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UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Jason Holdings Limited

**Security:** Jason Holdings Limited

**Meeting details:**

Date: 31 Aug 2018

Time: 2.00 p.m.

Venue: Koo Chye Bo Seng Hong Temple San Qing Gong, Level 2, 21 Bedok North Avenue 4, Singapore 489948

**Company Description**

NA

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=513](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=513))

1. On 28 May 2018, the company re-designated Mr Lim Chwee Kim from non-executive chairman to executive chairman and announced the cessation of Mr Jason Sim Chon Ang (as non-executive director and Group CEO) and Mr Sim Choon Joo (as executive director).

In the Chairman's Statement (page 2 of the annual report), it was disclosed that the new board is dedicating its limited resources to focus on the resumption of trading of the company's shares and that the company has been working closely with its advisors to actively seek new business to be injected into the company.

The company is targeting to submit a Resumption Proposal to the SGX-ST by 31 December 2018.

- (i) As the company has stated that all personnel had left since May 2016, can the board help shareholders understand the composition of the team that is working on the acquisition of a new business to meet the listing requirements for trading to be resumed?**
- (ii) Can the newly appointed executive chairman elaborate further and provide shareholders with better clarity on his plans? How does he intend to rebuild shareholders' value after the difficult period in the past 4-5 years?**
- (iii) Is the search for a new business limited to certain sectors/geographical areas?**
- (iv) What is the role of the independent directors in the search of a new business?**
- (v) Given the deadline of 31 December 2018 to submit a proposal to SGX to resume trading of the company's shares, can the board clarify if it is still in the process of deal sourcing or has it started negotiating with certain parties for a potential acquisition?**

2. On 20 June 2018, the company announced that EQ Insurance had, on 31 May 2018, issued a third party notice against the company related to the High Court Suit No. 370/2017 between Hyundai-GS Joint Venture and EQ Insurance Company Ltd. and that the pre-trial conference (PTC) for the Third Party Proceedings was fixed on 28 June 2018.

Subsequently, on 8 June 2018, the Company filed a memorandum of appearance to contest the claims in the proceedings and, on 13 June 2018, the PTC for the Third Party Proceedings was refixed to 21 June 2018, from the original date of 28 June 2018.

It was only on the eve of the PTC that the company made the announcement that it has received a third party notice claims from EQ Insurance.

According to the Corporate Disclosure Policy in Appendix 7.1 of the SGX Rulebook, and under Rule 703, significant litigation is one of the events that is likely to require immediate disclosure.

- (i) Would the board help shareholders understand the reason(s) for the delay in announcing the claims by EQ Insurance Company Ltd.?**
- (ii) While the company is currently undergoing a period of restructuring and transformation, can the board confirm that it is aware of and is familiar with its obligations as a listed company and will continue to meet the obligations, especially in disclosing significant and material events in a timely manner?**
- (iii) Since the PTC on 21 June 2018, has the board completed its assessment of the impact of the claim? If so, can the board update shareholders accordingly? If not, how much more time would the board need to assess the impact?**

Pursuant to Rule 704(4) of the Listing Manual, an issuer must immediately announce, *inter alia*, any qualification or emphasis of a matter by the auditors on the financial statements of the issuer. The Independent auditors did not express an opinion on the company's financial statements for the financial years ended 31 December 2017, 31 December 2016 and 31 December 2015. **Would the board, especially the audit committee, consider it necessary to announce any qualification or emphasis of matter by the auditors on the financial statements to comply with Rule 704(4)?**

3.As shown in the Statements of financial position (page 34), the company and the group are in net liability positions of \$(585,934) and \$ (1,088,841) respectively. As at the date of the annual report, the company has utilised \$990,000 of the \$1,000,000 proceeds from the shares placement and the balance \$10,000 has been set aside to fund the company's working capital. As at 31 December 2017, the group had cash and cash equivalent of \$33,866.

- (i) What is the burn rate of the company/group as it searches for a new business?**
- (ii) What is the level of undertaking from Mr Lim Chwee Kim, Executive Chairman and a controlling shareholder of the Company, to provide continuing financial support to enable the company to meet its liabilities as and when they fall due?**

*[The following questions were sent to the company based on the annual report for financial years ended 31 December 2016 and 31 December 2015. The two questions are reposted as the company has not addressed the issues directly nor in the annual report for the financial year ended 31 December 2017.]*

4. In the Independent Auditor's Report to the members of Jason Holdings Limited, the Independent Auditor has stated that they were "not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion" (page 36). Specifically, as stated in the Basis for disclaimer of opinion, the Independent Auditor has noted the following:

- Inconsistencies in certain information highlighted in E&Y's Executive Summary Report and the information we had gathered during the course of the audit
  - We were also denied access to E&Y's Full Report
  - We were therefore unable to obtain satisfactory responses to our requests for supporting documents, information and explanations arising from our audit and on the matters in relation to E&Y's findings
- (i) **Can the audit committee help shareholders understand the reason(s) why the Independent Auditor was not given access to the E&Y's Full Report?**
- (ii) **What were the individual and the collective efforts of the audit committee members to facilitate the Independent Auditor in obtaining responses to their requests for supporting document, information and explanation specifically with regard to the matters in relation to E&Y's findings?**
- (iii) **For increased accountability, would the company consider publishing the E&Y's Full Report on SGXNet?**

5. In the Chairman's Statement in AR2015/2016, it was stated that "[r]ather than dwelling on the past, the Board is going back to basics and rebuilding the Group step by step" (page 2).

- (i) **Given the findings in the E&Y Report, the potential breaches highlighted by the legal counsel and the sponsor, and that the Special Committee had suspended the CEO and the Operations Director, would the board be reviewing "the past" and hold any such person(s) accountable?**

As directors owe a fiduciary duty to the company, the company has stated that it should be able to avail itself to remedy against the Executive Directors in the event of such breach of fiduciary duties.

- (ii) **Should any executive directors be found to be in breach of his/her fiduciary duties, can the board inform shareholders what are the remedies available and by when will the board initiate such remedy?**
- (iii) **Can the independent directors elaborate further on the deliberations they have had on this matter?**

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=Jason%20Holdings%20Ltd>

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