JADASON ENTERPRISES LTD
(Registration No. 199003898K)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF SGX-ST LISTING MANUAL

Jadason Enterprises Ltd (the ‘Company’) has been placed on the watch-list under the minimum trading price (“MTP”) criteria with effect from 5 June 2017, pursuant to Rule 1311(2) of the SGX-ST Listing Manual.

In accordance with Rule 1313(2) of the SGX-ST Listing Manual, the Board of Directors of the Company would like to provide an update for the quarter ended 31 March 2020 (“1Q 2020”) on the Company, together with its subsidiaries (collectively, the ‘Group’).

Update on Financial Situation

Following the recent amendments to Rule 705(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited which came into effect on 7 February 2020, the Company will adopt the announcement of financial results on a half-yearly basis with effect from the financial year ending 31 December 2020.

In respect of 1Q 2020, the unaudited financial performance and position of the Group are set out in the explanatory notes attached.

At 31 March 2020, the Group had cash and cash equivalents of S$10.7 million (31 December 2019: S$11.2 million). After accounting for loans and lease liabilities from financial institutions, the Group was net cash positive at S$9.7 million at 31 March 2020 (31 December 2019: S$10.2 million). At 31 March 2020, net current assets of the Group amounted to S$20.4 million (31 December 2019: S$21.0 million).

Revenue for 1Q 2020 decreased by 36% to S$6.6 million compared with 1Q 2019. During the quarter under review, the Group saw weak demand from printed circuit board (“PCB”) manufacturers at both its Equipment and Supplies business and Manufacturing and Support Services business, amid measures implemented by the authorities to contain the Covid-19 outbreak. The Group recorded a net loss of S$2.1 million for the quarter under review, compared with a net loss of S$1.5 million for 1Q 2019. The results for the quarters under review were not impacted by any non-recurring or exceptional items.

Update on Future Direction

There are no material developments which may have a significant impact on the future direction of the Group.

On 11 May 2020, the Singapore Exchange Regulation (SGX RegCo) announced that the MTP rule will be removed with effect from 1 June 2020.

By Order of the Board

Fung Chi Wai
Chief Executive Officer
15 May 2020

Unaudited financial performance of the Group for the quarter ended 31 March 2020 (“1Q 2020”)

	S$'000		%
	1Q 2020	1Q 2019	Increase/ (Decrease)
Revenue (Note 1)	6,626	10,340	(36)
Loss from operations (Note 1)	(1,865)	(1,093)	71
Loss before income tax	(2,105)	(1,334)	58
Income tax (Note 2)	(3)	(153)	(98)
Loss after income tax	(2,108)	(1,487)	42

Unaudited statement of comprehensive income of the Group for 1Q 2020

	1Q 2020	1Q 2019	Increase / (Decrease)
	S$'000	S$'000	%
Loss after income tax for the period	(2,108)	(1,487)	42
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations (Note 3)	1,850	744	149
	1,850	744	
Total comprehensive income for the period	(258)	(743)	(65)
Total comprehensive income attributable to:			
Equity holders of the Company	(258)	(743)	(65)

Financial positions (unaudited) as at 31 March 2020 and 31 December 2019

	Group		Company	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets:				
Cash and bank balances	9,814	10,425	472	810
Bank deposits	855	808	-	-
Inventories	3,942	3,919	310	345
Trade receivables (Note 4)	14,561	16,411	1,572	1,579
Bill receivables	4,823	4,722	-	-
Other receivables and prepayments	1,069	1,001	92	89
Amounts due from subsidiaries	-	-	240	206
Total	**35,064**	**37,286**	**2,686**	**3,029**
Non-current assets:				
Property, plant and equipment (Note 5)	11,121	10,771	95	31
Right-of-use assets (Note 6)	12,360	12,972	41	93
Subsidiaries	-	-	33,666	33,666
Total	**23,481**	**23,743**	**33,802**	**33,790**
TOTAL ASSETS	**58,545**	**61,029**	**36,488**	**36,819**

	Group		Company	
	31.03.2020	31.12.2019	31.03.2020	31.12.2019
	S$'000	S$'000	S$'000	S$'000
LIABILITIES & EQUITY				
Current liabilities:				
Bank loans	1,000	1,000	1,000	1,000
Trust receipts (Note 7)	1,409	2,114	1,409	1,480
Trade payables (Note 7)	7,310	7,702	2,073	1,791
Other payables (Note 7)	2,193	2,917	453	514
Income tax payable	279	269	-	-
Lease liabilities (Note 8)	2,447	2,318	32	77
Amounts due to subsidiaries	-	-	5,941	5,634
Total	**14,638**	**16,320**	**10,908**	**10,496**
Non-current liabilities:				
Lease liabilities (Note 8)	11,056	11,610	7	7
Provision for long service payment	171	161	-	-
Total	**11,227**	**11,771**	**7**	**7**
Capital & reserves:				
Share capital	50,197	50,197	50,197	50,197
Treasury shares	(307)	(307)	(307)	(307)
Translation reserve	(2,999)	(4,849)	(87)	(81)
Reserve and Enterprise Expansion Funds (Note 9)	5,711	5,711	-	-
Accumulated losses	(19,922)	(17,814)	(24,230)	(23,493)
Total	**32,680**	**32,938**	**25,573**	**26,316**
TOTAL LIABILITIES AND EQUITY	**58,545**	**61,029**	**36,488**	**36,819**

Notes:

Note 1
Following is a summary of the performance of the Group's business segments during the quarter under review:

	Revenue		Loss from Operations	
	1Q 2020	1Q 2019	1Q 2020	1Q 2019
Business Segments:	S$'000	S$'000	S$'000	S$'000
Equipment and Supplies	3,414	4,433	(256)	(369)
Manufacturing and Support Services	3,212	5,907	(1,609)	(724)
Total	**6,626**	**10,340**	**(1,865)**	**(1,093)**

Revenue for the Equipment and Supplies business for 1Q 2020 decreased by S$1.0 million, or 23%, due mainly to the absence of sales of PCB equipment during the quarter. The business segment posted an operating loss of S$0.3 million (1Q 2019: S$0.4 million) for the quarter under review.

Revenue of the Manufacturing and Support Services business for 1Q 2020 decreased by S$2.7 million, or 46%, to S$3.2 million compared with 1Q 2019 due to significantly weaker demand from customers for PCB drilling and PCB mass lamination services in China amidst the fallout from the Covid-19 outbreak, with the sharpest contraction experienced in the month of February 2020. Although the Group's plants in China which are engaged in the provision of manufacturing and support services received approvals from the local authorities to resume production at around the middle of February 2020, manpower shortage was an issue as a result of the travel restrictions imposed. Compared with the same period last year, revenue of the Group's PCB drilling and PCB mass lamination operations for the month of March 2020 saw a decrease of approximately 27%. Due to under utilisation of capacity, absorption of overhead cost was impacted, and the business segment reported a loss from operations of S$1.6 million (1Q 2019: S$0.7 million).

Note 2
An income tax charge arose in spite of the loss before income tax as certain subsidiaries within the Group were profitable, and that losses incurred by certain entities could not be offset against the profits of other subsidiaries for income tax purposes.

Note 3
The gain on translation of foreign operations was due mainly to the strengthening of the Chinese Renminbi against the Singapore dollar during the periods under review.

Note 4
The decrease in trade receivables was due mainly to payments received and the lower business activities during the period under review. Please also refer to Note 1 for further details regarding the performance the Group's operating segments.

Note 5
The increase in property, plant and equipment was due mainly to the effect of translating the financial statements of foreign subsidiaries into Singapore dollar (see also Note 3) and additions of equipment of S$72,000 during 1Q 2020, offset partially by depreciation charges of S$300,000.

Note 6
Right-of-use ("ROU") assets relate mainly to leases of factories and offices occupied by various entities within the Group, and are recognised following the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases in FY2019 (see also Note 8).

The decrease in ROU assets was due mainly to depreciation charges and the termination of certain leases, offset partially by the effect of translating the financial statements of foreign subsidiaries into Singapore dollar (see also Note 3). The termination of leases was part of the process of rationalising the Group's Manufacturing and Support Services operations and no penalty was incurred for the termination.

Note 7
The decreases in trust receipts, trade and other payables of the Group were due mainly to payments made and the lower business activities during the period under review.

Note 8
Lease liabilities relate mainly to leases of factories and offices occupied by various entities within the Group, and are recognised following the adoption of SFRS(I) 16 Leases in FY2019 (see Note 6).

The decrease in total lease liabilities was due mainly to payments made and the termination of certain leases (see Note 6), offset partially by the effect of translating the financial statements of foreign subsidiaries into Singapore dollar (see also Note 3).

Note 9
Reserve and Enterprise Expansion Funds pertain to subsidiaries in China, and are appropriations of profits made in accordance with applicable laws and regulations.