



JAWALA INC.

Company Registration No. LL13922
(Incorporated in Labuan)

RM35,276,800 FACILITY AGREEMENT SECURED WITH FOREST PLANTATION DEVELOPMENT SDN BHD

The board of directors (the “Board”) of Jawala Inc. (the “Company” and with its subsidiary, the “Group”) wishes to update shareholders that the Company’s 70% owned subsidiary, Jawala Plantation Industries Sdn Bhd (“JPISB”) had on 18th October 2022 entered into a facility agreement with the FPD (“Facility Agreement”) for a loan facility of up to RM35,276,800 (the “Loan”). The purpose of the Loan is to finance partially JPISB’s development of the Sapulut Forest Reserve in Sabah.

Principle Terms of the Facility Agreement

The salient terms of the Facility Agreement are set out below:-

Facility Limit	RM35,276,800
Interest Rate	3% per annum calculated on the annual basis on the amount utilised commencing from the date of the first disbursement of the Loan
Grace Period	Fifteen (15) years from the date of the first disbursement of the Loan The Borrower is not obliged to repay the Loan and interest during the Grace Period. The repayment of Loan by instalments shall be made during the Repayment Period.
Repayment Period	The period of five (5) years immediately from the expiry of the Grace Period
Late Payment Penalty	At the rate of one percent (1%) per annum above the Interest Rate on the sum at that time in arrears.
Security Documents	<ul style="list-style-type: none">• Irrevocable and Unconditional Corporate Guarantee and Indemnity duly issued and executed by the company’s shareholders in favour of FPD;• First party First Legal Assignment by way of a Deed of Assignment of the Land Agreement in respect of an area measuring approximately 5,512 Hectares only, being the Project Land and the Letter of Comfort duly issued or to be issued by

	<p>the State Authority of Sabah in favour of FPD, copy of which is attached in the Deed of Assignment, in favour of FPD; and</p> <ul style="list-style-type: none"> • Power of Attorney in favour of FPD in the form approved by FPD.
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Corporate Guarantee Provided By The Company

Pursuant to the Facility Agreement, all of JPISB's shareholders are required to provide irrevocable and unconditional corporate guarantee and indemnity in respect of the Loan, proportionate to their equity holdings in JPISB ("Guarantee").

JPISB is 70% owned by the Company and 30% owned by the Company's controlling shareholder, Jawala Corporation Sdn. Bhd. ("JCSB"). Both the Company and JCSB will be providing the Guarantee in proportion to their respective equity interests in JPISB.

Although JPISB is a 70% owned subsidiary of the Company, it is also an associate of the Company's controlling shareholder, JCSB, as defined under the SGX-ST Listing Manual: Section B Rules of Catalist ("Catalist Rules"). As such, the provision of the Guarantee by the Company in respect of the Loan to JPISB is considered an interested person transaction under Chapter 9 of the Catalist Rules.

Pursuant to Catalist Rule 905 of the Catalist Rules, an issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group's latest audited net tangible assets. Pursuant to Catalist Rule 906, an issuer must obtain shareholders' approval for any interested person transaction of a value equal to, or more than, 5% of the group's latest audited net tangible assets.

Based on the FY2021 audited consolidated financial statements of the Group, the Company's provision of the Guarantee of RM24,693,760, represents 70% of its proportionate equity interest in JPISB, and approximately 52.2% of the Group's latest audited consolidated net tangible assets of RM47,313,939. In October 2019, there was a similar provision of the Guarantee of RM 7 million. For the purpose of aggregation with the above two transactions, the Company's provision of the Guarantee of RM 31,693,760 represent 70% of its proportionate equity interest in JPISB, and approximately 67% of the Group's latest audited consolidated net tangible assets of RM 47,313,939.

Catalist Rule 916(3) provides an exemption for the requirement under Catalist Rule 906 to seek shareholders' approval for the provision of a loan to a joint venture with an interested person if:

- the loan is extended by all joint venture partners in proportion to their equity and on the same terms;
- the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture; and
- the issuer confirms by an announcement that its audit committee is of the view that:
 - the provision of the loan is not prejudicial to the interests of the issuer and its minority shareholders; and

- the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders.

Audit Committee's Statement

The Audit Committee of the Company have considered the terms of the Guarantee, and is of the view that (i) the provision of the Guarantee is not prejudicial to the interests of the Company and its minority shareholders, and (ii) the risks and rewards of each of the joint venture partners are in proportion to its respective equity interest in the joint venture and the terms for the provision of the Guarantee are not prejudicial to the interests of the Company and its minority shareholders.

The Guarantee to be provided by the Company is in proportion to its equity interest in JPISB, which was formed prior to listing, the details of which were set out in the Offer Document. As such, the Company will be applying the exemption provided by Catalist Rule 916(3).

Save for as disclosed above, none of the other Directors or substantial Shareholders of the Company (other than through their respective shareholdings in the Company) has any interest, direct or indirect in the Loan.

By Order of the Board of Directors

Datuk Jema Khan
Chairman
18 October 2022

This announcement 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 relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

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

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