agenda, including implement and monitors sustainability practices and performance, ensuring effective integration of ESG initiatives into business operations and corporate objectives.

# SUSTAINABILITY REPORT

## STAKEHOLDERS' ENGAGEMENT

The Group engages with the stakeholders for materiality assessments to prioritise and respond to the ESG issues that arise the challenging business environment, building mutual respect and understanding of the ongoing progress in achieving our sustainability goals. We identify our stakeholders those on whom our operations have significant impacts, those with a vested interest in our sustainability performance and those in public positions who influence our activities.

Our stakeholder engagement process helps us understand the needs and expectation of our stakeholders on sustainability issues. The following table describes an overview of the efforts involved in the our Groups' focus on stakeholder engagement:

Stakeholders	Means of communication	Frequency	Area of interest
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Annual and general meetings</li> <li>Corporate websites</li> <li>SGX-ST announcements</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Periodically</li> <li>Ad hoc</li> </ul>	<ul style="list-style-type: none"> <li>Financial position</li> <li>Transparency and Business Ethics</li> <li>Corporate Governance</li> </ul>
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>Consultations and seminars organised by regulatory bodies</li> <li>Advice and information from professionals e.g., sponsors and regular liaison with the Sabah Forestry Department to comply with their requirements</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with regulatory and act</li> <li>Sustainable forest management</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Meetings and feedback</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> </ul>	<ul style="list-style-type: none"> <li>Product quality</li> <li>Product certification</li> <li>Sustainable forest management</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Suppliers' assessment and feedback</li> </ul>	<ul style="list-style-type: none"> <li>Annual</li> </ul>	<ul style="list-style-type: none"> <li>Supplier assessment</li> <li>Jawala's company policies and commitments to sustainable forest management</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Regular communication and engagement activities</li> <li>Trainings</li> <li>Regular staff performance assessment</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Annual</li> </ul>	<ul style="list-style-type: none"> <li>Health and Safety</li> <li>Career development</li> <li>Business ethics</li> </ul>

# SUSTAINABILITY REPORT

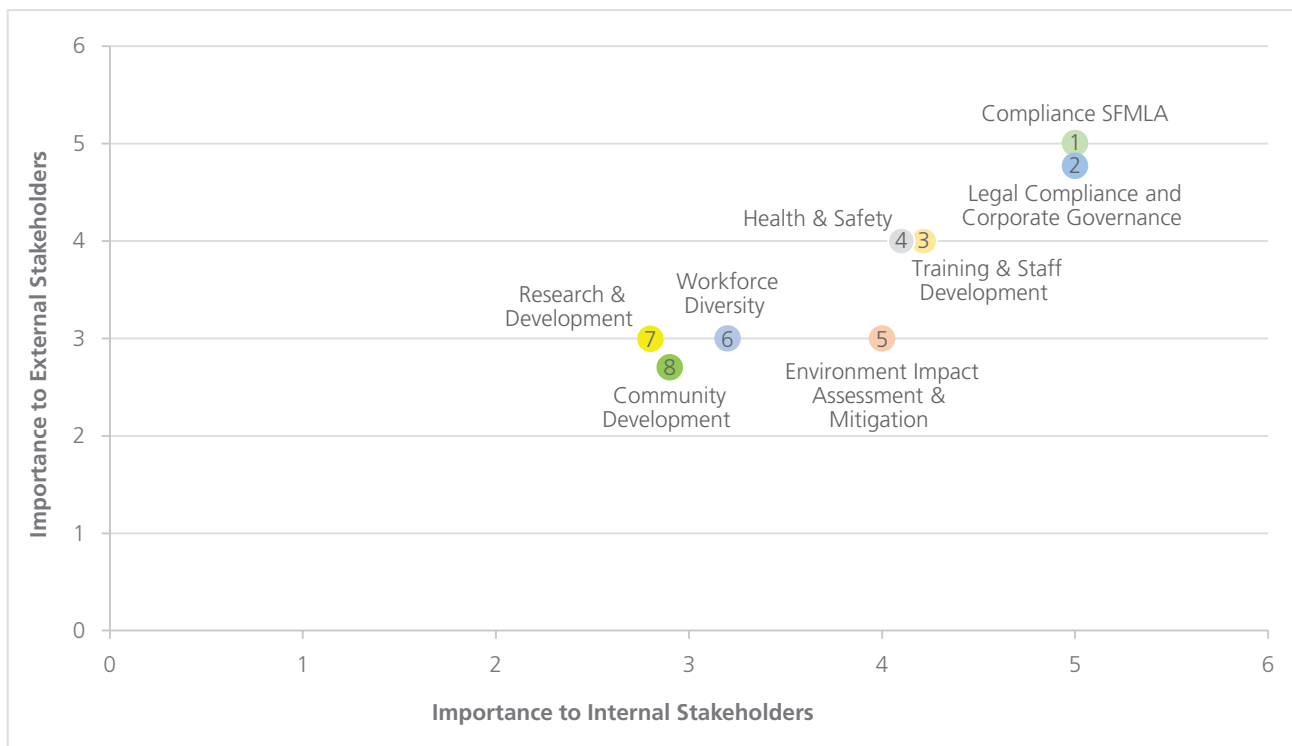
## MATERIAL SUSTAINABILITY MATTERS

We carried out our first materiality assessment in FY2019 and the identified material matters are reviewed on a yearly basis against current global, local trends and emerging regulatory development. The annual review on the material ESG matters was completed through series of discussion with the operational managers, senior management and presented to the Board for concurrence and approval. The nature of our business operation has been consistent and there were no material changes during the financial year. This led to a decision to maintain our material sustainability matters consistent with last year reporting.

Identified sustainability matters were considered based on its impact to external stakeholders and the Group based on their relevance to the business, strategy and business model. Subsequently, key sustainability matters were classified, rated and activities relevant to the material issues were recorded with its key performance indicators. The management reviewed, identified and prioritised eight (8) key issues based on importance to our stakeholders and the impact to our businesses. In FY2022, feedback from key stakeholders continued to affirm the validity of material ESG topics.

## OUR MATERIALITY PROFILE

Prioritised ESG factors are at the top right-hand corner items ① to ④ because they are highly relevant to the stakeholders and significant to the business.



- ① Compliance SFMLA – E
  - ② Legal Compliance and Corporate Governance – G
  - ③ Training and Staff Development – S
  - ④ Health and Safety – S
  - ⑤ Environmental Impact Assessment and Mitigation – E
  - ⑥ Workforce Diversity – S
  - ⑦ Research and Development – E
  - ⑧ Community Development – S
- E = Environment  
S = Social  
G = Governance

# SUSTAINABILITY REPORT

Our material sustainability matters are segregated into 3 main themes under ESG as follows:



## ENVIRONMENT

- Research and Development
- Environmental Impact Assessment and Mitigation






## SOCIAL

- Workforce diversity
- Training and staff development
- Health and safety
- Community development
- Employee retention



## GOVERNANCE

- Compliance SFMLA
- Legal compliance and Corporate Governance



Details explanation for each of these material sustainability areas are explained in the next section.

## ENVIRONMENT

### Climate Change and How We Contributed to Mitigating Climate Change

#### Carbon Emission Reduction

The rise in average global temperatures caused many changes in forest ecosystems, which will eventually impact to the economic activities and social activities. Forest adaptation to future environmental or social conditions resulting from climate change may significantly alter how and why forestry is practiced in many parts of the globe. In Jawala, we address issues of climate change through our sustainable forest management practices ranging from research and development, replanting trees and silviculture treatment. These initiatives ensure continued preservation of Sabah's forest while increasing supply of timber for the timber industry.

We monitor our emission and electricity consumption that generate GHG emissions. The following key activities in Jawala have been identified for the scopes of GHG emissions as defined by World Business Council for Sustainable Development and World Resources Institute's ("WBCSD/WRI") GHG Protocol.

- Scope 1 – Diesel consumption from company vehicle;
- Scope 2 – Purchase electricity; and
- Scope 3 – None



## SUSTAINABILITY REPORT

We have installed solar panels near our base camp and facilities since year 2017 to offset use of generators which generate carbon emission. As of FY2022, our 7 units of solar panels generated almost 25,125 kw/h (FY2021 & FY2020: 25,125 kw/h) of electricity for lightings at our base camps, offices and labour quarters. We consumed water from natural streams located close to our base camps and process sufficient water for our employees' consumption living in the base camps. We will continue to implement sustainable forest management practices and initiative extensively in tackling climate change issues and move towards meeting our sustainability agenda.

### **Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD)<sup>1</sup>**

Jawala recognises the impact of forests to reduce emission and the ability of forests to absorb carbon emission.

According to UN-REDD report, *Forest Solutions to the Climate Emergency: A Case For Support for UN-REDD Programme<sup>2</sup>*, accelerating and scaling up climate action, to achieve necessary and urgent carbon emission reductions by 2030, is a paramount global need to avert the climate crisis. Forests have a massive mitigation potential of 4.1 – 6.5 GtCO<sub>2</sub>e by 2030. As recognised in the ground-breaking outcomes of Conference of Parties 26 ("COP26") of United Nations Framework Convention on Climate Change ("UNFCCC"), including the Glasgow Climate Pact, the Glasgow Leaders' Declaration on Forest and Land Use, the IPLC Forest Tenure Joint Donor Statement, and the Global Forest Finance Pledge, forests are a critical solution for realising the Paris Agreement and the Sustainable Development Goals. This potential can only be fully realised by reducing emissions through halting deforestation and forest degradation, as well as removing massive amounts of carbon from the atmosphere through sustainable forest management, forest conservation and forest ecosystem restoration.



#### **150 MILLION CARS**

UN-REDD countries have submitted forest emissions reduction equal to taking 150 million cars off the road for a year.



#### **USD 1 BILLION**

UN-REDD has channelled and mobilized more than USD 1 billion since inception.

Deforestation and forest degradation account for approximately 11 per cent of carbon emissions. Deforestation needs to stop, and degraded forests require to be restored and preserved. These efforts of forest conservation can reduce approximately one-third of carbon reduction needed to mitigate the severe impacts of climate change<sup>3</sup>.

Our efforts to contributing to UN-REDD are described in detail below:

### **Research and Development**

Given the importance of forests to the planet, sustainable management is essential to meet society's demands on its preservation and resources in it. Sustainable forest management offers a holistic approach to ensure forest activities deliver social, environmental and economic benefits, balancing competing needs and maintain the ecosystem of forest now and in future. Jawala's sustainability agenda of "Replanting Sabah's Forests for Future Generations" drives us toward sustainable forest management practices to achieve this objective.

The Group has established principle of sustainable forest management which aligned with our sustainability agenda as follows:

<sup>1</sup> Based on UN-REDD estimates, [The Programme | UNREDD \(un-redd.org\)](#)

<sup>2</sup> UN-REDD Report – Forest Solutions to the Climate Emergency Report [UN-REDD Case for Support flyer 2022.pdf](#)

<sup>3</sup> UN-REDD Report – Forest Solutions to the Climate Emergency Report [UN-REDD Case for Support flyer 2022.pdf](#)

## SUSTAINABILITY REPORT



With our commitment on sustainability, Jawala commissioned an independent assessment of our High Conservation Values ("HCV") forests within our plantation area. The assessment was conducted in accordance with the Malaysian National Interpretation for the Identification of HCV guidelines. A key part of HCV is ensuring activity in forest does not have a negative impact on biodiversity. According to the HCV assessment, the total area delineated for HCV was 3,375 hectares ("ha") representing 31% of the total licensed area of 11,040 ha.

The HCVF report intended to identify the part of the Forest Management Unit that need to be protected under the forest concession area covering the rich biodiversity, wilderness, soil and water resources. High Conversation Value ("HCV") areas are defined as natural habitats where these values are considered to be outstanding significance or critical importance. The HCV concept was originally developed by Forest Stewardship Council ("FSC") to help define forest areas of outstanding and critical importance HCVF for use in forest management certification.

### There are 6 HCV Identification and Delineation as follows:

1. HCV 1: Biodiversity value which includes:
  - A) HCV 1.1: Protected Areas
  - B) HCV 1.2: Threatened and Endangered Species
  - C) HCV 1.3: Endemism; and
  - D) HCV 1.4: Critical Temporal use
2. HCV 2: Landscape Level Forest which defines as Forest area contains or is part of a globally, regionally or nationally significant large landscape level forest where significant populations of most if not all naturally occurring wildlife species exist in natural patterns of distribution and abundance.
3. HCV 3: Ecosystem that defines as Forest area contains or is part of a threatened or endangered ecosystem.
4. HCV 4: Service of Nature that identified as Forest area that provides basic services of nature in critical situations that includes:
  - A) HCV 4.1: Watershed Protection
  - B) HCV 4.2: Erosion Control
  - C) HCV 4.3: Barriers to Destructive Fire
5. HCV 5: Basic Needs for Local Communities where Forest area is fundamental to meeting basic needs of local communities.
6. HCV 6: Cultural Identity of Local Communities where Forest area is critical to local communities' traditional cultural identity.

# SUSTAINABILITY REPORT

## HCV 1: Rare, threatened Endangered Plants and Animal Species



- 113 species of trees listed under IUCN Red List
- 41 Species of trees listed under The Sabah Conservation Wildlife Enactment 1997



- 11 species of mammals listed under IUCN Red List
- 15 species of mammals listed under The Sabah Conservation Enactment 1997
- 5 species of mammals listed under CITES



- 33 species of birds listed under IUCN Red List
- 24 species of birds under The Sabah Conservation Wildlife Enactment 1997
- 7 species of birds listed under CITES

## HCV2: Landscape-level Ecosystems and Mosaics

HCV 2 includes ecosystems and ecosystem mosaics that are sufficiently large to support viable populations of the naturally occurring species and environmental values in such ecosystems

## HCV 3 & 4: Forest Ecosystem and Services



- 1,496 ha conservation area
- 178 ha wildlife corridor cum refugia
- 41 ha salt licks
- 38 ha green buffer
- 37 ha limestone forest

## HCV 5 & 6: Community Needs



- 318 Ha water catchment
- 1,257 ha riparian reserves
- 8 ha basic needs

Note:

IUCN – International Union for Conservation of Nature

CITES – the Convention on International Trade in Endangered Species of Wild Fauna and Flora

On 20 January 2022, University Malaysia Sabah and Jawala have signed a non-binding Memorandum of Understanding (“MoU”) to promote tree planting in Sabah. The MoU focuses on five areas, namely improvement of nursery techniques; improvement of the growth and yield of trees; management and monitoring of high conservation value forest; student industrial placement and training and any other areas of cooperation to be mutually agreed by the parties.

## SUSTAINABILITY REPORT

### Environmental Impact Assessment and Mitigation

Jawala is committed to comply with the requirements of Forest Management Plan, Sustainable Forest Management License Agreement ("SFMLA") and Sabah Timber Legality Standard through periodic monitoring by in-house and appointed environmental consultant.

Our Environmental Policy states the objective to preserve and conserve the environment whenever logging is done which require adherence by the management and employees to achieve this objective as well as our sustainability agenda. To achieve forest sustainability, our principles in managing sustainable forest are:

- Complying with all environmental regulations.
- Creating environmental conservation activities and raising awareness of public policy among Company employees and contractors.
- Utilising knowledge and understanding of environmental issues to plan and practice the best environmental conservation activities and to restore a balance in natural resources.
- Reducing the production of waste materials.
- Practicing the principle of balanced development in all aspects including administration, communication and social activities.
- Working with local initiatives to improve the quality of environment.
- Applying the latest technology and products in manufacturing and distribution to reduce the impact on the environment.
- Applying this policy comprehensively to achieve the mission through constant monitoring.

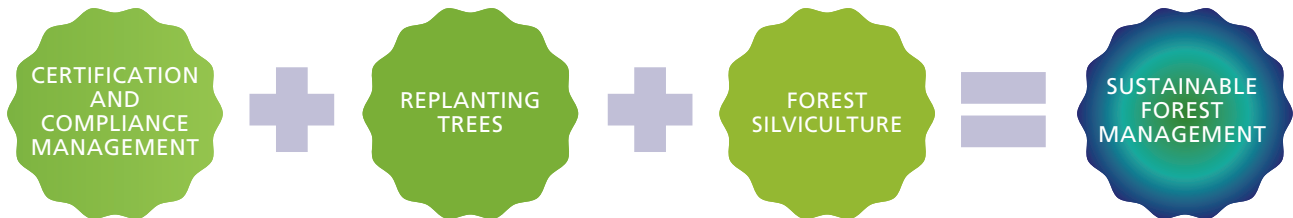
Our sustainable forest management approach and practices include the following to preserve and conserve the environment:

- Precautions to protect the forest from fire, encroachment and poaching;
- Planting, regenerating, harvesting, silvicultural treatments of residual stand and forest protection;
- Observes the rules within the riparian reserve;
- Recognising the limitations on the capacity of the forest to produce a sustainable flow of products through schedule replanting;
- Establish goals and actions for managing the Licence Areas on an ecologically sustainable and economically substantiated basis;
- Emphasise on all aspects of forest management including silvicultural treatment and enrichment planting;
- Conduct Environmental Impact Assessment during planning process; and
- Minimise environmental impact through reduced impact logging and extraction of logs.



# SUSTAINABILITY REPORT

Our forest management activities and objectives were measured based on 3 main key performance indicators ("KPI").



We achieved the following activities during the financial year:

- Two (2) certification of compliance from timber legality assurance scheme and SFMLA

- Replanted 798.63 ha (2021: 452.04 ha) with laran species for forest regeneration
- Replanted with 298,800 seedlings (2021: 224,502)

- Achieved 87% (2021: 84%) for silviculture treatment

## Replanting

Replanting plays an important part in our sustainable forest management to regenerate forests. During the financial year, Jawala replanted 798.63 ha for forest regeneration. Species planted consisted of White Laran and Red Laran with 298,800 seedlings sourced from its selected mother trees within the concession areas.

In order to have long-life replanting trees, Jawala had identified type of pest and diseases on the planted compartment such as termites, borer, gall rust and animal attack that potentially slow down the effectiveness of replanting and prevention. Prevention of pests and diseases are carried out through chemical treatment and installation of blinking lights.

## Silviculture Treatment

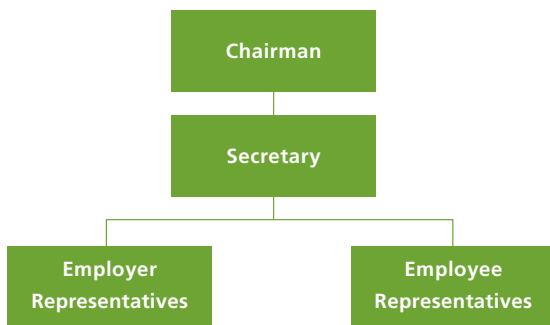
Silviculture treatment is essential in forest management program to eliminate competing vegetation and other woody vines with future crop trees for light and nutrients. As such, silviculture treatment is able to enhance growth of commercial tree species and continued supply of timber. In FY2022, Jawala achieved 87% of treated areas (FY2021: 84%) from the silviculture programme for forest concession under our management.

# SUSTAINABILITY REPORT

## SOCIAL

### OCCUPATIONAL SAFETY AND HEALTH

At Jawala, we place a high priority on the health and safety of our employees. We strive to continuously enhance our Occupational Safety and Health ("OSH") policy and procedure to lower the risk of workplace accidents and keep our employees in a safe working environment.



Our OSH Committee is led by an OSH Chairman with members comprising of six (6) employer and five (5) employee representatives.

The OSH Committee meets on a quarterly basis to review, improve, and update the safety procedures and systems to ensure the safety and health of employees at the place of work. The participation of both employer and employee representatives are required and will discuss the latest accident statistics, safety improvement measures and any matters related to OSH.

Some of the measures in place to reduce OSH risk and hazards includes:

- OSH Policy and procedures;
- Provision of personal protective equipment ("PPE");
- Safety supervision at campsite by Safety and Health Officer;
- Weekly Safety Toolbox Briefing; and
- Safety inspection activities

Employees are nominated to attend trainings/briefings conducted that were related to health and safety. In FY2022, the training program is:

Training program held in FY2022	Fee
Forest Fire Prevention and Control Training (Latihan Pencegahan Dan Pengawalan Kebakaran Hutan)	RM4,610

Jawala was able to achieve ZERO Lost Time Injury (FY2021: ZERO) during FY2022 out of a total of 249,600 manhours (FY2021: 209,664 manhours).

Jawala adopted a policy on drug and alcohol and is committed to provide a workplace that is free from drugs and alcohol. This drug and alcohol policy is part of Jawala Safety and Health Policy which aims to protect the health and safety of the employees while in the workplace.

### COVID-19 Pandemic Responses

In response to COVID-19 pandemic, Standard Operating Procedure ("SOP") concerning COVID-19 is in place for protecting our employees at workplace. The measures taken to reduce COVID-19 risk include:

- Practice personal hygiene at workplace and ensure that the workplace is clean
- Mandatory face mask at all times in required areas
- Health screening (body temperature checks) at all entrance at office and campsite

Jawala collaborated with the nearest medical facilities to provide vaccination for all our employees. In FY2022, all of our employees are fully vaccinated.

# SUSTAINABILITY REPORT

## EMPLOYEES

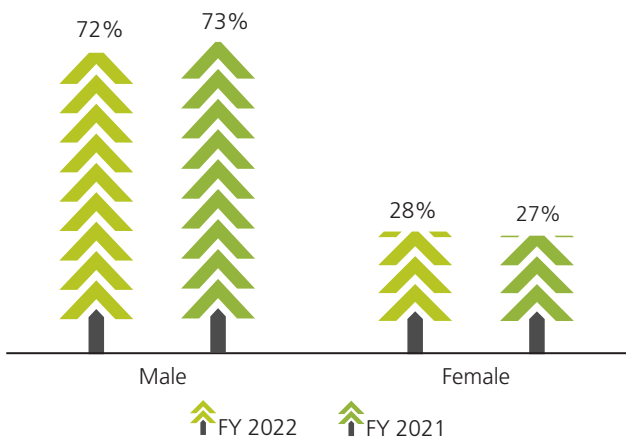
We value the contributions of our employees to Jawala's business operations and sustainability efforts. Regardless of race, gender, age and ethnicity, we are committed to creating a harmonious workplace by supporting diversity and providing equal opportunities. We believe that the diversity of our workforce, with its various viewpoints and social cultural background will help the business to flourish quickly.

Our employee handbook governs all aspects of Human Resource ("HR") policies and procedures, and we make sure that everyone is treated properly and fairly from the time of hiring to promotion and retirement.

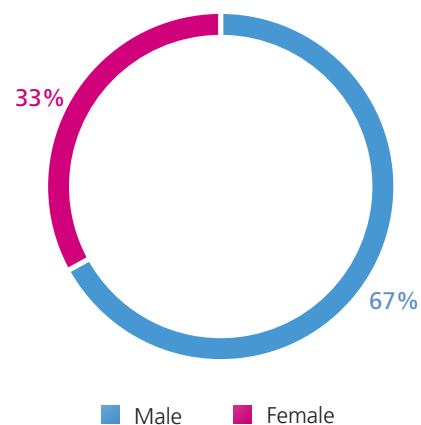
### Total Employees and Diversity

In FY2022, Jawala recorded a total workforce of 107 (FY2021: 95), consisting of 72% male and 28% female (FY2021: 73% male and 27% female) respectively. Due to the remote nature of the logging and timber industries, it has been difficult for us to achieve gender diversity and the participation of female is mostly concentrated in the administrative and management aspect.

Employee by Gender



Board of Directors Team by Gender

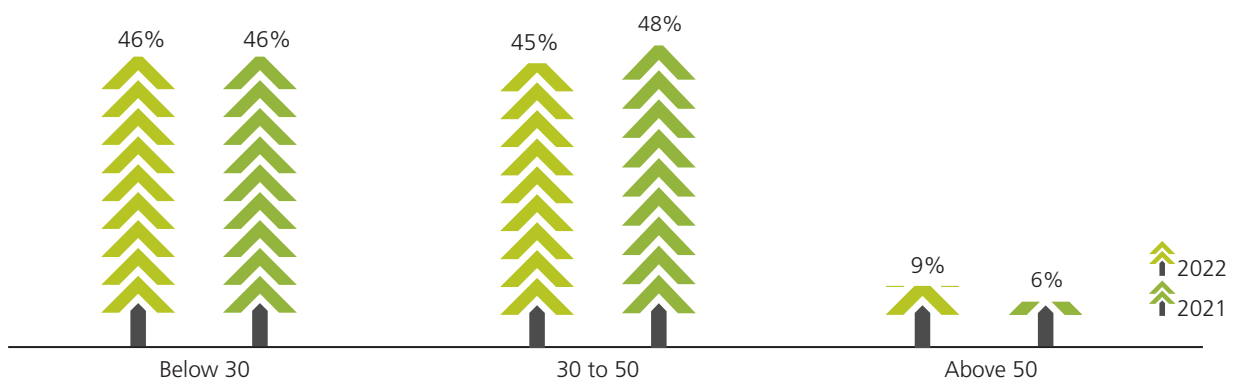


### Age Profile

We understand the importance of utilizing youthful talent while operating in a challenging environment like the labour-intensive logging and timber sector. Our knowledgeable and experienced employees will mentor our less experienced employees on operational and strategic aspects of the business by sharing their expertise and knowledge.

In FY2022, 46% of our workforces were under 30 years old (FY2021: 46%), 45% of our workforces were between 30 to 50 years old (FY2021: 48%) and 9% of our workforces were above 50 years old (FY2021: 6%).

Employee Age Profile



# SUSTAINABILITY REPORT

## **TRAINING AND STAFF DEVELOPMENT**

The growth and training of our employees is essential to attaining Jawala's strategic goals. At Jawala, we support and provide continuous training and development learning for all our employees to ensure they are equipped with the right skills and benefit their personal development and growth.

During FY2022, a total of 31 training hours is provided to our employees (FY2021: 86 hours). We appointed external training provider to conduct training for our employee to upskill their competency.

## **CARE FOR OUR EMPLOYEES**

### **Employees' retention, turnover and hire**

In FY2022, we have recruited a total of 45 new employees (FY2021: 39 new hires), while the employee turnover rate is 40% (FY2021: 26%) for foreign workers. The resignation received this year are voluntary resignation where they wish to explore other job opportunities to further enhance their career development. Our operation activities remain resilient as we manage to hire new employees to reduce the impact of manpower shortage despite a higher employee turnover rate in FY2022 as compared to previous year.

We provide job opportunities by mainly hiring local employees. In addition, they are best suited as they have better understanding of the local environment and Malaysian market. In FY2022, 93% of our workforces are locals and only 7% of our workforces are foreign workers.

### **Employee Benefits**

Jawala recognises the hard work and contribution of all employees to our achievement and ensures that our workforce is offered competitive benefits to motivate them and increase productivity. Our employees' benefits include:

Types of Benefits	Description
<b>Leaves</b>	Annual leave, Emergency Leave, Medical Leave, Marriage Leave, Compassionate Leave, Maternity Leave, Paternity Leave
<b>Medical</b>	General Consultation and medicine
<b>Insurance</b>	Insurance scheme and Personal Accident Insurance
<b>Allowances</b>	Outstation/Overseas allowances, Meal allowance, Hardship allowances
<b>Others</b>	Business Travel and Claims, Reimbursement for Travel and Accommodation, Local Travel Reimbursement, Accommodation costs, Mobile Phone and Broadband, Visa Fee Reimbursement

## **COMMUNITY DEVELOPMENT**

### **Community Development Within The License Area**

Jawala recognises the value of creating sustainable and positive social value for the local community in which we operate. We actively engage our local community through our Corporate Social Responsibility ("CSR") programmes.

### **Memorandum of Understanding (MoU) to foster future Innovators**

Forest Interactive Foundation signed a non-binding MoU with Jawala Plantation Industries and the Ministry of Science, Technology and Innovation of Sabah. This collaboration places a strategic and operational emphasis on enhancing technology-related education while offering skill sets suited for in-demand technology employment. The foundation organised a Hackathon program intends to pique the interest of Sabah's future innovators in the numerous options accessible in the technology industry. The objective is to improve their employability and, using a technology-focused approach to address community concerns resulting from systemic challenges like poverty and a high unemployment rate. In addition, this Hackathon program also highlight how having equal access to quality education will help the state maximise its resources in sustainable ways, while increasing the employability rate among youth in Sabah.



# SUSTAINABILITY REPORT

## GOVERNANCE

### LEGAL COMPLIANCE AND CORPORATE GOVERNANCE

The Group supports high levels of accountability to all internal and external stakeholders and acknowledges the significance of corporate governance. The Board of Directors is dedicated to upholding a high standard of corporate governance by practising the best practices as advised by the Code of Corporate Governance 2018 in order to improve the corporate transparency and maintain an ethical environment within the Group. The Group's decision-making procedures are rigorously reviewed and complied with all applicable legal and regulatory requirements as well as SFMLA criteria.

### COMPLIANCE WITH LAWS AND REGULATIONS

It is the Group's responsibility to comply with the laws and regulations in the place where we operate our business. The following are the key laws and regulations that we are required to comply to carry out our business operation:

- Companies Act
- Listing Rules of SGX – Catalist Rules
- Forest Enactment 1968
- Malaysian Anti-Corruption Commission ("MACC")
- Employment Act – Sabah Labour Ordinance
- SFMLA Requirements
- Occupational Safety and Health Act 1994
- Wildlife Conservation Enactment 1997
- Personal Data Protection Act ("PDPA")

In FY2022, we achieved ZERO incident of non-compliance (FY2021: Zero incident) and have not been penalised and fined by any authorities or government agencies concerning violation of the law and regulation.

The assessment made by GFS (Sabah) Sdn Bhd served as the foundation for the Group's acquisition of its TLAS certificate, which covered the period from 24 January 2022 to 23 January 2023. On 24 January 2022, the CoC from Sabah Timber Legality Assurance System was issued.

### ETHICS AND INTEGRITY

The group is committed to following the highest ethical standards of business practice and has formalised the Group's Professional Business Code of Ethics as part of our commitment to upholding the highest ethical standards in business operations. When engaging with stakeholders, the Group holds its employees to a high standard of conduct and expects that they always act ethically, professionally, and with integrity.

This policy guarantees that all our employees conduct themselves in a way that eliminates any potential conflicts of interest and/or allegations of bribery or compromise. It also ensures that all employees' actions are consistent with our beliefs, principles, and business practices.



## SUSTAINABILITY REPORT

In addition, each year, all directors are required to fill up and sign a declaration form outlining any direct or indirect interests they may have in the Group as well as any interested party transactions. Any of our employees must notify the Group CEO in writing if they have any financial relationships, either directly or indirectly through a family member or relative, with any of our suppliers, clients, business associates, or service organisations.

### **ANTI-CORRUPTION AND ANTI-FRAUD**

Jawala adopts zero tolerance approach towards all forms of bribery and corruption. The Group promotes the value of good governance and integrity in carrying out its business activities. We are committed to promote the value of integrity and good corporate governance in all business dealings and all employees must comply with all the applicable laws and regulations including our internal policies pertaining to Anti-Bribery and Anti-Corruption ("ABAC"). To ensure all employees are aware of the ABAC policy, we provide adequate training and awareness programme for them. Details of our ABAC Policy will be available at our public website.

Our Whistleblowing Policy aims to provide a structured mechanism for the stakeholders to report any suspected misconduct activities or wrongdoings to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith.

Reports under the Whistleblowing Policy shall be brought to the Audit Committee Chairman through one of the following channels:

By Email: [leowjim2015@gmail.com](mailto:leowjim2015@gmail.com)

By Post: Jawala Inc  
Lot F2-10 & F2-11  
Pusat Komersil Latitud 6 Lintas  
Off Jalan Lintas,  
88300, Kota Kinabalu,  
Sabah

Details of our Whistleblowing Policy will be available at Jawala's public website. In FY2022, there was no report case received through the whistleblowing channel.

### **ENTERPRISE RISK MANAGEMENT**

The Group incorporated an Enterprise Risk Management ("ERM") system as part of management processes, recognising the importance of risk management. The results of the ERM process will be applied as a tool to continuously manage key risks faced by the Group. We had formalized an ERM framework enabling us to assess risks and identify risk mitigation strategies rapidly with assistance from an external consultant. Annual risk reassessment will be conducted independently by an external consultant, who will also update risk registers and profiles. We implemented and carried out risk assessments and updates twice a year in order to manage key top five risks.

The Board of Directors has entrusted the Audit Committee to oversee the efficacy of the risk management system and internal controls, with the senior management still in charge of the fundamental functions of the ERM framework. Risk management shall be consistently used and integrated into our operational departments' task execution and decision-making processes.

# SUSTAINABILITY REPORT

## GRI CONTEXT INDEX

### a. Mapping GRI Content Index – Core Option

	GRI STANDARD	DISCLOSURE	REFERENCE
<b>GENERAL DISCLOSURES</b>	102-1	Name of the organisation	Jawala Inc.
	102-2	Activities, bands, products and services	Pg. 1
	102-3	Location of headquarters	Lot 2-10 & 2-11, Pusat Komersil, Latitud 6, 88300 Kota Kinabalu, Sabah
	102-4	Locations of operations	Pegalongan Camp, Sapulut, Nabawan
	102-5	Ownership and legal form	Pg. 56 – 57
	102-6	Markets served	Sabah, East Malaysia
	102-7	Scale of the organisation	Pg. 66
	102-8	Information on employees and other workers	Pg. 66 – 67
	102-9	Supply chain	Not applicable
	102-10	Significant changes to the organisation and its supply chain	No significant changes to Jawala.
	102-11	Precautionary principle or approach	Not applicable
	102-12	External initiatives	Not applicable
	102-13	Membership of associations	Not applicable
	102-14	Statement from senior decision maker	Pg. 54
	102-18	Governance structure	Pg. 56
	102-40	List of stakeholder groups	Pg. 57
	102-42	Identifying and selecting stakeholders	Pg. 57 – 58
	102-43	Approach to stakeholder engagements	Pg. 57 – 58
	102-44	Key topic and concerns raised	Pg. 56
	102-45	Entities included in the consolidated financial statements	Pg. 107
	102-46	Defining report content and topic boundaries	Pg. 54
	102-47	List of material topics	Pg. 58
	102-48	Restatements of information	No restatement of information
	102-49	Changes in reporting	No changes to reporting
	102-50	Reporting period	1 August 2021 to 31 July 2022
102-51	Date of most recent report	3 November 2021	
102-52	Reporting cycle	Annual	

# SUSTAINABILITY REPORT

	GRI STANDARD	DISCLOSURE	REFERENCE
	102-53	Contact point for questions regarding the report	Lot 2-10 & 2-11, Pusat Komersil, Latitud 6, 88300 Kota Kinabalu, Sabah
	102-54	Claims of reporting in accordance with the GRI Standards	Pg. 54 This report is guided by GRI Standards (Core Option)
	102-55	GRI content index	Pg. 70 – 71
	102-56	External assurance	The Company may consider seeking external assurance in the future.

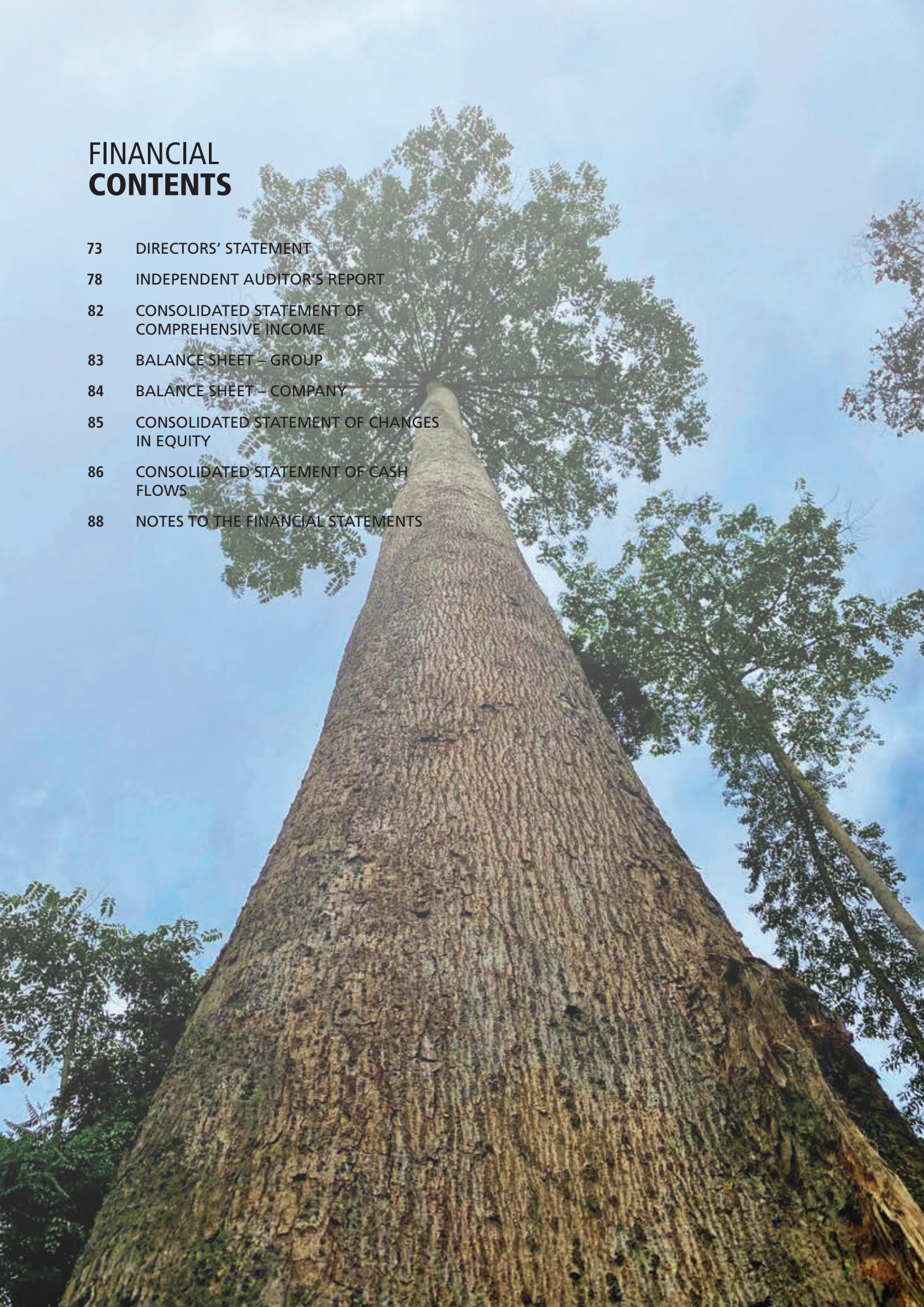
## b. Mapping GRI Content Index – Specific Topics

	GRI STANDARD	DISCLOSURE	REFERENCE
<b>MATERIAL TOPICS</b>	<b>Economic Performance</b>		
	205-1	Operations assessed for risks related to corruption	Pg. 69
	<b>Environment</b>		
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pg. 59 – 64
	304-3	Habitats protected or restored	Pg. 59 – 64
	305-2	Energy indirect (Scope 2) GHG emissions	Pg. 59 – 64
	307-1	Non-compliance with environmental laws and regulations	Pg. 68
	<b>Employment</b>		
	401-1	New employee hires and employee turnover	Pg. 66 – 67
	<b>Occupational Health and Safety</b>		
	403-9	Work-related injuries	Pg. 56
	<b>Diversity &amp; Equal Opportunity</b>		
	405-1	Diversity of governance bodies and employees	Pg. 54 & Pg. 66 – 67
	<b>Local Communities</b>		
	413-1	Operations with local community engagement, impact assessments, and development programs	Pg. 67
419-1	Non-compliance with laws and regulations in the social and economic area	Pg. 68 – 69	



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## DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 July 2022 and the balance sheet of the Company as at 31 July 2022.

In the opinion of the directors,

- (i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 82 to 123 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 July 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### Directors

The directors of the Company in office at the date of this statement are as follows:

Datuk Jema Anton Khan ("Datuk Jema Khan")  
 Abdul Rahman Khan Bin Hakim Khan ("Mr. Rahman Khan")  
 Nadja Binti Jema Khan  
 Muaz Bin Jema Anton Khan (Alternate Director to Nadja Binti Jema Khan)  
 Lee Yong Soon  
 Leow Ming Fong @ Leow Min Fong ("Leow Ming Fong")  
 Faridah Binti Mohd. Fuad Stephens

### Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" and "Performance share plan" in this statement.

### Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which a director is deemed to have an interest	
	As at 31.07.2022	As at 31.07.2021	As at 31.07.2022	As at 31.07.2021
<b>Jawala Inc.</b>				
<u>(No. of ordinary shares)</u>				
Datuk Jema Khan <sup>(1) (2)</sup>	–	–	100,000,000	100,000,000
Nadja Binti Jema Khan <sup>(2)</sup>	–	–	–	–
Muaz Bin Jema Anton Khan <sup>(2)</sup>	–	–	–	–
<b>Immediate and ultimate holding corporation</b>				
– Jawala Corporation Sdn. Bhd.				
<u>(No. of ordinary shares)</u>				
Datuk Jema Khan <sup>(1) (2)</sup>	3,000,000	3,000,000	–	–
Nadja Binti Jema Khan <sup>(2)</sup>	1,500,000	1,500,000	–	–
Muaz Bin Jema Anton Khan <sup>(2)</sup>	1,500,000	1,500,000	–	–

## DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### Directors' interests in shares or debentures (continued)

- (1) Datuk Jema Khan, who by virtue of his interest of not less than 20.00% of the issued share capital of the immediate and ultimate holding corporation, is deemed to have interests in the shares of the Company and the subsidiary corporation.
- (2) The Chairman, Datuk Jema Anton Khan, is the father of Non-Independent Non-Executive Director, Ms. Nadja Binti Jema Khan and Alternate Director to Ms. Nadja Binti Jema Khan, Mr. Muaz Bin Jema Khan, the cousins of Chief Executive Officer cum Executive Director, Mr. Rahman Khan and the son of our Substantial Shareholder, Tan Sri Abdul Majid Khan. Jawala Corporation Sdn. Bhd. ("Jawala Corporation") is a company incorporated in Malaysia. The shareholders of Jawala Corporation are Tan Sri Abdul Majid Khan, who holds approximately 35.32% of the total shareholding interest in Jawala Corporation, Datuk Jema Anton Khan, who holds 20.00% of the total shareholding interest in Jawala Corporation, Mr. Chee Ah What who holds approximately 14.68% of the total shareholding interest in Jawala Corporation, and Mr. Muaz bin Jema Anton Khan, Ms. Qamra Binti Jema Khan and Ms. Nadja Binti Jema Khan who each hold 10.00% of the total shareholding interest in Jawala Corporation. Mr. Muaz bin Jema Anton Khan, Ms. Qamra Binti Jema Khan and Ms. Nadja Binti Jema Khan are siblings, and the children of Datuk Jema Khan. Mr. Chee Ah What is not related to any of the Substantial Shareholders, Directors or Executive Officers.

The directors' interests in the ordinary shares of the Company as at 21 August 2022 were the same as those as at 31 July 2022.

### Share options

#### THE JAWALA EMPLOYEE SHARE OPTION SCHEME

In conjunction with the Company's listing on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Group has adopted the Jawala Employee Share Option Scheme ("ESOS") which was approved by its shareholders at an Extraordinary General Meeting ("EGM") held on 26 April 2018. The ESOS is administered by a committee comprising of members of the Nominating Committee and the Remuneration Committee (the "Administration Committee"). The ESOS provides for the grant of share options ("Options") to employees and Directors ("ESOS participants").

The selection of the ESOS participants and number of shares which are subject of each Option to be granted to an ESOS participant in accordance with the ESOS shall be determined at the absolute discretion of the Administration Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

Under the ESOS, the number of shares over which the Administration Committee may grant Options on any date, when added to the number of shares issued and issuable in respect of all Options granted under the ESOS (including the Jawala Performance Share Plan and any other share option scheme of the Company) shall not exceed 8% of the number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part at any time, by an ESOS participant after the first anniversary of the offer date of that Option, provided always that the Options shall be exercised before the fifth anniversary of the relevant offer date, or such earlier date as may be determined by the Administration Committee, failing which all unexercised Options shall immediately lapse and become null and void and an ESOS participant shall have no claim against the Company.

Options granted with exercise price set at a discount to market price shall only be exercisable, in whole or in part at any time, by an ESOS participant after the second anniversary from the offer date of that option, provided always that the Options shall be exercised before the fifth anniversary of the relevant offer date, or such earlier date as may be determined by the Administration Committee, failing which all unexercised Options shall immediately lapse and become null and void and an ESOS participant shall have no claim against the Company.

## DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### Share options (continued)

#### THE JAWALA EMPLOYEE SHARE OPTION SCHEME (continued)

Options may lapse or be exercised earlier in circumstances which include the termination of the employment of the participant in the Group and the parent company, the bankruptcy of the participant, the death of the participant, a take-over of the Company, and the winding-up of the Company.

There were no options granted to the ESOS participants from the commencement of the ESOS up to the end of the financial year.

No options have been granted to controlling shareholders of the Company and their associates under the ESOS from the commencement of the ESOS up to the end of the financial year.

None of the ESOS participants received 5% or more of the total number of options available under the ESOS.

There were no options being exercised during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporation.

There were no unissued shares under Options in the Company or its subsidiary corporation as at the end of the financial year.

### Performance share plan

#### THE JAWALA PERFORMANCE SHARE PLAN

In conjunction with the Company's listing on the Catalist of SGX-ST, the Group has adopted the Jawala Performance Share Plan ("PSP") which was approved by its shareholders at the EGM held on 26 April 2018. The PSP is administered by the Administration Committee. The PSP provides for the grant of incentive share awards ("Awards") to employees and Directors ("PSP participants").

The selection of the PSP participants and number of shares which are subject of each Award to be granted to a PSP participant in accordance with the PSP shall be determined at the absolute discretion of the Administration Committee, which shall take into account criteria such as, *inter alia*, the rank, job performance and potential for future development and contribution to the success of the Group.

Under the PSP, the total number of shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of shares issued and issuable in respect of (a) all Awards granted under the PSP; and (b) all options granted under any share option, shares incentive, performance share or restricted plans of the Company and for the time being in force, shall not exceed 8% of the number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.

The PSP allows for the participation by full-time employees of the Group (including the Executive Directors) and Non-Executive Directors (including Independent Directors) who have attained the age of 21 years and above on or before the relevant date of grant of the Award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. Controlling shareholders of the Company and their associates will be eligible to participate in the PSP provided they have met the eligibility criteria and that all other conditions for their participation in the PSP as may be required by the Catalist Rules from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation, are satisfied.

## DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### Performance share plan (continued)

#### THE JAWALA PERFORMANCE SHARE PLAN (continued)

Notwithstanding that a PSP participant may have met his performance targets, no Awards shall be vested:

- (a) When a PSP participant, being an employee of the Group, ceasing for any reason whatsoever, to be in the employment of a company in the Group or in the event the company by which the PSP participant is employed ceases to be a company in the Group;
- (b) When a PSP participant, being a Non-Executive Director, ceasing to be a director of a company in the Group, for any reason whatsoever;
- (c) Upon the bankruptcy of the PSP participant;
- (d) Upon ill health, injury or death of a PSP participant;
- (e) When a PSP participant committing any breach of any of the terms of his Award;
- (f) Upon misconduct on the part of a PSP participant as determined by the Administration Committee in its discretion;
- (g) When a general offer being made of all or any part of the Shares;
- (h) When a scheme of arrangement or compromise between the Company and the Shareholders being sanctioned by the Court;
- (i) When an order for the compulsory winding-up of the Company being made;
- (j) When a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made; and/or
- (k) Upon any other event unless approved by the Administration Committee.

There were no share awards granted pursuant to the PSP from the commencement of the PSP up to the financial year ended 31 July 2022.

### Audit Committee

The Audit Committee comprises the following members, who are all non-executive directors and independent directors.

Leow Ming Fong (Chairman)  
Lee Yong Soon  
Faridah Binti Mohd. Fuad Stephens

The Audit Committee carried out its functions and reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 July 2022 before their submission to the Board of Directors.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the independent auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the independent auditor. There were no non-audit services rendered by the independent auditor for the financial year ended 31 July 2022.





## **DIRECTORS' STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### **Audit committee (continued)**

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Nexia TS Public Accounting Corporation, for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

### **Independent auditor**

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Datuk Jema Anton Khan  
*Director*

Abdul Rahman Khan Bin Hakim Khan  
*Director*

**27 October 2022**

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JAWALA INC.

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of Jawala Inc. (the "Company") and its subsidiary corporation (the "Group"), which comprise the balance sheet of the Group and the Company as at 31 July 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including summary of significant accounting policies, as set out on pages 82 to 123.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the financial position of the Group and the Company as at 31 July 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JAWALA INC.

*Key Audit Matters (continued)*

Key audit matter	How our audit addressed the matter
<p><b>Revenue recognition</b></p> <p>The Group earns its revenue through sale of logs. Revenue is recognised when control of goods is transferred to the customer being when the product is transferred at the ex-stumping point or delivered to the customer's agreed destinations that reflects the consideration to which the Group expects to be entitled in exchange of those goods.</p> <p>This area is considered a key audit matter as there is a presumed fraud risk with regards to revenue recognition as well as an inherent risk that revenue could be misstated or recorded in the incorrect accounting period.</p> <p>The accounting policies for revenue recognition are set out in Note 2.2 to the financial statements and revenue for the Group have been disclosed in Note 4 to the financial statements.</p>	<p>We performed the following audit procedures to address the relevant risk assertions for revenue recognition:</p> <ul style="list-style-type: none"> <li>• Understood, evaluated and validated the effectiveness of management's process and control over the relevant assertions of revenue recognition;</li> <li>• Re-evaluate management's assessment of the application of SFRS(I) 15 <i>Revenue from Contracts with Customers</i> for the current financial year;</li> <li>• Performed substantive tests of details, on a sample basis, of selected revenue transactions during the financial year by verifying to sales contracts, royalty payments, sales invoices, hauling slips and disposal permit for existence and accuracy revenue recognised;</li> <li>• Tested revenue transactions taking place within a pre-determined period before and after financial year end to ensure that revenue was recognised in the relevant accounting period;</li> <li>• Reviewed sequential of the sales contract and sales invoice number to ensure that no omission of transactions;</li> <li>• Reviewed of journal voucher to identify any unusual adjustment to revenue; and</li> <li>• Reviewed credit notes, if any, issued subsequent to financial year end.</li> </ul>
<p><b>Biological assets</b></p> <p>As at 31 July 2022, biological assets of the Group amounted to RM13.6 million (2021: RM8.7 million) representing a total of 23% (2021: 15%) of the total assets of the Group.</p> <p>The Groups' biological assets include planting expenditure incurred on land clearing, new planting, enrichment planting, silvicultural treatments, depreciation of fixed assets, employee compensation and upkeep and maintenance of the sustainable forest management concession.</p> <p>Management concluded the fair value of biological assets cannot be measured reliably based on current conditions and available information. Consequently, biological assets are stated at cost less accumulated depreciation and impairment losses, if any.</p> <p>We focused on this area because of significant management's judgements is involved in assessing the ability to measure fair value reliably with reference to SFRS(I) 13 <i>Fair Value Measurement</i>.</p> <p>The accounting policies for biological assets are set out in Note 2.8 to the financial statements and biological assets for the Group have been disclosed in Note 17 to the financial statements.</p>	<p>We performed the following audit procedures to address the relevant risk assertions for biological assets:</p> <ul style="list-style-type: none"> <li>• Discussed with the management and evaluated the management's assessment of the ability to fair value the biological assets in accordance with SFRS (I) 1-41 <i>Agriculture</i>;</li> <li>• Assessed the competency and capabilities of the independent professional valuer, VPC Alliance (Sabah) Sdn. Bhd. (the "Valuer") in relation to its good standing in the industry and relevant expertise and experience in biological assets' valuation in Malaysia;</li> <li>• Discussed with the Valuer and reviewed their assessment on the fair value measurement, including alternative fair value measurements of the biological assets; and</li> <li>• Reviewed and assessed the adequacy of the disclosures of biological assets in the financial statements.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JAWALA INC.

## *Other information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibility of Management and Directors of the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JAWALA INC.

## *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Tan Chun Hun.

**Nexia TS Public Accounting Corporation**  
**Public Accountants and Chartered Accountants**

**Singapore**

**27 October 2022**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

	Note	Group	
		2022 RM	2021 RM
Revenue	4	<b>19,655,293</b>	33,659,047
Cost of sales		<b>(8,613,292)</b>	(15,609,849)
Gross profit		<b>11,042,001</b>	18,049,198
Other income	5	<b>523,494</b>	694,764
Expenses			
– Distribution		<b>(1,326,248)</b>	(1,105,590)
– Administrative		<b>(7,752,797)</b>	(6,868,259)
– Finance	8	<b>(94,654)</b>	(101,983)
Profit before income tax		<b>2,391,796</b>	10,668,130
Income tax expense	9	<b>(1,120,824)</b>	(2,751,710)
<b>Total comprehensive income, representing net profit</b>		<b>1,270,972</b>	7,916,420
<b>Total comprehensive income and net profit attributable to:</b>			
Equity holders of the Company		<b>707,862</b>	5,340,691
Non-controlling interests	14	<b>563,110</b>	2,575,729
		<b>1,270,972</b>	7,916,420
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
(sen per share)			
Basic and diluted	10	<b>0.6</b>	4.5

The accompanying notes form an integral part of these financial statements.

## BALANCE SHEET GROUP

AS AT 31 JULY 2022

	Note	2022 RM	2021 RM
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	11	29,021,513	33,964,547
Trade and other receivables	12	8,755,992	8,671,329
Income tax recoverable		1,242,959	685,274
Inventories	13	1,149,226	873,875
		<u>40,169,690</u>	<u>44,195,025</u>
<b>Non-current assets</b>			
Other receivables	12	1,331,995	1,179,947
Property, plant and equipment	15	3,099,151	2,515,260
Right-of-use assets	16(a)	984,971	1,036,235
Biological assets	17	13,589,521	8,655,667
Intangible assets	18	465,000	470,000
		<u>19,470,638</u>	<u>13,857,109</u>
<b>Total assets</b>		<u>59,640,328</u>	<u>58,052,134</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	3,808,705	3,492,992
Borrowings	20	179,882	165,044
		<u>3,988,587</u>	<u>3,658,036</u>
<b>Non-current liabilities</b>			
Borrowings	20	4,397,826	4,357,300
Deferred income tax liabilities	21	3,306,514	2,252,859
		<u>7,704,340</u>	<u>6,610,159</u>
<b>Total liabilities</b>		<u>11,692,927</u>	<u>10,268,195</u>
<b>NET ASSETS</b>		<u>47,947,401</u>	<u>47,783,939</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	22	15,207,073	15,207,073
Retained profits	23		
– Distributable		6,539,679	4,475,998
– Non-distributable (strategic reserve)		15,529,542	17,992,871
		<u>22,069,221</u>	<u>22,468,869</u>
		<u>37,276,294</u>	<u>37,675,942</u>
<b>Non-controlling interests</b>	14	<u>10,671,107</u>	<u>10,107,997</u>
<b>TOTAL EQUITY</b>		<u>47,947,401</u>	<u>47,783,939</u>

The accompanying notes form an integral part of these financial statements.

# BALANCE SHEET COMPANY

AS AT 31 JULY 2022

	Note	2022 RM	2021 RM
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	11	5,926,158	6,092,743
Trade and other receivables	12	6,919,331	8,402,053
		<u>12,845,489</u>	<u>14,494,796</u>
<b>Non-current assets</b>			
Investment in subsidiary corporation	14	2,350,000	2,350,000
		<u>2,350,000</u>	<u>2,350,000</u>
<b>Total assets</b>		<u>15,195,489</u>	<u>16,844,796</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	444,498	370,852
<b>NET ASSETS</b>		<u>14,750,991</u>	<u>16,473,944</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	22	15,207,073	15,207,073
(Accumulated losses)/retained profits	23(b)	(456,082)	1,266,871
<b>TOTAL EQUITY</b>		<u>14,750,991</u>	<u>16,473,944</u>

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

	Note	Attributable to equity holders of the Company			Non- controlling interests RM	Total equity RM
		Share capital RM	Retained profits RM	Total RM		
<b>2022</b>						
<b>Beginning of financial year</b>		<b>15,207,073</b>	<b>22,468,869</b>	<b>37,675,942</b>	<b>10,107,997</b>	<b>47,783,939</b>
Profit and total comprehensive income for the financial year		–	<b>707,862</b>	<b>707,862</b>	<b>563,110</b>	<b>1,270,972</b>
Dividend paid	24	–	<b>(1,107,510)</b>	<b>(1,107,510)</b>	–	<b>(1,107,510)</b>
<b>End of financial year</b>		<b>15,207,073</b>	<b>22,069,221</b>	<b>37,276,294</b>	<b>10,671,107</b>	<b>47,947,401</b>
<b>2021</b>						
<b>Beginning of financial year</b>		15,207,073	17,128,178	32,335,251	8,338,238	40,673,489
Profit and total comprehensive income for the financial year		–	5,340,691	5,340,691	2,575,729	7,916,420
Dividend paid	24	–	–	–	(805,970)	(805,970)
<b>End of financial year</b>		<b>15,207,073</b>	<b>22,468,869</b>	<b>37,675,942</b>	<b>10,107,997</b>	<b>47,783,939</b>

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

	Note	Group	
		2022 RM	2021 RM
<b>Cash flows from operating activities</b>			
Net profit		1,270,972	7,916,420
– Interest income	5	(506,888)	(599,244)
– Gain on disposal of property, plant and equipment	5	–	(1,009)
– Depreciation of property, plant and equipment	6	396,179	288,477
– Amortisation of intangible assets	6	5,000	5,000
– Depreciation of right-of-use assets	6	131,694	230,460
– Interest expense	8	94,654	101,983
– Income tax expense	9	1,120,824	2,751,710
		<u>2,512,435</u>	<u>10,693,797</u>
Changes in working capital:			
– Inventories		(275,351)	(808,355)
– Trade and other receivables		(217,546)	(6,747,006)
– Trade and other payables		1,121,683	1,813,678
Cash provided by operations		3,141,221	4,952,114
Income tax paid, net		(624,854)	(1,233,329)
<b>Net cash provided by operating activities</b>		<u>2,516,367</u>	<u>3,718,785</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	15	(1,133,808)	(817,649)
Additions to right-of-use assets		(10,700)	(17,250)
Additions to biological assets		(4,625,584)	(2,782,993)
Proceeds from disposal of property, plant and equipment		–	5,000
Net cash used in investing activities		<u>(5,770,092)</u>	<u>(3,612,892)</u>
<b>Cash flows from financing activities</b>			
Principal payment of lease liabilities		(168,898)	(157,326)
Proceeds from borrowings		–	3,144,150
Interest received		487,723	576,655
Interest paid		(94,654)	(101,983)
Dividend paid to non-controlling shareholders of the subsidiary		(805,970)	(313,433)
Dividend paid to equity holders of the Company		(1,107,510)	–
<b>Net cash (used in)/provided by financing activities</b>		<u>(1,689,309)</u>	<u>3,148,063</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(4,943,034)</u>	<u>3,253,956</u>
<b>Cash and cash equivalents</b>			
Beginning of financial year		32,964,547	29,710,591
<b>End of financial year</b>	11	<u>28,021,513</u>	<u>32,964,547</u>

Cash and cash equivalents represent cash and bank balances on balance sheet.

*The accompanying notes form an integral part of these financial statements.*

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### Reconciliation of liabilities arising from financing activities

	1 August 2021	Proceeds from borrowings	Principal and interest payments	Non-cash changes		31 July 2022
				Acquisition	Interest expense	
				RM	RM	
<b>Borrowings</b>	3,217,542	–	–	–	95,562	<b>3,313,104</b>
<b>Lease liabilities</b>	1,304,802	–	(263,552)	128,700	94,654	<b>1,264,604</b>
	<b>4,522,344</b>	–	<b>(263,552)</b>	<b>128,700</b>	<b>190,216</b>	<b>4,577,708</b>

	1 August 2020	Proceeds from borrowings	Principal and interest payments	Non-cash changes		31 July 2021
				Acquisition	Interest expense	
				RM	RM	
<b>Borrowings</b>	–	3,144,150	–	–	73,392	3,217,542
<b>Lease liabilities</b>	1,357,128	–	(259,309)	105,000	101,983	1,304,802
	<b>1,357,128</b>	<b>3,144,150</b>	<b>(259,309)</b>	<b>105,000</b>	<b>175,375</b>	<b>4,522,344</b>

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

## 1. CORPORATE INFORMATION

### 1.1 The Company

The Company is listed on Catalist Board of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 1 June 2018 and incorporated in Labuan on 8 August 2017 as a company limited by shares, under the name of “Jawala Inc.”, to act as the holding corporation of the Group.

The address of its registered office is at Lot A020, Level 1, Podium Level, Financial Park, Jalan Merdeka, 87000 Labuan F.T. Malaysia. The principal place of business is located at Lot 17.02, 17th Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiary corporation are disclosed in Note 14.

The Company’s immediate and ultimate holding corporation is Jawala Corporation Sdn. Bhd., a company incorporated in Malaysia.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### **Interpretations and amendments to published standards effective in 2022**

On 1 August 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s and the Company’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods or services to the customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (a) *Sale of logs*

Revenue from sale of logs is recognised upon the satisfaction of each performance obligation which is usually when the Group has delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured. Each delivery comprises of a single performance obligation which is satisfied at a point in time.

#### (b) *Interest income*

Interest income from financial assets at amortised cost is recognised using the effective interest rate method.

### 2.3 Government grants

Grants from the government are recognised as receivables at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

### 2.4 Group accounting

#### (a) *Subsidiary corporations*

##### (i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (a) *Subsidiary corporations (Continued)*

##### (i) *Consolidation (Continued)*

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statements of comprehensive income, statements of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

##### (ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group, other than those entities which are under common control.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair values of the identifiable net assets acquired is recorded as goodwill.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (a) *Subsidiary corporations (Continued)*

##### (ii) *Acquisitions (Continued)*

Acquisitions of entities under common control have been accounted for using the pooling-of-interests method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statements of comprehensive income include the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary corporation is taken to merger reserve.

##### (iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to "Investment in a subsidiary corporation" for the accounting policy on investment in a subsidiary corporation in the separate financial statements of the Company.

#### (b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment

#### (a) Measurement

##### (i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### (b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Furniture and fittings	10 years
Office equipment	3 years
Motor vehicles	5 years
Plantation infrastructure	5-10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment (Continued)

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income".

### 2.6 Intangible assets

#### *Acquired timber rights*

Right to fell, extract and harvest merchantable logs from the concession granted under the forest timber license are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 100 years, which is the period of contractual rights.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

### 2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the development of the biological assets. This includes those costs on borrowings acquired specifically for the development of biological assets.

### 2.8 Biological assets

Biological assets are stated at cost less accumulated depreciation and impairment losses, if any.

Once fair value of biological assets can be measured reliably, biological assets are stated at fair value less cost to sell, based on market prices of logs. Market prices are obtained from observable market prices (where available), contracted prices or estimated future prices. The costs to sell include the incremental selling costs, including royalty payable to authority, estimated extraction fee and costs of transport to market.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

Biological assets include planting expenditure incurred on land clearing, new planting, enrichment planting, silvicultural treatments, depreciation of fixed assets, employee compensation and upkeep and maintenance of the sustainable forest management concession.

### 2.9 Investment in a subsidiary corporation

Investment in a subsidiary corporation is carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investment, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Impairment of non-financial assets

Intangible asset  
Property, plant and equipment  
Right-of-use assets  
Biological assets  
Investment in a subsidiary corporation

Intangible asset, property, plant and equipment, right-of-use assets, biological assets and investment in a subsidiary corporation are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

Management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

### 2.11 Financial assets

The Group classifies its financial assets as amortised cost.

The classification of debt instruments depends on Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### *i. At initial recognition*

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (continued)

#### *ii. At subsequent measurement*

Debt instruments mainly comprise of cash and bank balances and trade and other receivables.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

#### *iii. Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 – Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has applied the general approach for the other financial assets carried at amortised cost.

#### *iv. Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

### 2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liabilities simultaneously.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### 2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.15 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.16 Leases

*When the Group is the lessee*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

#### (a) *Right-of-use assets*

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

This right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use assets are presented as a separate line in the consolidated balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Leases (Continued)

*When the Group is the lessee (Continued)*

#### (b) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### (c) Short-term and low-value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods comprises of direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

### 2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investment in a subsidiary corporation, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

### 2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds such as the Employees' Provident Fund in Malaysia on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### (b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

### 2.21 Currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

#### (b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the balance sheet date are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Currency translation (Continued)

#### (b) Transactions and balances (Continued)

However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "other income".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

### 2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### 2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.25 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Fair value of biological assets*

As at 31 July 2022, the Group's biological assets amounted to RM13,589,521 (2021: RM8,655,667) arising from planting expenditure incurred for biological assets.

Significant judgements are involved in determining ability to fair value the biological assets reliably. In making those judgement, management has relied on past experience in the timber industry and engaged independent professional valuer to assess the feasibility to fair value the biological assets.

The basis of inability to measure fair value of the biological assets reliably is disclosed in Note 17 to the financial statements.

#### *Lease Terms*

The leases for plantation land contain extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise the extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension option is exercisable by the Group and not by the lessor. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

As at 31 July 2022, potential future (undiscounted) cash outflows of approximately RM5,521,500 have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

### 4. REVENUE

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Sale of logs	<u><b>19,655,293</b></u>	<u>33,659,047</u>

All the sale is derived from Malaysia and recognised at a point in time.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 5. OTHER INCOME

	Group	
	2022	2021
	RM	RM
Interest income from bank deposits	506,888	599,244
Government grants – Wages Subsidy Programme <sup>(a)</sup>	–	87,600
Gain on disposal of property, plant and equipment	–	1,009
Others	16,606	6,911
	<b>523,494</b>	<b>694,764</b>

(a) The “Wages Subsidy Programme” was introduced on 5 June 2020 to assist employers and employees which are affected economically by COVID-19.

## 6. EXPENSES BY NATURE

	Group	
	2022	2021
	RM	RM
Amortisation of intangible assets (Note 18)	5,000	5,000
Auditors’ remuneration paid/payable to:		
– Auditors of the Company	214,682	176,236
– Other auditors	55,000	53,000
Other fees paid/payable to:		
– Other auditors	7,850	7,850
Barging cost	128,477	106,091
Conservation fees	80,496	134,493
Depreciation of property, plant and equipment (Note 15)	396,179	288,477
Depreciation of right-of-use assets (Note 16)	131,694	230,460
Director’s fees	317,178	232,336
Director’s remuneration	380,522	800,216
Donation	342,782	222,357
Employee compensation (Note 7)	3,813,086	3,242,753
Entertainment	75,926	21,780
Extraction costs	5,295,999	9,305,552
Hauling charges	978,635	825,980
Hiring charges	270,836	396,228
Loader fees	219,136	173,519
Professional fees	679,186	618,421
Rental expenses on operating leases (Note 16(c))	53,300	24,500
Repair and maintenance	437,491	337,219
Royalty fees	3,040,359	6,350,681
Travelling and transportation	270,209	113,089
Fuel and oil	196,537	219,881
Change in inventories	(275,351)	(808,355)
Others	577,128	505,934
	<b>17,692,337</b>	<b>23,583,698</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### 7. EMPLOYEE COMPENSATION

	Group	
	2022 RM	2021 RM
Wages and salaries	3,146,622	2,719,573
Employer's contribution to defined contributions plan	351,745	294,055
Other short-term benefits	314,719	229,125
	<b>3,813,086</b>	<b>3,242,753</b>

### 8. FINANCE EXPENSE

	Group	
	2022 RM	2021 RM
Interest expense		
– Borrowings	95,562	73,392
– Lease liabilities (Note 16(b))	94,654	101,983
	<b>190,216</b>	<b>175,375</b>
Less: Amount capitalised as biological assets	(95,562)	(73,392)
Amount recognised in profit or loss	<b>94,654</b>	<b>101,983</b>

Borrowings acquired were specifically for the development of biological assets. Interest expenses incurred on these borrowings were capitalised and included in biological assets (Note 17).

### 9. INCOME TAX EXPENSE

	Group	
	2022 RM	2021 RM
Tax expense attributable to profit is made up of:		
Current income tax		
– Current year provision	–	2,000,000
– Under/(over) provision in prior financial year	67,169	(38,536)
	<b>67,169</b>	<b>1,961,464</b>
Deferred income tax (Note 21)		
– Current year provision	1,053,655	794,006
– Over provision in prior financial year	–	(3,760)
	<b>1,120,824</b>	<b>2,751,710</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### 9. INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Malaysia standard rate of income tax is as follows:

	Group	
	2022 RM	2021 RM
Profit before income tax	<b>2,391,796</b>	10,668,130
Tax calculated at tax rate of 24% (2021: 24%)	<b>574,032</b>	2,560,351
Effects of:		
– different tax rate in other region	<b>147,706</b>	160,644
– income not subject to tax	–	(31,648)
– expenses not deductible for tax purposes	<b>242,429</b>	208,915
– under/(over) provision of current income tax in prior financial year	<b>67,169</b>	(38,536)
– over provision of deferred income tax in prior financial year	–	(3,760)
– others	<b>89,488</b>	(104,256)
Tax charge	<b>1,120,824</b>	2,751,710

### 10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2022	2021
<u>Numerator</u>		
Net profit attributable to equity holder of the Company (RM)	<b>707,862</b>	5,340,691
<u>Denominator</u>		
Weighted average number of ordinary shares ('000)	<b>118,474</b>	118,474
Basic and diluted earnings per share (sen per share) <sup>(1)</sup>	<b>0.6</b>	4.5

(1) The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 31 July 2022 and 2021.

### 11. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash at bank	<b>5,276,079</b>	14,380,761	<b>737,982</b>	4,988,855
Cash on hand	<b>35,819</b>	47,044	<b>8</b>	9
Short-term bank deposits	<b>23,709,615</b>	19,536,742	<b>5,188,168</b>	1,103,879
	<b>29,021,513</b>	33,964,547	<b>5,926,158</b>	6,092,743

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### 11. CASH AND BANK BALANCES (CONTINUED)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2022 RM	2021 RM
Cash and bank balances as above	29,021,513	33,964,547
Less: Bank deposits pledged	(1,000,000)	(1,000,000)
Cash and cash equivalents per consolidated statement of cash flows	<u>28,021,513</u>	<u>32,964,547</u>

Bank deposits pledged are in relation to the banker's guarantee required for the license as described in Note 18. A portion of the cash and bank balances has also been set aside as funds for purposes as referred to in Note 23 on the use of strategic reserves.

### 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Current</b>				
Trade receivables – Non-related parties	7,545,755	8,198,751	–	–
Other receivables				
– Non-related parties	1,084,937	420,927	–	–
– Subsidiary corporation	–	–	6,742,814	8,236,759
	1,084,937	420,927	6,742,814	8,236,759
Deposits	70,050	23,300	–	–
Prepayments	55,250	28,351	176,517	165,294
	<u>8,755,992</u>	<u>8,671,329</u>	<u>6,919,331</u>	<u>8,402,053</u>
<b>Non-current</b>				
Other receivables – Non-related party (Note 1)	1,331,995	1,179,947	–	–
Total trade and other receivables	<u>10,087,987</u>	<u>9,851,276</u>	<u>6,919,331</u>	<u>8,402,053</u>

Other receivables from subsidiary corporation are unsecured, interest-free and receivable on demand.

#### Note 1

The balance pertains to the 5% retention sum on royalty fees for Sabah Forestry Department. Upon payment of royalties on the logs harvested and sold by the Group, a 5% is payable to the Sabah Forestry Department (SFD) and is related to the retention sum collected by SFD to offset against any potential shortfall in payment to the SFD. The Group would be able to claim the retention sum upon completion of the coupe within the licensed area or can be used to offset against future payments to the SFD. As at the balance sheet date, the Group has considered the collectability of retention sum included in other receivables and concluded that the allowance is not required.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### 12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The fair value of non-current other receivables is computed based on future cash flows discounted at market borrowing rate. The fair value is within Level 3 of the fair value hierarchy. The fair value and the market borrowing rate used are as follows:

	Fair value		Borrowing rate	
	2022 RM	2021 RM	2022 %	2021 %
<b>Group</b>				
Other receivables – non-related party	<u>1,066,944</u>	<u>926,026</u>	<u>3.00</u>	<u>3.00</u>

### 13. INVENTORIES

	Group	
	2022 RM	2021 RM
At cost		
Finished goods	<u>1,149,226</u>	<u>873,875</u>

The cost of inventories recognised as an expense and included in “cost of sales” amounted to RM8,061,007 (2021: RM14,847,878).

### 14. INVESTMENT IN A SUBSIDIARY CORPORATION

	Company	
	2022 RM	2021 RM
<b>Equity investment at cost</b>		
Beginning and end of financial year	<u>2,350,000</u>	<u>2,350,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### 14. INVESTMENT IN A SUBSIDIARY CORPORATION (CONTINUED)

The Group had the following subsidiary corporation as at 31 July 2022 and 2021:

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group and the Company		Proportion of ordinary shares held by non-controlling interests	
			2022	2021	2022	2021
			%	%	%	%
Jawala Plantation Industries Sdn. Bhd. <sup>(a) (b)</sup>	Harvesting, distributing, processing and sales of logs	Malaysia	70	70	30	30

(a) Audited by Leslie Yap & Co, Chartered Accountants, Malaysia for local statutory purpose.

(b) Audited by Nexia TS Public Accounting Corporation, Singapore for consolidation purpose.

*Carrying value of non-controlling interests*

	2022 RM	2021 RM
Jawala Plantation Industries Sdn. Bhd.	<b>10,671,107</b>	10,107,997

*Summarised financial information of subsidiary corporation with material non-controlling interests*

Set out below is the summarised financial information for the subsidiary corporation, Jawala Plantation Industries Sdn. Bhd. that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

*Summarised balance sheet*

	2022 RM	2021 RM
<b>Current</b>		
Assets	<b>34,187,338</b>	37,975,973
Liabilities	<b>10,407,226</b>	11,562,930
Total net current assets	<b>23,780,112</b>	26,413,043
<b>Non-current</b>		
Assets	<b>19,470,638</b>	13,857,109
Liabilities	<b>7,704,340</b>	6,610,159
Total net non-current assets	<b>11,766,298</b>	7,246,950
<b>Net assets</b>	<b>35,546,410</b>	33,659,993

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 14. INVESTMENT IN A SUBSIDIARY CORPORATION (CONTINUED)

*Summarised statement of comprehensive income*

	2022 RM	2021 RM
Revenue	<b>19,655,293</b>	33,659,047
<b>Profit before income tax</b>	<b>3,007,241</b>	11,337,482
Income tax expense	<b>(1,120,824)</b>	(2,751,710)
<b>Total comprehensive income, representing net profit</b>	<b>1,886,417</b>	8,585,772
<b>Total comprehensive income and net profit allocated to non-controlling interests</b>	<b>563,110</b>	2,575,729
<b>Dividends paid to non-controlling interests</b>	<b>–</b>	805,970

*Summarised statement of cash flows*

	2022 RM	2021 RM
<u>Cash flows from operating activities</u>		
Cash provided by operations	<b>4,164,776</b>	7,044,195
Income tax paid, net	<b>(624,853)</b>	(1,233,329)
<b>Net cash provided by operating activities</b>	<b>3,539,923</b>	5,810,866
<b>Net cash used in investing activities</b>	<b>(5,770,094)</b>	(3,612,893)
<b>Net cash (used in)/provided by financing activities</b>	<b>(2,546,281)</b>	3,148,063
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,776,452)</b>	5,346,036
<b>Cash and cash equivalents</b>		
Beginning of financial year	<b>26,871,804</b>	21,525,768
<b>End of financial year</b>	<b>22,095,352</b>	26,871,804

The above cash and cash equivalents excluded bank deposits of RM1,000,000 (2021: RM1,000,000) pledged in relation to the banker's guarantee required for the license as described in Note 18.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### 15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Plantation infrastructure RM	Total RM
<b>Group</b>					
<b>2022</b>					
<i>Cost</i>					
Beginning of financial year	133,509	223,917	601,107	2,813,958	3,772,491
Additions	77,795	103,726	–	952,287	1,133,808
End of financial year	<u>211,304</u>	<u>327,643</u>	<u>601,107</u>	<u>3,766,245</u>	<u>4,906,299</u>
<i>Accumulated depreciation</i>					
Beginning of financial year	30,944	156,234	378,581	691,472	1,257,231
Depreciation charge (Note 6)	17,358	59,875	79,645	239,301	396,179
Depreciation capitalised	–	–	36,748	116,990	153,738
End of financial year	<u>48,302</u>	<u>216,109</u>	<u>494,974</u>	<u>1,047,763</u>	<u>1,807,148</u>
<b>Net book value</b>					
<b>End of financial year</b>	<u>163,002</u>	<u>111,534</u>	<u>106,133</u>	<u>2,718,482</u>	<u>3,099,151</u>
<b>2021</b>					
<i>Cost</i>					
Beginning of financial year	110,951	180,311	493,137	2,177,284	2,961,683
Additions	22,558	50,447	107,970	636,674	817,649
Disposals	–	(6,841)	–	–	(6,841)
End of financial year	<u>133,509</u>	<u>223,917</u>	<u>601,107</u>	<u>2,813,958</u>	<u>3,772,491</u>
<i>Accumulated depreciation</i>					
Beginning of financial year	18,089	112,267	265,758	419,301	815,415
Depreciation charge (Note 6)	12,855	46,817	76,075	152,730	288,477
Depreciation capitalised	–	–	36,748	119,441	156,189
Disposals	–	(2,850)	–	–	(2,850)
End of financial year	<u>30,944</u>	<u>156,234</u>	<u>378,581</u>	<u>691,472</u>	<u>1,257,231</u>
<b>Net book value</b>					
<b>End of financial year</b>	<u>102,565</u>	<u>67,683</u>	<u>222,526</u>	<u>2,122,486</u>	<u>2,515,260</u>

Depreciation charge relating to property, plant and equipment used in plantation (reforestation) development activities during the financial year of RM153,738 (2021: RM156,189) is capitalised and included in biological assets (Note 17).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 16. LEASES – THE GROUP AS A LESSEE

*Nature of the Group's leasing activities*

The Group leases plantation land and office space and motor vehicles for the purpose of day to day operations.

(a) Right-of-use assets

	<b>Plantation land and office RM</b>	<b>Motor vehicles RM</b>	<b>Total RM</b>
<b>2022</b>			
<b>Cost</b>			
Beginning of financial year	998,711	522,934	1,521,645
Additions	–	139,400	139,400
End of financial year	<u>998,711</u>	<u>662,334</u>	<u>1,661,045</u>
<b>Accumulated depreciation</b>			
Beginning of financial year	171,587	313,823	485,410
Depreciation charge (Note 6)	75,587	56,107	131,694
Depreciation capitalised	–	58,970	58,970
End of financial year	<u>247,174</u>	<u>428,900</u>	<u>676,074</u>
<b>Carrying amount End of financial year</b>	<u><b>751,537</b></u>	<u><b>233,434</b></u>	<u><b>984,971</b></u>
<b>2021</b>			
<b>Cost</b>			
Beginning of financial year	998,711	400,684	1,399,395
Additions	–	122,250	122,250
End of financial year	<u>998,711</u>	<u>522,934</u>	<u>1,521,645</u>
<b>Accumulated depreciation</b>			
Beginning of financial year	85,813	144,687	230,500
Depreciation charge (Note 6)	85,774	144,686	230,460
Depreciation capitalised	–	24,450	24,450
End of financial year	<u>171,587</u>	<u>313,823</u>	<u>485,410</u>
<b>Carrying amount End of financial year</b>	<u><b>827,124</b></u>	<u><b>209,111</b></u>	<u><b>1,036,235</b></u>

(b) Interest expense

	<b>2022 RM</b>	<b>2021 RM</b>
Interest expense on lease liabilities (Note 8)	<u><b>94,654</b></u>	<u>101,983</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### 16. LEASES – THE GROUP AS A LESSEE (CONTINUED)

- (c) Lease expense not capitalised in lease liabilities

	2022 RM	2021 RM
Lease expense – short-term leases (Note 6)	<u>53,300</u>	<u>24,500</u>

- (d) Total cash outflow for leases in 2022 was RM316,852 (2021: RM283,809).

- (e) Future cash outflow which are not capitalised in lease liabilities

#### *Extension options*

The leases for plantation land contain extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise the extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension option is exercisable by the Group and not by the lessor.

### 17. BIOLOGICAL ASSETS

	Group	
	2022 RM	2021 RM
Beginning of financial year	<b>8,655,667</b>	5,618,643
Additions	<b>4,933,854</b>	3,037,024
<b>End of financial year</b>	<b><u>13,589,521</u></b>	<u>8,655,667</u>

Borrowings acquired were specifically for the development of biological assets. Interest expenses incurred on these borrowings were capitalised and included in biological assets.

Biological assets represent the forest planting expenditure incurred and capitalised at cost under the license as described in Note 18 below.

Biological assets include planting expenditure incurred on land clearing, new planting, enrichment planting, silvicultural treatments, depreciation of fixed assets, employee compensation and upkeep and maintenance of the sustainable forest management concession.

#### *Inability to fair value biological assets reliably*

The Group engages an independent external professional valuer, VPC Alliance (Sabah) Sdn. Bhd. (the "Valuer") to assess the ability to fair value the biological assets as at 31 July 2022 in accordance with SFRS(I)1-41 *Agriculture* based on the information provided and the assessment report of the plantation issued by an external independent forester. VPC Alliance (Sabah) Sdn. Bhd. is a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualifications.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 17. BIOLOGICAL ASSETS (CONTINUED)

*Inability to fair value biological assets reliably (Continued)*

The directors and management reviewed the suitability of the engaged professional valuer and forester, taking consideration of their competency and qualification relevant to the scope of work.

Based on the report provided by the Valuer, they are of the view that biological assets are still immature and have yet to attain the harvestable specifications. Consequently, the quoted market prices are not available and unable to determine.

With the consideration of the management's input, the Valuer has concluded that alternative fair value cannot be measured reliably at the reporting date on the following bases:

Harvested volume: Biological assets are still immature at the current age from 2 to 4 1/2 years and hence, the forester is unable to estimate the total harvesting volume until the biological assets reached their maturity;

Selling price of logs: The selling price is unable to obtain and reliably estimated due to harvestable specifications of biological assets; and

Cost to sell: The current harvesting method is no longer commercially used to harvest the biological asset in future. The management is still in the discussion with the contractor in exploring the suitable method to harvest the biological asset with a minimise negative impact on the environment. Consequently, the cost to sell is not able to determine and estimate.

The management will work with the independent professional valuer at each reporting date to assess the ability to measure the fair value of biological assets reliably.

## 18. INTANGIBLE ASSETS

	Group	
	2022	2021
	RM	RM
<u>Acquired timber rights</u>		
<b>Cost</b>		
Beginning and end of financial year	<b>500,000</b>	500,000
<b>Accumulated amortisation</b>		
Beginning of financial year	<b>30,000</b>	25,000
Amortisation charge (Note 6)	<b>5,000</b>	5,000
End of financial year	<b>35,000</b>	30,000
<b>Net book value</b>		
<b>End of financial year</b>	<b>465,000</b>	470,000

On 12 August 2015, the Group was granted a sustainable forest management license ("License") over an area of 11,043 hectares in the Sapulut Forest Reserve in Sabah, Malaysia for a period of 100 years.

Bank deposits of RM1,000,000 (Note 11) was pledged in relation to banker's guarantee required under the License.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### 19. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables – Non-related parties	<b>2,139,076</b>	1,066,352	–	–
Other payables				
– Non-related parties	<b>305,134</b>	302,944	<b>180,003</b>	225,539
– Immediate holding corporation	–	4,443	–	–
– Subsidiary corporation	–	–	<b>120,323</b>	–
– Related parties	<b>1,006</b>	–	–	–
	<b>306,140</b>	307,387	<b>300,326</b>	225,539
Dividend payable to non-controlling shareholders of the subsidiary corporation	–	805,970	–	–
Accruals for operating expenses	<b>1,363,489</b>	1,313,283	<b>144,172</b>	145,313
	<b>3,808,705</b>	3,492,992	<b>444,498</b>	370,852

Other payables to immediate holding corporation, subsidiary corporation and related parties are unsecured, interest free and repayable on demand.

Dividend payable pertains to interim dividend declared by the subsidiary corporation, Jawala Plantation Industries Sdn. Bhd. to non-controlling interests of the Group during previous financial year. The dividend was settled during the current financial year.

### 20. BORROWINGS

	Group	
	2022 RM	2021 RM
<b>Current</b>		
Lease liabilities	<b>179,882</b>	165,044
<b>Non-current</b>		
Lease liabilities	<b>1,084,722</b>	1,139,758
Borrowings	<b>3,313,104</b>	3,217,542
	<b>4,397,826</b>	4,357,300
Total borrowings	<b>4,577,708</b>	4,522,344

The borrowings of the Group are not exposed to interest rate changes.

The borrowings are repayable from October 2034 with 5 years of instalment after the expiry of 180 months grace period given by the lender at the interest rate of 3% per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 20. BORROWINGS (CONTINUED)

### (a) Security granted

The borrowings of the Group are secured over corporate guarantee issued by immediate and ultimate holding corporation, Jawala Corporation Sdn. Bhd. and an area of approximate 1,200 hectares from total of 11,043 hectares in the Sapulut Forest Reserve in Sabah, Malaysia granted under the license as described in Note 18.

### (b) Fair value of non-current borrowings

The fair value of non-current borrowings as at 31 July 2022 is RM3,315,720 (2021: RM3,219,181) which is determined from the cash flow analyses, discounted at market borrowing rates of 3% (2021: 3%), from an equivalent instrument at the balance sheet date which the directors expect to be available to the Group.

The fair values are within Level 3 of the fair value hierarchy.

## 21. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amount is shown on the consolidated balance sheet as follows:

	Group	
	2022 RM	2021 RM
<b>Deferred income tax liabilities</b>		
Property, plant and equipment	301,122	175,499
Biological assets	<b>3,005,392</b>	2,077,360
	<b>3,306,514</b>	2,252,859

Movement in deferred income tax account is as follows:

	Group	
	2022 RM	2021 RM
Beginning of financial year	<b>2,252,859</b>	1,462,613
Charged to profit or loss (Note 9)	<b>1,053,655</b>	790,246
End of financial year	<b>3,306,514</b>	2,252,859

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 22. SHARE CAPITAL

	Group and Company	
	No. of ordinary shares	Amount RM
<b>2022</b>		
Beginning and end of financial year	<b>118,474,000</b>	<b>15,207,073</b>
<b>2021</b>		
Beginning and end of financial year	118,474,000	15,207,073

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

## 23. RETAINED PROFITS

The Group has an existing covenant to set aside its share in 75% of the net profit of the subsidiary corporation (Note 14) to be placed as strategic reserves.

Such strategic reserves will not be used for any other purposes save for (i) funding operating expenses during 2022 and 2026 and capital expenditure required to bring the Industrial Tree Plantations ("ITP") to maturity, including but not limited to infrastructure development and management, land development, planting, planting maintenance, natural forest silviculture and restoration for the period between 2018 and 2026 and corporate and administrative expenses for the period between 2022 and 2026 to bring the ITP to maturity (Note 17); and (ii) acquisition of other ITPs which would generate net cash inflow during the period between 2022 and 2026.

(a) Movement for non-distributable strategic reserves included in retained profits of the Group is as follows:

	Group	
	2022 RM	2021 RM
Beginning of financial year	<b>17,992,871</b>	15,599,808
Addition	<b>990,369</b>	4,507,530
Utilisation	<b>(3,453,698)</b>	(2,114,467)
End of financial year	<b>15,529,542</b>	17,992,871

During the financial year, RM3,453,698 (2021: RM2,114,467) was utilised from strategic reserves for planting activities.

(b) Movement in retained profits for the Company is as follows:

	Company	
	2022 RM	2021 RM
Beginning of financial year	<b>1,266,871</b>	42,194
Dividend paid (Note 24)	<b>(1,107,510)</b>	–
Net (loss)/profit	<b>(615,443)</b>	1,224,677
End of financial year	<b>(456,082)</b>	1,266,871

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 24. DIVIDENDS

	Group	
	2022 RM	2021 RM
<i>Ordinary dividends</i>		
<u>Jawala Inc.</u>		
Final dividend paid in respect of the previous financial year of SGD0.003 (2021: SGD Nil) per share, total of SGD 355,422 (2021: SGD Nil)	1,107,510	–
<u>Jawala Plantation Industries Sdn. Bhd.</u>		
Interim tax exempt dividend of RM Nil (2021: RM 0.806) per share <sup>(1)</sup>	–	805,970

- (1) The interim tax-exempt dividend declared by the subsidiary corporation presented above related to non-controlling interests only. The dividend per share is calculated based on the number of ordinary shares of the subsidiary corporation in issue at the date of the dividend declaration.

## 25. FINANCIAL RISK MANAGEMENT

### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk, price risk and interest risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performances.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set by the Board of Directors. The finance personnel identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Executive Directors. Regular reports are also submitted to the Board of Directors.

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) *Market risk*

(i) *Currency risk*

Foreign currency risk arises from transactions denominated in currencies other than the functional currency of the entities of the Group. The Group's business operations are based in Malaysia and most of the transactions are denominated in Ringgit Malaysia. The Group and the Company are not exposed to significant foreign currency risk.

(ii) *Price risk*

The Group and the Company have no significant exposure to price risk as they do not have any equity securities.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

#### (a) *Market risk (Continued)*

##### (iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk is primarily from short-term deposits that will mature from 1 to 12 months. These short-term deposits are placed on as short-term basis according to the Group's cash flow requirements, and hence the Group does not hedge against interest rate fluctuations.

#### (b) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and the Company are cash and bank balances and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
Corporate guarantee provided to unrelated third party on hire purchase facility	<b>1,278,180</b>	332,464

Concentration of credit risk relating to trade receivables is limited due to the Group's varied customers. The Group's top 1 (2021: 5) most significant customers account for 82% (2021: between range 20% to 38% individually) of the trade receivables as at 31 July 2022. The Group's historical experience in the collection of accounts receivables adjusted with forward-looking information fall materially within the recorded allowances. Due to these factors, management believes no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>
<u>By types of customers</u>		
Non-related parties	<b>7,545,755</b>	8,198,751
<u>By geographical areas</u>		
Malaysia	<b>7,545,755</b>	8,198,751

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

#### (b) Credit risk (Continued)

##### (i) Trade receivables

The Group has applied the simplified approach by using the allowance matrix to measure the lifetime expected credit losses ("ECL") for all trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rate, the Group considers current payment patterns for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a customer fails to make contractual payment greater than 1 year past due based on historical collection trend. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 are set out in the provision matrix as follows:

	<b>Not past due nor impaired RM</b>	<b>Past due 0 to 30 days RM</b>	<b>Past due 31 to 150 days RM</b>	<b>Past due 151 to 365 days RM</b>	<b>More than one year RM</b>	<b>Total RM</b>
<b>Group</b>						
<b>2022</b>						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	3,082,513	4,434,990	–	28,252	–	7,545,755
Loss allowance	–	–	–	–	–	–
<b>2021</b>						
Expected loss rate	0%	0%	0%	0%	0%	
Trade receivables	2,659,531	2,778,009	2,226,999	534,212	–	8,198,751
Loss allowance	–	–	–	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

#### (b) *Credit risk (Continued)*

##### (ii) *Amounts due from subsidiary corporation*

The Company provide for ECL on non-trade receivable balances due from subsidiary corporation based on general approach.

In assessing whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the non-trade receivable balances due from subsidiary corporation as at the reporting date with the risk of default as at the date of initial recognition. The Company considered amongst other factors, the financial position of the subsidiary corporation at the reporting date, the past financial performance and cash flows trends, adjusted for the outlook of the industry and economy in which the subsidiary operate in.

The Company assessed that the credit risk is low and the ECL is insignificant using 12-month ECL.

##### (iii) *Cash and cash equivalents*

The Group's and the Company's held cash and cash equivalents with banks with high credit ratings and are considered to have low credit risk. The cash and cash equivalents are measured on 12-month ECL and credit loss is negligible.

##### (iv) *Financial guarantee contracts*

The Group has provided corporate guarantees in favour of hire purchase creditors in consideration of hire-purchase arrangement granted to an unrelated third party. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Group has considered the operating performance and other factors of the unrelated third party and hence, does not expect significant credit loss arising from these guarantees.

#### (c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and having an adequate amount of committed credit facilities to enable the Group to meet its normal operating commitments. The Group's objective is to maintain a balance between continuing of funding and the ability to close out market positions at a short notice. As at balance sheet date, assets held by the Group for managing liquidity risk included cash and bank balances as disclosed in Note 11.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

### *Financial risk factors (Continued)*

#### (c) *Liquidity risk (Continued)*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	<b>Within 1 year RM</b>	<b>Between 1 and 5 years RM</b>	<b>Over 5 years RM</b>
<b>Group</b>			
<b>At 31 July 2022</b>			
Trade and other payables	3,808,705	–	–
Borrowings	179,882	661,549	9,957,242
Financial guarantee contract	–	1,278,180	–
	<b>3,988,587</b>	<b>1,939,729</b>	<b>9,957,242</b>
<b>Group</b>			
<b>At 31 July 2021</b>			
Trade and other payables	3,492,992	–	–
Borrowings	165,044	741,489	10,012,592
Financial guarantee contract	–	332,464	–
	<b>3,658,036</b>	<b>1,073,953</b>	<b>10,012,592</b>
<b>Company</b>			
<b>At 31 July 2022</b>			
Trade and other payables	<b>444,498</b>	–	–
<b>At 31 July 2021</b>			
Trade and other payables	370,852	–	–

#### (d) *Capital risk*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group and the Company do not have any externally imposed capital requirements for the financial years ended 31 July 2022 and 2021.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

### 25. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *Financial risk factors (Continued)*

##### (e) *Fair value measurements*

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

##### (f) *Financial instruments by category*

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets at amortised cost	<b>39,054,250</b>	43,787,472	<b>12,668,972</b>	14,329,502
Financial liabilities at amortised cost	<b>8,386,413</b>	8,015,336	<b>444,498</b>	370,852

### 26. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

##### (a) *Purchases of goods and services*

	Group	
	2022 RM	2021 RM
Rental expense on operating lease charged by immediate holding corporation	<b>6,000</b>	6,000
Rental expense on operating lease charged by related corporation	<b>19,800</b>	19,800

Outstanding balances at 31 July 2022, arising from purchase of goods and services, are unsecured and repayable on demand and are disclosed in Notes 19.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2022 RM	2021 RM
<b>Directors of the Company</b>		
Director fee	317,178	232,336
Wages and salaries	337,500	712,200
Defined contributions plan	43,022	88,016
	<b>697,700</b>	<b>1,032,552</b>
<b>Other key management personnel</b>		
Wages and salaries	550,350	556,846
Defined contributions plan	64,067	73,301
	<b>614,417</b>	<b>630,147</b>

## 27. SEGMENT INFORMATION

The Group operates predominantly in only one business segment, which is the timber segment, namely the planting, extraction and sale of logs. Accordingly, no segment information is presented based on business segment.

No segmental information by geographical location is presented as all the revenue and non-current assets in the financial years ended 31 July 2022 and 2021 were derived and are based in Malaysia respectively.

## 28. IMPACT OF COVID-19

The Covid-19 pandemic has adversely impacted both the economies of Sabah as well as the economies of major importers of Sabah's timber products in 2020 and 2021. However, with further easing of Covid-19 measures the statistic from the Department of Statistic, Sabah shows that exports of timber products from Sabah in 2022 recorded an increase of both value and volume as compared to 2021. However, we are mindful of the current global economic downturn. The Group is experiencing an increase in wages, energy and other operating costs, resulting in an increase in the Group's operation costs post Covid-19.

Moving forward, business is back to normal. The Group has considered the current market conditions as at the balance sheet date. There is no impairment of trade receivables and non-financial assets required as at the balance sheet date as a result of Covid-19.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

## 29. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Subsequent to the financial year end, the subsidiary corporation has entered into a facility agreement on 18 October 2022 with Forest Plantation Development Sdn. Bhd. (“Lender”) for a maximum loan amount of RM35,276,800 to finance partially the development of the Sapulut Forest Reserve in Sabah.

The Company has provided a Corporate Guarantee and Indemnity in favour of the Lender in proportionate with its equity interest in the subsidiary corporation which is RM24,693,760.

## 30. NEW OR REVISED SFRS(I) AND INTERPRETATIONS

The Group has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group’s accounting periods beginning after 1 August 2022. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Group in the period of their initial adoption.

## 31. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors of the Group on 27 October 2022.

# SHAREHOLDERS' INFORMATION

AS AT 6 OCTOBER 2022

Number of Issued Shares	:	118,474,000
Issued and Fully Paid Up Capital	:	RM15,207,073 or SGD5,099,280
Class of Shares	:	Ordinary Shares
Treasury Shares	:	Nil
Subsidiary Holdings	:	Nil
Voting Rights	:	1 vote for each Ordinary Share held

## DISTRIBUTION OF SHAREHOLDINGS AS AT 6 OCTOBER 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	39	38.24	37,900	0.03
1,001 – 10,000	51	50.00	193,900	0.16
10,001 – 1,000,000	10	9.80	934,300	0.79
1,000,001 AND ABOVE	2	1.96	117,307,900	99.02
<b>TOTAL</b>	<b>102</b>	<b>100.00</b>	<b>118,474,000</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS AS AT 6 OCTOBER 2022

NO.	NAME	NO. OF SHARES	%
1	JAWALA CORPORATION SDN. BHD.	100,000,000	84.41
2	UOB KAY HIAN PTE LTD	15,307,900	12.92
3	DB NOMINEES (SINGAPORE) PTE LTD	2,000,000	1.69
4	TOH GUANG WEN	218,400	0.18
5	LEONG SOAY YUET	140,000	0.12
6	TAN LAY CHING	140,000	0.12
7	YEO KHEE SENG BENNY	140,000	0.12
8	YUNG LAY KIANG	140,000	0.12
9	TAN PENG KHOON	70,000	0.06
10	CHEW AH BA	35,000	0.03
11	HSBC (SINGAPORE) NOMINEES PTE LTD	20,100	0.02
12	TAN HUI YIN	20,000	0.02
13	TEO BOCK HENG	10,800	0.01
14	CHEE KENG LOO @ CHEE KUM YOKE	10,000	0.01
15	TAY YEW SENG	10,000	0.01
16	LAI LYE HENG	8,000	0.01
17	OU YANG YAN TE	6,800	0.01
18	CHEE SWEE SENG SEBASTIAN	6,000	0.01
19	HOO LEN YUH	6,000	0.01
20	ANG SIEW HONG	5,000	0.00
	<b>TOTAL</b>	<b>118,294,000</b>	<b>99.88</b>

## SHAREHOLDERS' INFORMATION

AS AT 6 OCTOBER 2022

### SUBSTANTIAL SHAREHOLDERS AS AT 6 OCTOBER 2022 (as recorded in the Register of Substantial Shareholders)

<u>Name</u>	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
Jawala Corporation Sdn. Bhd. <sup>(1)</sup>	100,000,000	84.4	–	–
Tan Sri Abdul Majid Khan <sup>(2)</sup>	–	–	100,000,000	84.4
Datuk Jema Khan <sup>(3)</sup>	–	–	100,000,000	84.4

#### Notes:

1. Jawala Corporation Sdn. Bhd., a company incorporated in Malaysia, is the immediate and ultimate holding corporation of the Company.
2. Tan Sri Abdul Majid Khan is deemed interested in all the shares in the Company ("**Shares**") held by Jawala Corporation Sdn. Bhd., through his shareholding in Jawala Corporation Sdn. Bhd.
3. Datuk Jema Khan is deemed interested in the Shares held by Jawala Corporation Sdn. Bhd., through his shareholding in Jawala Corporation Sdn. Bhd.

### SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company, and to the best knowledge of the Directors, approximately 15.59% of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company are held in the hands of the public as at 6 October 2022. Therefore, the Company has complied with Rule 723 of the Catalist Rules.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“AGM”) of Jawala Inc. (“Company”) will be convened and held at **Marie Room I & II, York Hotel, 21 Mount Elizabeth, Singapore 228516** on **Tuesday, 29 November 2022** at **2.00 p.m.**, for the following purposes:–

## As Ordinary Business

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 July 2022, together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following directors who are retiring by rotation under Article 98 of the Articles of Association of the Company:–
  - (a) Datuk Jema Anton Khan **(Resolution 2)**
  - (b) Abdul Rahman Khan Bin Hakim Khan **(Resolution 3)**

*[Explanatory Notes (i) to (ii)]*
3. To approve directors’ fees of RM316,800 (equivalent to SGD99,000) payable by the Company for the financial year ending 31 July 2023, to be paid half yearly in arrears (FY2022: RM314,429 (equivalent to SGD100,466)). **(Resolution 4)**

*[Explanatory Note (iii)]*
4. To re-appoint Messrs Nexia TS Public Accounting Corporation as auditors of the Company, and to authorise the directors to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business that may properly be transacted at an annual general meeting.

## As Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolutions, which will be proposed as ordinary resolutions:–

6. **Authority to Allot and Issue Shares** **(Resolution 6)**

That, pursuant to Article 3 of the Articles of Association of the Company and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”), authority be given to the Directors of the Company to:–

  - (a) (i) allot and issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements, or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

## NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force,

provided that:–

- (1) the aggregate number of Shares to be issued under this resolution (including Shares to be issued in pursuance of the Instruments, made or granted under this Resolution) shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued (including Shares to be issued in pursuance of Instruments made or granted under this Resolution) other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per cent (50%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted under this Resolution) that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), at the time of the passing of this Resolution, after adjusting for:–
- (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
- (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares.
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements of the Catalist Rules the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

*[Explanatory Note (iv)]*

## NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to grant awards and issue shares under the Jawala Performance Share Plan** (Resolution 7)

That the Directors of the Company be and are hereby authorised to offer and grant awards (“**Awards**”) from time to time in accordance with the provisions of the Jawala Performance Share Plan (“**Plan**”), and to allot and issue from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of Awards granted under the Plan, provided always that the aggregate number of Shares to be issued pursuant to the Plan, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company, if any, shall not exceed eight per cent (8%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

*[Explanatory Note (v)]*

8. **Authority to grant options and issue shares under the Jawala Employee Share Option Scheme** (Resolution 8)

That the Directors of the Company be and are hereby authorised:–

- (i) to offer and grant options (“**Options**”) from time to time in accordance with the provisions of the Jawala Employee Share Option Scheme (“**Scheme**”); and
- (ii) to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued under the exercise of the Options under the Scheme, provided always that the aggregate number of Shares to be issued under the Scheme, when added to the number of shares issued and issuable under other share-based incentives schemes or share plans of the Company, if any, shall not exceed 8 per cent (8%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time, and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

*[Explanatory Note (v)]*

By Order of the Board

Jason Chen  
Chew Pei Tsing  
Company Secretaries

Singapore, 4 November 2022



# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) Resolution 2 – If re-elected, Datuk Jema Anton Khan, a Non-Independent Non-Executive Director, shall remain as Chairman of the Company.
- (ii) Resolution 3 – If re-elected, Mr. Abdul Rahman Khan Bin Hakim Khan, shall remain as an Executive Director and Chief Executive Officer of the Company.
- (iii) Resolution 4 – The proposed Resolution 4 is to facilitate the payment of Directors' fees during the financial year ending 31 July 2023 in which the fees are incurred. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 31 July 2023 (**FY2023**). Should any Director hold office for only part of FY2023 and not the whole of FY2023, the Directors' fees payable to him/her will be appropriately pro-rated.
- (iv) Resolution 6 – The proposed Resolution 6, if passed, will empower the Directors, from the date of the annual general meeting until the date of the next annual general meeting of the Company, or the date which the next annual general meeting of the Company is required by law to be held, to issue Shares and/or Instruments convertible into Shares up to an aggregate number not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), of which up to 50% may be issued other than on a pro rata basis to existing shareholders of the Company.
- (v) Resolutions 7 and 8 – The proposed Resolutions 7 and 8, if passed, will empower the Directors to allot and issue Shares pursuant to the vesting of Awards and the exercise of Options under the Plan and Scheme, provided that the aggregate number of Shares to be issued pursuant to the Plan and Scheme, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company, shall not exceed 8% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time.

## Notes

The Annual General Meeting ("**AGM**") is being convened and will be held in a wholly physical format pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. There will be no option for Shareholders of the Company ("**Shareholders**") to participate virtually.

The Company will be implementing COVID-19 vaccination-differentiated safe management measures at the AGM (i.e., all attendees must be fully vaccinated, recovered from COVID-19 in the past 180 days, or medically ineligible for vaccination) and/or any other safe management measures as may be required or recommended under any regulations, directives, measures or guidelines that may be issued from time to time by any government or regulatory agency in light of the COVID-19 situation in Singapore.

Shareholders should take note of the following arrangements for the conduct of the AGM on Tuesday, 29 November 2022.

## Submission of Questions

Pursuant to the guidance note issued by the Singapore Exchange Regulation, Shareholders, including CPFIS and SRS Investors, may submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the Meeting, in advance of the AGM, in the following manner:

- (a) via email at [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com); or
- (b) by post to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, or

When submitting your questions either via email or by post, please provide the following details, for verification purposes:

- (a) full name;
- (b) identification number;
- (c) residential/registered address;
- (d) contact number; and
- (e) the number of shares held including the manner in which such shares are held (e.g via CDP, CPFIS/SRS and/or scrip).

Shareholders are encouraged to submit their questions before Saturday, 12 November 2022, to allow the Company sufficient time to address and respond to such questions on or before Tuesday, 22 November 2022, being not less than 72 hours prior to the closing date and time for the lodgement of the proxy forms. The responses will be published on (i) the SGX-ST; and (ii) the Company's corporate website.

# NOTICE OF ANNUAL GENERAL MEETING

## Submission of Proxy Form

A member of the Company entitled to attend, speak and vote at the AGM may appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

Where a member appoints more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated, failing which, the first named proxy shall be deemed to represent 100% of his shareholding and any second named proxy shall be deemed to be an alternate to the first named proxy.

Investors who hold their shares through relevant intermediaries (including CPF members or SRS investors):

- (a) may vote at the AGM if they are appointed as proxies by their respective relevant intermediaries and should contact their respective relevant intermediaries (including their respective CPF agent banks or SRS operators) if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective relevant intermediaries (including their respective CPF agent banks or SRS approved banks) to submit their votes by 2.00 p.m. (Singapore time) on Friday, 18 November 2022.

The Proxy Form must be submitted in the following manner:

- (a) if submitted by post, be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at [AGM.TeamE@boardroomlimited.com](mailto:AGM.TeamE@boardroomlimited.com);

in either case, not later than 2.00 p.m. (Singapore time) on Saturday, 26 November 2022, being not less than 72 hours before the time fixed for holding the AGM.

A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

The Proxy Form must be executed under the hand of the appointor or his or her attorney duly authorised in writing and may be submitted via email. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised and may be submitted via email. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or duly certified copy thereof (failing previous registration with the Company), if the Proxy Form is submitted by post, must be deposited with the Proxy Form (or if submitted by email, be emailed with the Proxy Form), failing which the Proxy Form will be treated as invalid.

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions specified on the Proxy Form (including any related attachment).

## Annual Report and Other Documents

The Annual Report for the financial year ended 31 July 2022 (the "**Annual Report 2022**") has been uploaded on SGXNet on Friday, 4 November 2022 and may be accessed via SGXNet and also at the Company's website at the URL <https://jawalainc.com/> by clicking on the hyperlink Annual Report 2022.

\* A relevant intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

## Personal Data Privacy

By submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives relating to the AGM (including any adjournment thereof); and warrants that where the member discloses the personal data of the member's proxy and/or representative to the Company (or its agents), the member has obtained all necessary consents to do so, and that the Company (or its agents) may collect, use and disclose such personal data for the purposes above.

## JAWALA INC.

Company Registration No. LL13922

(Incorporated in Labuan)

### PROXY FORM – ANNUAL GENERAL MEETING

This form of proxy has been made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://jawalainc.com/2022-annual-general-meeting/>. A printed copy of this proxy form will not be despatched to members.

I/We \_\_\_\_\_ (full name in capital letters)

(NRIC/Passport No./Company No.) \_\_\_\_\_ of \_\_\_\_\_ (full address)  
being a member/members of Jawala Inc. ("**Company**"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)
And/or (delete as appropriate)			

or failing whom, Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the annual general meeting of the Company ("**AGM**") to be held at **Marie Room I & II, York Hotel, 21 Mount Elizabeth, Singapore 228516 on Tuesday, 29 November 2022 at 2.00 p.m.**, and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the AGM and at any adjournment thereof.

The resolutions put to vote at the AGM shall be decided by poll.

(If you wish to exercise all your votes "For" or "Against", please tick with [✓] within the box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you wish to abstain from voting on a resolution proposed at the AGM, please indicate with a tick [✓] in the space provided under "Abstain". Alternatively, please indicate the number of shares as appropriate.)

No.	Resolutions	For	Against	Abstain
<b>Ordinary Business</b>				
1.	To receive and adopt Directors' Statement and Audited Financial Statements for the year ended 31 July 2022, together with the auditors' report thereon.			
2.	To re-elect Datuk Jema Anton Khan as a Director of the Company.			
3.	To re-elect Abdul Rahman Khan Bin Hakim Khan as a Director of the Company.			
4.	To approve Directors' fees for the financial year ending 31 July 2023 to be paid half yearly in arrears.			
5.	To re-appoint Messrs Nexia TS Public Accounting Corporation as auditors of the Company and to authorise the Directors to fix their remuneration.			
<b>Special Business</b>				
6.	To authorise Directors to allot and issue shares.			
7.	To authorise Directors to grant awards and issue shares under the Jawala Performance Share Plan.			
8.	To authorise the Directors to grant options and issue shares under the Jawala Employee Share Option Plan.			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	
<b>Total</b>	



\_\_\_\_\_  
Signature(s) of member(s)/Common Seal

**IMPORTANT** – PLEASE READ NOTES OVERLEAF

## Notes:

1. Please insert the total number of shares held by you. If the member has shares entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited, he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all the shares held by the member.
2. A member of the Company who is not a Relevant Intermediary (as defined below) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where such member appoints more than one proxy, the member must specify the proportion of his shareholdings (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a member of the Company.
3. A member of the Company who is a Relevant Intermediary (as defined below) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number and class of shares to which each proxy has been appointed shall be specified in the proxy form.
4. The Proxy Form must be submitted in the following manner:
  - (a) if submitted by post, be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
  - (b) if submitted electronically, be submitted via email to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at **AGM.TeamE@boardroomlimited.com**

in either case, not later than **2.00 p.m., on Saturday, 26 November 2022.**

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by email to the email address provided above.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM.
7. The signature on the instrument appointing a proxy needs not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.
9. Subject to note 10, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
10. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy to attend and vote on their behalf should approach their respective CPF agent banks or SRS operators to submit their voting instructions by 2.00 p.m. on Friday, 18 November 2022, being seven (7) working days before the date of the AGM. Investors who hold their shares through relevant intermediaries (other than CPF/SRS Investors) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries through which they hold such shares as soon as possible in order to allow sufficient time for their respective relevant intermediaries to in turn, to make the necessary arrangements on their behalf. CPF and/or SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF Agent Banks and SRS Operators to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

\* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

## General

The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy(ies) (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy(ies) lodged or submitted if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for the holding of the AGM, as certified by The Central Depository (Pte) Limited to the Company.

## Personal Data Privacy

By submitting an instrument appointing the Chairman of the AGM as a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated **4 November 2022.**





**JAWALA INC.**

(Company Registration No: LL13922)  
(Incorporated in Labuan on 8 August 2017)