

**RESPONSES TO QUESTIONS FROM
SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

The board of directors (the “**Board**”) of Jason Marine Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) would like to thank the Securities Investors Association (Singapore) (“**SIAS**”) for submitting their questions in advance of the Company’s Annual General Meeting to be held on 26 July 2022 at 10.00 am.

Unless otherwise defined, capitalised terms used herein shall have the same meaning as ascribed there to in the Company’s annual report for the financial year ended 31 March 2022 (“**Annual Report**”).

The Company’s responses to the questions received from SIAS are set out below.

Question 1

- (i) **Singapore: The group generated 60% of its revenue from Singapore. In the financial & operations review (page 20), management has noted that the manpower shortage in Singapore is an ongoing issue. Has the lack of manpower affected the group’s operations? What are management’s plans to overcome the manpower shortage and the supply chain disruptions? Is the group in the position to pass on cost increases due to manpower shortage and the supply chain disruptions to the customers?**

Response

The Group does face manpower issues primarily on its engineer workforce, as a substantial amount of time is required for the technical training of an on-board engineer to handle the day-to-day engineering complexities. Hence, reducing the lead time required for engineers to be ready without compromising the required technical skills is important for the Group in order to perform the necessary repair and maintenance work for our customers.

To overcome this issue, the Group continues to improve and build up our in-house learning and training platforms, which allows us to reduce the time required to train our new engineers, as well as improve the efficiency and productivity of existing workforce. We are actively looking for suitable talents, and have also recruited more trainees for replacement and expansion purposes. We are also expanding our overseas branch office engineer’s capabilities for cross deployment work within the Group. Above all, the Group understands the importance of talent retention, and continues to work on various initiatives to attract and retain talents.

As for the supply chain disruptions, we are working closely with our suppliers and customers to monitor and manage the situation, including negotiations of commercial terms to minimise the impact to the Group. We have also increased our inventories, especially for fast moving stocks in anticipation for equipment and spares shortages.

- (ii) **Renewable energy: What are the services and products that the group can offer to customers/potential customers in the renewable energy segment? How does the group acquire customers in the renewable energy segment?**

Response

We are pleased to inform that the Group's existing equipment and services are applicable to customers/potential customers in the renewable energy segment. We are proactively working with new and existing customers to seize opportunities in the renewal energy segment by leveraging on our experience and expertise in the navigation and communications field to provide better and more efficient solutions.

- (iii) **Indonesia: As noted in the chairman's statement, Indonesia is benefitting from the upturn in shipping and energy sector where it is a producer of petroleum and natural gas. Of the group's total revenue, \$2.9 million or 9.3% (FY2021: \$2.4 million or 7.9%) was derived from Indonesia. Can management help shareholders understand the size of the total addressable market in Indonesia? How is the group positioning itself to capitalise on the new/heightened demand in Indonesia?**

Response

The Group mainly provides services to commercial vessels for customers in the private sector in Indonesia, and have seen increased business activities during the financial year. There was a significant increase in shipbuilding activities in 2021 as compared to prior year, which will translate to more opportunities for the Group. We are increasing our pool of engineers stationed in Indonesia in order to capture the growing market.

The Group is also actively working to expand its overseas presence and service network, which will allow us to better serve our customers, increase our customer base, as well as capture higher market shares in the respective region.

Question 2

With Internationalisation as one of the group's three strategic pillars, the group extended its network of service centres to the European continent with the opening of its first branch office in the busy container and transshipment cargo port city of Algeciras in Spain. The port is strategically located at the mouth of the Strait of Gibraltar which is the gateway into Europe, North Africa and parts of the Middle East via the Mediterranean Sea.

- (i) **What is the group's competitive advantage in Europe/Algeciras?**

Response

The Group has been operating in the marine industry for more than 40 years, and have extensive experience and track record in delivering the products and services to meet customers' exacting requirements. The Group also carries an extensive range of products from renowned manufacturers. Coupled with our presence in Asia, as well as the different suite of services offered by the Group, we believe it will provide us the competitive advantage to better serve our customers in the European market.

- (ii) **Does the group have the support of its major vendors to operate in Europe where they may already have distributors and partners in place?**

Response

The new entity, Jason Marine Electronics Spain, S.L. (“JMES”) has the support from the major vendors of the Group, and is concurrently working to obtain support from other brands and distributors as well. So far, the Group is also able to leverage on its existing brands of products to meet the requirements of its customers in Europe.

- (iii) **As at 31 March 2022, the new office in Spain has 4 employees. What is the total manpower requirement for the new office in Spain?**

Response

The Group monitors the situation closely and intends to increase the manpower in tandem with the business activities under JMES. The Group is looking to increase its pool of engineers in Spain in order to better serve our customers and capture the opportunities. We expect the headcount to increase to 7 by FY2023.

- (iv) **How is management recruiting for the new office, given the language differences? Is the “team of experienced engineers” transferred from Singapore?**

Response

We have employed a Spanish Managing Director for JMES, who is conversant with different languages including English, taking guidance and approval from the headquarters in Singapore on hiring matters. The other Spanish employees, including the engineers are also conversant in English and have years of experience in the field of marine electronics, enabling them to communicate with the different stakeholders in the course of their work.

- (v) **Can management elaborate further on the market-entry strategy, especially how it intends to acquire new customers in Europe?**

Response

The Group intends to build a competitive service partner network in Spain, and eventually to the rest of Europe. With the Group’s expertise in the industry as well as its presence in Asia, it will be able to provide a more comprehensive and efficient service to its customers.

(vi) What are the major risks identified by the board in the group's internationalisation strategy? How does management intend to mitigate such risks?

Response

The top 3 risks identified were relating to performance projections, internal controls, as well as compliance with Group's policies and regulatory requirements. The management have put in measures in place to mitigate such risks.

- Performance projections – Direct reporting on the business performance and update on a weekly basis to the senior management in Singapore.
- Internal controls – JMES to adopt the Group's policies and procedures, as well as the operating systems such as Office 365 and Enterprise Resource Planning system. Delegation of authority matrix has also been set for JMES, which is approved by the headquarters in Singapore.
- Compliance with Group's policies and regulatory requirements – Induction programs are conducted for all new employees so that they are familiar with the Group's policies and procedures. Annually, the Group also conducts in-house training for compliance and group policies matters. JMES has also engaged professional service providers to ensure compliance to regulatory requirements.

(vii) What is the total amount of capital earmarked to drive the group's internationalisation strategy?

Response

The initial investment amount earmarked for JMES is S\$1 million.

(viii) How is this expansion different from the group's previous overseas efforts, such as its investments in South Korea?

Response

Over the years, the Group has presence in other parts of the World, but mainly in the Asia region. The Group sees Europe as an important market in the long term, as it strives to be a global world class sustainable solution partner in marine electronics.

JMES is strategically located near the port of Algeciras, which is near the mouth of the Strait of Gibraltar. Port Algeciras is for container and transshipment cargoes, a gateway into Europe, north Africa and parts of the Middle East via the Mediterranean Sea.

By increasing the Group's service network, it will also allow us to better serve its customers' needs required in different parts of the World with different time zones, thereby creating synergy and increasing the business opportunities for the Group.

Question 3

On 30 November 2021, Mr Tan Boon Gin, chief executive of Singapore Exchange Regulation (SGX RegCo), gave guidance that companies are expected to use the two-tier rule sparingly to promote renewal and succession planning.

At the annual general meeting, the company is seeking shareholders' approval to re-elect Mrs Eileen Tay-Tan Bee Kiew (also lead independent director) and Mr Sin Hang Boon. Both directors were first appointed in September 2009.

- (i) **Will the continued appointments of the long-tenured independent directors, namely Mrs Eileen Tay-Tan Bee Kiew and Mr Sin Hang Boon, impede/delay the progressive renewal of the board? Are there any challenges faced by the board in identifying and onboarding of new board members?**

Response

The past three years have been a challenging period for the Group, like many other companies in various sectors, especially with COVID-19. The Board has spent more time and effort in discussions and taking decisions on the Group's business during this period, and the strategic knowledge of the existing independent directors regarding the Group's business has been very valuable.

The Board is conscious of the requirement of board renewal, but also takes into consideration the knowledge continuity of the Board. The Board has since brought in Mr. Colin Low Tock Cheong ("Mr. Low") as a new Independent Director of the Group in July 2021. Mr. Low has extensive experience in a wide spectrum of industries, including in areas relevant to the Group's business, which will help to boost the Board's capabilities.

The Board will continue its effort in the progressive renewal of the Board, while also being cognisant of the fact that finding one that matches the needs of the Group takes time.

- (ii) **Should Mrs Eileen Tay-Tan Bee Kiew, the lead independent director, lead by example by setting the tone with regard to capping the tenure of independent directors?**

Response

Mrs. Eileen Tay-Tan Bee Kiew, as the lead independent director of the Group, is aware of the situation. She, as in the case of other Board members, recognises the need to balance between renewal and knowledge continuity of the Board. Notwithstanding that she has served as an independent director of the Company beyond nine years since the date of her first appointment on 15 September 2009, the Nominating Committee ("NC") and the Board are of the view that Mrs. Eileen Tay-Tan Bee Kiew continues to possess independent thinking and the ability to exercise objective judgement on corporate matters independently, which had benefited the Group. She does not have any relationships or circumstances which may affect her judgement and ability to discharge her duties and responsibilities as independent director.

The NC and Board also recognised that Mrs. Eileen Tay-Tan Bee Kiew has developed substantial insight of the Group's business and continues to add value to the Board.

(iii) Other than the appointment of Mr Colin Low Tock Cheong in July 2021, would the NC be reviewing the board composition, with a view on how it could refresh the board composition to enhance board renewal?

Response

As stated in question 3(i), the NC and the Board will continue its effort in identifying suitable candidates for the progressive renewal of the board.

By Order of the Board

Foo Chew Tuck
Executive Chairman and CEO
21 July 2022

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Mr. David Yeong (Telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.