

**JADASON ENTERPRISES LTD
(REG. NO. 199003898K)**

**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES
TRADING LIMITED ON THE COMPANY'S ANNUAL REPORT 2020**

The Board of Directors (the "Board") of Jadason Enterprises Ltd (the "Company", and together with its subsidiaries, the "Group") refers to the queries raised by Singapore Exchange Securities Trading Limited ("SGX-ST") on 26 April 2021, in respect of the Company's Annual Report for the financial year ended 31 December 2020 ("Annual Report").

The Board wishes to provide the following additional information in response to SGX-ST's queries:

Query (a)

With reference to the audited consolidated statement of cash flows on page 48 of the Company's Annual Report 2020, please provide an explanation for the material difference in the following:

- (i) Net cash flows generated from operating activities of approximately \$6,577,000, as compared to the unaudited financial results announcement of the Company of \$6,200,000;
- (ii) Net cash flows used in investing activities of approximately \$149,000, as compared to the unaudited financial results announcement of the Company of \$197,000; and
- (iii) Net cash flows used in financing activities of approximately \$2,573,000, as compared to the unaudited financial results announcement of the Company of \$2,148,000 for the financial year ended 31 December 2020.

Please also explain whether and how the Company has complied with Listing Rule 704(6).

Company's response:

	Per Annual Report	Per Announcement dated 26/2/2021	Variance	Note
	S\$'000	S\$'000	S\$'000	
Net cash flows generated from operating activities	6,577	6,200	377	(1),(2),(3)
Net cash flows used in investing activities	(149)	(197)	48	(2),(3)
Net cash flows used in financing activities	(2,573)	(2,148)	(425)	(1)
Net increase in cash and cash equivalents	3,855	3,855	-	

Note 1

Subsequent to the announcement on 26 February 2021, there were reclassifications of interest paid of S\$57,000 and decrease in trust receipts of S\$368,000 from operating activities to financing activities.

Note 2

Subsequent to the announcement on 26 February 2021, there was a reclassification of interest received of S\$52,000 from operating activities to investing activities.

Note 3

Subsequent to the announcement on 26 February 2021, there was a minor adjustment to reduce the amount of the profit / proceeds from disposal of plant and equipment from S\$68,000 to S\$64,000.

In the un-audited financial results announced on 26 February 2021, the Company had used the presentation format adopted by its previous auditor. The reclassifications as described in Notes 1 and 2 above were advised by the newly appointed auditor. There was no change to the net increase in cash and cash equivalents of S\$3,855,000 in FY2020.

Query (b)

Provision 2.2 of the Code of corporate governance 2018 (the “Code”) states that, “Independent directors make up a majority of the Board where the Chairman is not independent”.

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.2 of the Code as independent directors do not make up a majority of the Board where the Chairman is not independent. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Company’s response:

The Board consists of five directors, of whom two are non-executive and independent.

Details regarding the directors’ qualifications and experience can be found on pages 12 and 13 of the annual report. As mentioned on page 20 of the annual report, the Board has the appropriate mix of expertise and experience, and collectively possesses core competencies in areas such as accounting and finance, legal, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The Board is of the view that its current size and composition facilitates effective decision-making, taking into consideration the scope and nature of the Group’s operations, and in particular the challenges and demands of operating in China.

Taking into account the Chairman is non-executive, the Chairman and CEO are unrelated and that the Company has appointed a lead independent director, the Nominating Committee is of the view that the Board, with independent non-executive directors making up two-fifths of the Board, has a significant independent element to enable judgment on corporate affairs to be exercised. The Board also ensures that important issues are discussed robustly, with the independent directors frequently offering their views.

In view of the above, the Board believes that the practices the Company has adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

By Order of the Board

Tan Kok Yong
Company Secretary
28 April 2021