

JADE MARVEL GROUP BERHAD ("JMGB" OR "THE COMPANY")

COLLABORATION AGREEMENT (FOR PURCHASE AND SALE OF IRON ORE) BETWEEN JADEM TRADING SDN. BHD. AND MASSPRO TRADING (THAILAND) CO., LTD.

1. INTRODUCTION

The Board of Directors of JMGB ("**Board**") is pleased to announce that Jadem Trading Sdn. Bhd. ("**JTSB**"), a subsidiary of JMGB, had on 18 July 2022 entered into a Collaboration Agreement (For Purchase and Sale of Iron Ore) ("**Collaboration Agreement**") with MassPro Trading (Thailand) Co., Ltd. ("**MPTT**") to establish a strategic business alliance and collaboration for the sales of the iron ore lumps with iron (Fe) content between 50% to 68% ("**Products**") to the Customer (as defined below).

JTSB and MPTT are collectively referred to as the "**Parties**", and a "**Party**" refers to any one of them.

2. BACKGROUND INFORMATION ON THE PARTIES

2.1 Information of JTSB

JTSB is a private limited company incorporated in Malaysia on 30 August 2021 with its registered address at 39, Irving Road, 10400 George Town, Pulau Pinang. JTSB is principally engaged in the business of (i) dealing in all kinds of sand, gravel, stones and mineral substances for construction usage or any other kinds of usage and businesses; (ii) purchase, lease or otherwise acquire any mines, mining rights and any other interest and dealing in all products of residual and by products; and (iii) investment holding ("**New Business**").

The current directors of JTSB are Dato' Khoo Yik Chou, Dennis Chung Vui Ming and Chua Kian Leong. JTSB is 51%-owned by JMGB whilst the remaining 49% is owned by Chua Kian Leong (36%) and Goh Chee Siang (13%).

2.2 Information of MPTT

MPTT is a private limited company registered in Thailand on 13 March 2001 with the principal business as iron ore exporter and has its current address at 191/5, Kanchanaphisek Road, Dokmai, Prawet, Bangkok 10250, Thailand. MassPro has a registered and paid-up capital of THB10,000,000.00. MPTT is actively involved in mining, processing, trading, and exporting iron ore.

The board of directors of MPTT are Mr. Lakakorn Chatharamanee, Dr. Prayath Nantasin and Mr. Prayath Piemongsant.

3. SALIENT TERMS OF THE COLLABORATION AGREEMENT

The salient terms of the Collaboration Agreement are as follows:-

3.1 Scope and Relationship of the Parties

- 3.1.1 The intention of the Collaboration Agreement is for the Parties to establish a strategic business alliance and collaboration between the Parties for the sales of the Product to the customers of JTSB (including RXAM) and such other customers proposed by MPTT and accepted by JTSB (“**Customer**”).
- 3.1.2 The Parties believe that the collaboration to be in their mutual best interests and agree to work together in the spirit of close co-operation and reciprocity within the parameters of their respective constitutions, policies and the applicable laws to achieve the objectives of the collaboration.

3.2 Collaboration

- 3.2.1 JTSB and MPTT shall collaborate to work together in good faith to procure the supply of the Product for sale (including export) to the Customer in compliance with the contracts entered with the Customer for the sale (including export) of the Product (“**Customer’s Contracts**”) upon the terms and conditions contained herein.
- 3.2.2 MPTT shall:
- (i) obtain the supply of the Product or source the suppliers of the Product in compliance with the Customer’s specifications;
 - (ii) procure all the necessary logistics arrangements for transportation of the cargo from the stockpile to the loading port;
 - (iii) procure the loading of the cargo unto the designated vessel for shipment;
 - (iv) obtain and procure the requisite permits for the dealing, transportation, export and shipment of the cargo;
 - (v) procure the necessary Certificate of Quality at loading port (issued by a *CCIC Group Company) which shows the results of quality analysis and Certificate of Weight at loading port (issued by a *CCIC Group Company) which shows the quantity, bill of lading and all other documents required under the Customer’s Contract for the provisional payment to be made (including all supporting documents required for a valid claim of payment under the letter of credit established by the Customer as payment for the Product purchased (“**Letter of Credit**”).

***Note:** “CCIC” means China Certification & Inspection (Group) Co. Ltd of the People’s Republic of China, an independent third party certification and inspection organization authorized by China State Council

and is accredited by the State Administration of Quality Supervision, Inspection & Quarantine of the People's Republic of China (AQSIQ) to be a transnational organization focusing on services of inspection, survey, accreditation and testing.

"CICC Group Company" means any company or entity which is a member of the CICC Group, including C.C.I.C. (Thailand) Co., Ltd.

3.2.2 JTSB shall provide the financial support for in the manner, amount and proportions and time to be mutually agreed by the Parties ("**Prepayments**") for the costs for each order contract to procure the shipment or delivery of the cargo to the Customer. The Parties shall consult each other (with JTSB having the final discretion which shall be exercised after having considered the circumstances) to determine to whom and for what purpose such Prepayments will be made.

3.2.4 If the Letter of Credit is established in favour of MPTT, MPTT undertakes with JTSB to reimburse JTSB in full for the Prepayments made by JTSB for the shipment or delivery of the Cargo. In addition, JTSB shall be entitled to profit sharing as follows for each order contract (after the full reimbursement of the Prepayments made as aforesaid) ("**JTSB's Profit Sharing Entitlement**"):

- JTSB's Profit Sharing Entitlement: **Five percent (5%)** of total purchase price received for each order contract (after final adjustments (if any) based on the terms of the Customer's Contract).

3.3 Sale to RXAM

3.3.1 MPTT is aware that JTSB has executed the Sale and Purchase Contract dated 26 February, 2022 (Contract Reference JTSBRXA26022022) between JTSB and RXAM as supplemented by Addendum 1 signed on 17.03.2022 and Addendum 2 signed on 22.06.2022 ("**RXAM-Jadem Contract**") and reference to "RXAM-Jadem Contract" is a reference to RXAM-Jadem Contract as amended, varied, novated or substituted) to sell the Product to RXAM subject to the terms and conditions contained in the RXAM-Jadem Contract, and JTSB intends to source the ship the Products to RXAM via MPTT. MPTT shall ensure that the Product comply with the amount and specifications stated in the order contract issued under the RXAM-Jadem Contract.

3.3.2 For so long as the Collaboration Agreement shall remain effective, the Parties agree that every shipment or delivery of the Product to RXAM made during the term of the Collaboration Agreement is deemed:

- (i) to be made pursuant the agreed terms and conditions therein; and
- (ii) to be the shipment or delivery by JTSB (albeit via MPTT) to RXAM to satisfy the quantity pursuant to the RXAM-Jadem Contract.

3.4 Passing of Risk

All risk of loss, damage or destruction to the cargo shall be transferred to Customer in accordance with the Incoterms® 2010 as provided under the Customer's Contract.

3.5 Default

In the event:-

- (i) MPTT breaches any of the terms and fails to remedy the breach within seven (7) days from the notice issued by JTSB to rectify the breach;
- (ii) MPTT fails to procure the shipment or delivery of the cargo as agreed under the Customer Contract after JTSB has duly settled the Prepayments (except when such failure is caused by the fault of the Customer);
- (iii) the Customer rejects the cargo on basis that such cargo fails to comply with the Customer's specifications or does not conform to the regulations and requirements of the country to which the Product are being exported,

then, MPTT shall be deemed to have breached the Collaboration Agreement whereupon without prejudice to any other remedy JTSB may be entitled to under the terms of the Collaboration Agreement or in law or equity, MPTT shall be liable to pay damages (direct and indirect) arising therefrom, to JTSB and shall keep JTSB fully indemnified against all loss, damages, costs, expenses and liabilities suffered by JTSB arising from including all claims made by the Customer against JTSB.

3.6 Rights of Termination

3.6.1 Either Party shall be entitled forthwith to terminate the Collaboration Agreement by written notice to the other Party if:-

- (i) that other Party commits any breach of any of the provisions thereof and, in the case of a breach capable of remedy, fails to remedy the same within thirty (30) days after receipt of a written notice giving full particulars of the breach and requiring it to be remedied;
- (ii) an encumbrancer takes possession or a receiver is appointed over any of the property or assets of that other Party;
- (iii) that other Party makes any voluntary arrangement with its creditors or becomes subject to an administration order;

- (iv) that other Party goes into liquidation (except for the purposes of amalgamation or reconstruction and in such a manner that the company resulting therefrom effectively agrees to be bound by or assume the obligations imposed on that other party under the Collaboration Agreement); or
- (v) that other Party ceases, or threatens to cease, to carry on business.

3.6.2 Any waiver by either Party of a breach of any provision of the Collaboration Agreement shall not be considered as a waiver of any subsequent breach of the same or any other provision thereof.

3.6.3 The right to terminate the Collaboration Agreement given by this clause shall be without prejudice to any other right or remedy of either Party in respect of the breach concerned (if any) or any other breach.

3.6.4 Upon the termination of the Collaboration Agreement, subject as otherwise provided herein and to any right or obligation which has accrued prior to termination, neither Party shall have any further obligation to the other under the Collaboration Agreement.

3.7 Term

3.7.1 The term of the Collaboration Agreement will commence on the date of the agreement and shall continue for an initial term of one (1) year and thereafter shall be automatically extended annually unless terminated pursuant to the provisions of Collaboration Agreement.

3.7.2 Either Party may terminate the Collaboration Agreement at any time by giving not less than six (6) months written notice to the other Party.

3.8 Representations, Infringements and Indemnity

3.8.1 MPTT represents and warrants that:

- (i) MPTT has the right and authority to sell Product produced from the mine(s) or the stockpile;
- (ii) at the time each cargo is loaded for shipment to the Customer, MPTT shall have good and marketable title, free and clear of all liens and encumbrances, to all Product contained in such cargo;
- (iii) MPTT has the right, authority and license to supply and ship the Product to Customer and that there are no actions, claims or other proceedings pending or otherwise made against MPTT or supplier of the Product in any way relating to the Product;

- (iv) MPTT will defend, indemnify and hold JTSB and its Customer harmless at MPTT's own expense from and against any claim, loss, damage, expense or liability, including attorney's fees, arising out of any action by a third party that is based upon a claim that the Product supplied/delivered under the Collaboration Agreement infringe or otherwise violate the property rights of any person or entity; and
 - (v) MPTT will at its own expense procure the right of the Product or replace the same so that they become non-infringing.
- 3.8.2 If MPTT does not promptly undertake its obligations under this clause and pursue them diligently and in good faith, then after thirty (30) days' notice and opportunity to cure, JTSB may take any and all actions it reasonably deems necessary to protect its interest, including the defence or settlement of any claim, at MPTT's sole cost and expense.
- 3.8.3 In no event shall either Party be liable to the other Party for consequential or punitive damages however and wherever arising out of, or in connection with, the Collaboration Agreement or any order contract.
- 3.8.4 Each Party agrees that it has a duty to mitigate damages and covenants under the Collaboration Agreement. Each Party shall use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance of the Collaboration Agreement.
- 3.8.5 MPTT shall indemnify, defend, and hold JTSB harmless from any claims arising from an act or incident occurring up until when risk of loss to the Product purchased and sold under the Collaboration Agreement is vested in the Customer.
- 3.8.6 MPTT shall indemnify, defend, and hold JTSB harmless from and against any and all claims arising out of or resulting from the willful acts, recklessness, or negligence of MPTT or its agents or employees.
- 3.8.7 JTSB shall indemnify, defend, and hold MPTT harmless from and against any and all claims arising out of or resulting from the willful acts, recklessness, or negligence of JTSB or its employees or representatives.

3.9 Force Majeure

- 3.9.1 Either Party shall not be liable to the other Party for any delay or failure in the performance of any obligation under the Collaboration Agreement (except payment obligation) caused by act of God, blockade, war, revolution, riot, insurrection, civil commotion, lockout, strike, fire, flood, storm, earth quake or other, inclement weather conditions, unforeseen blockade of the access channel at loading port and/or discharging port, maintenance practice of the port facilities by the properly constituted port

authority, government restriction, regulation or order or any other causes beyond the reasonable control of either Party (the “**Affected Party**”), including any similar or other events, affecting the nominated performing vessel or relevant operations that shall be handled by the responsible party (“**Force Majeure Event**”).

3.9.2 For the avoidance of doubt, fluctuations in the market price of the cargo or prevailing freight rates are not the Force Majeure Event.

3.9.3 If the Force Majeure Event continues for more than three (3) months, either Party reserves the right to cancel the cargo which cannot be performed on account of the Force Majeure Event.

3.9.4 The Affected Party is obliged to write a notice to the other Party as soon as the Force Majeure Event ceases. The performance of the Collaboration Agreement shall be resumed as soon as reasonably practicable upon the cessation of the Force Majeure Event.

3.10 Law and Jurisdiction

The Collaboration Agreement shall be governed by and construed in all respects in accordance with the laws of Singapore, and excluding any conflicts of law provisions that would require the application of the laws of any other jurisdiction.

4. RISKS FACTORS

Save for the normal business and industry risks, the Board is not aware of and does not foresee any other risk factors arising pursuant to the Collaboration Agreement.

5. SOURCE OF FUNDS

The Company is proposing to fund the arrangements under the Collaboration Agreement through internally generated funds.

6. RATIONALE

In furtherance of its New Business, JTSB has previously entered into a Sale and Purchase Contract dated 26 February, 2022 with Rizhao Xinlanshan Asset Management Co., Ltd. (“**RXAM**”) for the sale and purchase of total quantity of 600,000 dry metric ton (“**DMT**”) of iron ore lumps (“**RXAM Contract**”). The first shipment of approximately 20,000 DMT (+/- 10%) to RXAM which was shipped on 4 July 2022 were sourced from MPTT and was shipped from Thailand (via MPTT) for JTSB to China.

Following from business relationship formed with MPTT for the abovesaid first shipment, the Company is of the view that the co-operation with MPTT will be a strategic alliance for the Company to secure a source for the supply of the iron ore to RXAM. Since MPTT is actively involved in iron ore mining, processing, trading, and export with China being

its principal market for their products, JTSC can leverage on MPTT's expertise and experience in mining operations, iron ore upgrading processing services, warehousing facilities, one-stop logistics management from mines to loading space or warehouses to barges to port (using trucks, barges and floating crane barges) in Thailand.

Barring any unforeseen circumstances, the Board believes that JTSC's New Business, especially, trading in iron ore, will benefit from the collaboration with MPTT which will be advantageous for the growth prospects of the Group in the business of in dealing in iron ore and related activities. The New Business is expected to provide the Group with an additional stream of earnings.

7. FINANCIAL EFFECTS

7.1 Share Capital and Substantial Shareholders' Shareholdings

The Collaboration Agreement will not have any effect on the share capital and the substantial shareholders' shareholdings of the Company as it does not involve any issuance of new ordinary shares in the Company.

7.2 Net assets ("NA"), NA per share and gearing

The Collaboration Agreement will not have any effect on the NA, NA per share and gearing of the Company.

7.3 Earnings and Earnings Per Share ("EPS")

The Collaboration Agreement is not expected to have any immediate effect on the earnings and EPS of the Company but it is expected to contribute positively to the future earnings of the Company and its subsidiaries ("**Group**").

8. APPROVALS REQUIRED

The Collaboration Agreement is not subject to the approval of the shareholders of JMGB or any governmental authorities.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors and/or major shareholders of JMGB and/or persons connected with them have any interest, whether direct or indirect, in the Collaboration Agreement.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after taking into consideration all aspects of the Collaboration Agreement, is of the opinion that the Collaboration Agreement is in the best interests of the Company.

11. DOCUMENTS FOR INSPECTION

The Collaboration Agreement is available for inspection at the Company's registered office at 39, Irving Road, 10400 George Town, Pulau Pinang, Malaysia during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 18 July, 2022.