



JAWALA INC.

(Incorporated in Labuan on 8 August 2017)

(Company Registration No. LL13922)

UPDATE ON THE IMPACT OF COVID-19

The board of directors (the “Board”) of Jawala Inc. (the “Company” and with its subsidiary, the “Group”) wishes to update shareholders on the impact of Covid-19 on the operations and financials of the Group.

Impact on the Group’s Operations

The Group ceased operations on 18 March 2020 in compliance with the Movement Control Order (“MCO”) imposed by the Malaysian Government, which is still on-going and has been tentatively extended up to 12 May 2020. The Sabah Forestry Department (“SFD”) has also issued a General Stop Order to the Group which mirrors the requirements of the MCO.

As such, the Group’s operations, which include planting activities, logging and sales will only resume after the MCO is lifted. The Group has issued standard operating procedures (“SOP”) to employees and contractors who reside in the Group’s campsites in relation to safe distancing and hygiene practices to ensure their safety as they carry out essential non-operating activities including security, fire prevention and maintenance of nursery and plantation.

As far as the Board is aware, the Group has faithfully complied with all the MCO and SFD requirements. The Board does not expect any material impact from the MCO on any of the Group’s current contractual obligations. The Group has also received support from the Malaysia Social Security Organisation (“SOCSO”) to ease the Group’s wage cost during this MCO period. SOCSO is implementing the wage subsidy program offered by the Malaysian Government. Management has continued to pay all staff salaries in full and does not currently expect any retrenchment.

Impact on the Group’s Financials

The Group had released its financial results for the six months ended 31 January 2020 (“1H2020”) on 16 March 2020 (“1H2020 Results”) in which the Group had reported a profit before tax of approximately RM7.0 million for 1H2020. The Board had also indicated in the 1H2020 Results that it expects the Group to remain profitable for the full year ending 31 July 2020 (“FY2020”).

The Board expects the results for the 2nd half of FY2020 (“2H2020”) to be impacted due to the MCO which would invariably lead to the loss of sales during the MCO period. However, based on preliminary estimates, and barring any unforeseen circumstances, the Board expects the Group to remain profitable for FY2020 due to the profit already generated in 1H2020 and the costs expected to be incurred for 2H2020. Management has always been mindful of keeping to a sustainable level, although the Group may report lower profitability or losses for 2H2020, depending on the duration of the MCO.

The Group’s cash and bank balances remain strong at approximately RM33.7 million as at 31 January 2020 and Management does not foresee any collectability issues with its outstanding trade receivables as there are still forthcoming collections in this period.

In summary, the Board wishes to assure shareholders that although there would be an expected negative short-term impact on the revenue and profitability of the Group, the Board is confident of the sustainability of the Group's current business model, backed by a healthy balance sheet.

The Board will continue to assess the impact from Covid-19 on the Group and update shareholders as and when there are any material developments. In the meanwhile, the Board wishes all employees, stakeholders and shareholders good health and to stay safe in this time of pandemic.

By Order of the Board of Directors

Datuk Jema Khan
Executive Chairman and Chief Executive Officer
28 April 2020

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 Catalyst.

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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