Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Jadason Enterprises Ltd

Stock code: J03

Meeting details:
Date: 30 April 2021
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The group's equipment and supplies segment saw its revenue increase from $20.2 million in 2019 to $23.9 million in 2020, mainly due to higher PCB-related sales in China. The business segment posted an operating profit of $26,000 for the year under review.

In the manufacturing and support services segment, revenue decreased to $17.1 million as there was lower demand for PCB mass lamination and drilling services. The operating loss was $(3.0) million, coupled with a further impairment loss of $(1.1) million on plant and equipment.

The financial performance is shown on page 4 of the annual report and reproduced below:

FINANCIAL HIGHLIGHTS

Results for the years ended 31 December (S$'000)

	2020	2019	2018	2017	2016
Turnover	41,086	44,252	54,787	63,079	57,149
(Loss)/Profit before taxation	(3,903)	(14,931)	(778)	2,871	1,876
(Loss)/Profit after taxation	(4,076)	(15,004)	(1,344)	2,824	1,828
(Loss)/Earnings per share (¢)	(0.56)	(2.08)	(0.19)	0.39	0.25

(Source: company annual report)

Management has further stated that it will continue to review the 'Manufacturing and Support Services' operations and 'Equipment and Supplies' business for long-term growth and explore new businesses or opportunities for growth based on the group's existing competencies.

(i) **Would the board, especially the independent directors, consider it opportune to carry out a strategic review of the group's operations to assess the core competencies of the group, its management team and its financial strength and to fine-tune its strategies so as to create long-term sustainable value for all shareholders (see Question 2)?**

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(ii) The group expanded its production capacity but the rebound in demand did not materialise as anticipated due to the trade war and COVID-19. **What is the current capacity and the utilisation rates? How closely is the group working with its major customers?**

(iii) **Can management state their priorities for the next 12-18 months?**

(iv) **Did the group maintain its competitiveness and retained its market share?** Although the environment has been challenging, technology manufacturers have benefitted from a surge of demand and the growth prospects of the PCB market has been promising with the development of 5G infrastructure, accelerated digitalisation, increase in demand for electronics devices, growth in electric vehicles, miniaturisation trend of devices, etc.

Q2. On 14 April 2021, the company gave notice that it has recorded pre-tax losses for the three most recently completed consecutive years and its latest 6-month average daily market capitalisation was $20.95 million.

Based on Rule 1311(1) of the listing manual, the company will be placed on the watch-list by SGX-ST on 1 June 2021.

(i) **Has the board assessed the impact on the company should the company be put on the SGX watch-list?**

(ii) **What pro-active steps will management take to improve the group's profitability in FY2021?**

(iii) **With a market capitalisation of approximately $21 million, and equity attributable to owners amounting to approximately $30 million, has the board evaluated the options available to the group if it has to achieve an average market capitalisation of $40 million?**

(iv) **Would management team benefit from adding fresh blood to the team and incorporating new perspectives?**

(v) **Has the board evaluated if the necessary human resources are in place for the group to meet its objectives?**

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Q3. The board consists of five directors, of whom two are non-executive and independent. On page 19, in the corporate governance report, the company has stated that it is aware that Provision 2.2 of the Code of Corporate Governance 2018 requires the independent directors to make up a majority of the board where the chairman is not independent with effect from 1 January 2022 (sic), and will take steps to comply with the provision in due course.

It is noted that Provision 2.2 of the 2018 Code requiring independent directors to make up a majority of the board where the chairman is not independent has already come into effect for annual reports covering financial years commencing from 1 January 2019, i.e. in 2020. Only the strict definition of independent director (and the requirement for a two-tier vote for long-tenured director) was given a longer transition and will come into effect from 1 January 2022.

(i) **Would the board help shareholders understand if it is familiar with the requirements of the Code of Corporate Governance 2018 and the SGX listing rules?**

(ii) **Will the NC relook the composition of the board and reconstitute the board?** A board with a majority of independent directors can bring about a stronger element of independence on the board, leading to more balanced board dynamics, and more robust constructive debate.

In addition, the NC has determined that Mr. Chua Keng Hiang and Mr. Teo Kiang Kok remain independent notwithstanding that they have served on the board since 16 June 2000 and 3 September 2002 respectively. The NC comprises Mr. Teo Kiang Kok (chairman), Mr. Chua Keng Hiang and Ms. Queeny Ho.

(iii) **Can the NC help shareholders understand if it had carried out a rigorous review of the independence of the long-tenured non-executive directors?**

(iv) **How effective is the NC in the review of the independence of directors given that the NC chairman and a NC member are subject to the review and the third member of the NC is a non-executive non-independent director?**

(v) **Would the directors, including the independent directors, help shareholders understand if the board has been effective at "setting the corporate strategy and business direction of the group" and guiding management to achieve long-term success for the company?**

(vi) **Can the board elaborate further on its board renewal plans and review the pace of its progressive renewal?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)