



Issuer: Jadason Enterprises Ltd

Security: Jadason Enterprises Ltd

Meeting details:

Date: 29 April 2019

Time: 2.30 p.m.

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

Company Description

Jadason Enterprises Ltd is an investment holding company engaged in the distribution of machines and materials for the printed circuit board (PCB) and semi-conductor industries. The Company operates through three segments: Equipment and supplies, which includes provision of equipment and supplies to the PCB industry; Manufacturing and support services, which includes the provision of equipment after-sales support and services, PCB drilling services and PCB mass lamination services in China, and Others, which include associates, corporate office and consolidation adjustments. In addition, the Company also operates through Jadason Enterprises Ltd and Taiwan Branch (the Branch) in the Republic of China. The Branch is engaged in the promotion of sales and rendering of after-sales service and maintenance. Its subsidiaries include Jadason Enterprises (HK) Limited, Jadason Engineering Sdn Bhd, Jadason Enterprises (Thailand) Limited and Jadason Electronics (Suzhou) Co., Ltd.

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

Q1. Would the board/management provide shareholders with better clarity on the following operational matters? Specifically:

- (i) **Equipment and supplies segment:** Revenue from the segment fell by approximately 18% to \$19.4 million due to “weaker demand for equipment and supplies from printed circuit board (“PCB”) manufacturers”. **Can management provide shareholders with an analysis of the customer profile in the equipment and supplies segment to show the industries/sectors of the customers?**
- (ii) **Dividends:** The group has maintained a net cash position for several years now. Cash flow from operating activities jumped to \$6.15 million in FY2018 as the group made good progress in collecting its debt. **What were the deliberations by the board on the declaration of dividends?** The last dividend was paid out by the company in 2013. **Would the board be reviewing how the company could provide return to shareholders and grow the company prudently at the same time?**

Q2. The attendance of directors at board and board committee meeting is shown in the table below:

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	1	2
No. of meetings attended:				
Queeny Ho	2	2	1	1
Fung Chi Wai	4	4 #	1 #	–
Chua Keng Hiang	4	4	1	2
Teo Kiang Kok	3	3	1	2
Linna Hui Min	4	4 #	1 #	–

Attendance by invitation of the Committee

(Source: Company annual report)

- (i) **Can the company help shareholders understand if there were extenuating circumstances that led the directors to be absent for the board meetings and board committee meetings?**
- (ii) **How far in advance are board meeting scheduled?**

Specifically, for the audit committee meetings, the non-member directors had better attendance than the certain AC members at the AC board committee meetings as invitees.

- (iii) How can the company and the company secretary work together with the directors to schedule the board and board committee meetings so that all the directors are able to attend the meetings and contribute to the effectiveness of the board?**
- (iv) In addition, can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend board committee meetings?**
- (v) Were there specific agenda items or reasons to invite the executive directors to all the board committee meetings?**
- (vi) What is the dynamics of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?** Such board committee meetings would have included agenda items on performance assessment and remuneration of the executive directors and on the audit/financial reporting/internal controls of the group.
- (vii) Do the invited directors also actively participate in the discussions during the board committee meetings? If so, how are board committee meetings different from the board meeting?**

Q3. In the Corporate Governance Report, the company has disclosed the following on Internal audit:

**Internal audit
Principle 13**

The Board recognizes and is responsible for maintaining a system of internal controls to safeguard the Group's business and assets. It regularly reviews the Group's business and operational activities to identify areas of significant business risks, as well as the adequacy of measures to control and mitigate these risks within the Group's policies and strategies.

The current size of operations of the Group does not warrant the establishment of an in-house internal audit function. As the Group has substantial operations overseas, and in particular China, the AC has instructed the CFO to review certain critical areas at the Group's China and other overseas subsidiaries and enhance the internal controls if necessary. The AC has considered and determined that the CFO was independent and competent to carry out the review of the activities. The findings and recommendations arising from these reviews and testings were discussed with Management and presented to the AC and the Board.

(Source: Company annual report; emphasis added)

The audit committee (AC) comprises Chua Keng Hiang (as chairman), Teo Kiang Kok and Queeny Ho.

Principle 13 of the 2012 Code of Corporate Governance states that the company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

- (i) Would the audit committee help shareholders understand how it interprets “independent of the activities it audits”?**
- (ii) Can AC justify the opinion that the CFO is “independent”?**
- (iii) What were the areas that were subject to the review by the CFO as instructed by the AC?**
- (iv) Would the AC be considering appointing an internal auditor (in-house or outsourced) to better comply with Principle 13?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Jadason%20Enterprises%20Ltd&cid=6399,4274>

The company’s response could be found here: -----