

Issuer: Jadason Enterprises Ltd

Security: Jadason Enterprises Ltd

Meeting details:

Date: 24 April 2017

Time: 10:30H

Venue: Room 327, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593

Company Description

Jadason Enterprises Ltd, an investment holding company, distributes machines and materials for the printed circuit board (PCB) and semi-conductor industries in Singapore, the People's Republic of China, and internationally. The company operates through Equipment and Supplies, and Manufacturing and Support Services segments. It also engages in the provision of resharpening services to the PCB industry; installation of machines; and provision of sales support and procurement services. In addition, the company is involved in the lamination of PCBs; provision of drilling services to the PCB and semiconductor industries; and assembly of laser photo plotters, exposure machines, and other PCB equipment. Further, it offers testing services for PCBs; manufactures and trades in machineries; and produces and distributes wet process equipment. Jadason Enterprises Ltd was founded in 1980 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=J03)

Q1. As mentioned in the Chairman’s Statement (page 3 of the annual report), the group “recorded a consolidated pre-tax profit excluding exceptional or non-recurrent income and extraordinary items of S\$1.7 million for 2016”. The group has submitted its application to SGX-ST to seek the extension of a further twelve months to meet the market capitalisation requirement under Listing Rule 1314(1).

- a) **Can the company help shareholders understand what are the other alternatives available to the company to meet the market capitalisation requirement?**
- b) With effect from 3 March 2016, the company was also put on the minimum trading price (“MTP”) watch-list. **Even though there is a moratorium on the Exchange’s MTP requirement, can shareholders understand what are the options available to the company?**
- c) The Chairman has also stated that the group is “open to exploring new businesses or opportunities in other fields for growth”. **Has management evaluated such opportunities or have been approached by any interested parties?**

Q2. Revenue from the “Equipment and supplies” segment dropped by a third to register S\$22.6 million in revenue in 2016. The revenue from “Manufacturing and support services” segment increased by nearly 20% to S\$34.5 million in 2016.

- a) **PCB drilling:** The group has noted that it is upgrading its PCB drilling equipment in 2017 to enhance its performance and customer support. **What is the expected capital expenditure? Given that the segment is loss-making and market conditions remain challenging, what is management’s targeted return on investment of this new capital expenditure for PCB drilling?**
- b) **PCB mass lamination:** **What is the utilisation rate of the PCB mass lamination sub-segment following the expansion of its capacity in 2016?**
- c) **Manufacturing and support services:** **What is the utilisation rate in 2016? How much improvement in utilisation/increase in sales is management targeting? What would be the normalised profit margin for this segment?**

Q3. As disclosed in the Corporate Governance Report, the nominating committee (NC) comprises Mr. Teo Kiang Kok as Chairman and Mr. Chua Keng Hiang and Ms. Queeny Ho as members (page 19).

Mr. Teo Kiang Kok and Mr. Chua Keng Hiang are non-executive and independent Directors and were appointed to the board in September 2002 and June 2000 respectively. Notwithstanding that each of the IDs has served on the board for more than nine years from the dates of their respective appointment, the NC has determined that the directors remain independent and the board has accepted the NC’s view and has affirmed the independence of Mr. Teo and Mr. Chua.

The NC has also stated that it “seeks to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory”.

- a) **Can the board and/or the NC update shareholders on plans for the progressing refreshing of the board, as guided by Guideline 2.4 of the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore?**
- b) **What is the search and nomination process for new board directors?**