

**JASPER INVESTMENTS LIMITED**  
(Company Registration No. 198700983H)

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**RESPONSE TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S  
COMMENTS ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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The Board of Directors (the "**Board**") of Jasper Investments Limited (the "**Company**") wishes to respond to comments received on 19 July 2019 from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to the annual report released by the Company in respect of the financial year ended 31 March 2019 (the "**Annual Report**").

**SGX-ST Query 1**

*We note that the auditors have raised a disclaimer of opinion relating to going concern of the Group, citing no revenue for FY2019, losses after tax and net cash used in operating activities of US\$436,000. Please provide the following:*

- a. *the Board of Directors' assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment;*
- b. *the Board of Directors' opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3); and*
- c. *the Board of Directors' confirmation as to whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.*

**Board's Response**

- a. Based on the Group's current financial year's cash flow budget and projected requirements and taking into consideration the revenue that is to be generated from the expected commencement of works in the near term in relation to the marine transport projects that the Group has been engaged (the "**Infrastructural Projects Assignments**"), the Board is of the opinion that the Group will be able to continue operating as a going concern.

The Board further wishes to note that the major shareholder of the Company, Polaris Nine Private Limited, has given its written assurance that, if required, it will provide sufficient funding (through loan, equity injection or otherwise) to meet the day-to-day compliance and operational costs requirements for the current financial year. As previously announced, contract principal has informed the Group to be on standby to commence work shortly. The Management has received a further update following an enquiry made with the representative of the contract principal, Wing Seng Company Limited, that the first deployment of the vessels involved in the Guangdong-Hong Kong-Macao Greater Bay Area is, barring unforeseen circumstances, expected to take place no later than 31 August 2019.

The Group's commencement of works will coincide with the aforesaid deployment. The Management has also reported to the Board that it has done a further check with Barten Construction & Trading Pte Ltd, the designated operator responsible for undertaking the related logistics and transportation works in connection with the reclamation works relating to the Hong Kong International Airport Project (Third Runway System) and with whom the Company has entered into collaboration with, and has received confirmation that there are a couple of administrative and logistical matters to be sorted out before works on this project commence. Barten has indicated that, barring unforeseen circumstances, it expects works to commence within the third quarter or early part of the fourth quarter of this year.

- b. Taking into consideration the above including the fact that there is sufficient financial support to maintain the Company as a going-concern, the Board is of the opinion that that trading of the Company's shares should not be suspended. With the impending commencement of works, the Board is of the view that a suspension of trading of the Company's shares would affect the Group's ability to raise funds from the capital markets to support the expansion and growth of the Group's business following the initial commencement of works.
- c. The Board confirms that the Company has disclosed all material information that it has on hand and that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner. The Board is watching closely the developments in and the progress of the Infrastructural Projects Assignments will provide timely updates to Shareholders through disclosures via the SGXNET as and when appropriate or required.

### **SGX-ST Query 2**

*In the auditor's disclaimer of opinion, it is stated that the viability of the Group's and the Company's operations is "dependent on positive cash flow from operations to be generated from a roll-out of a new business plan during the financial year beginning 1 April 2019." Please provide an update on this new business plan thus far.*

#### **Company's Response**

Please see the Board's response to SGX-ST Query 1 above.

### **SGX-ST Query 3**

*On pages 14/15 of the annual report, under principal 11: Risk Management and Internal Controls, please clarify the following:*

- a. *It is stated that "the Group's operations and business practices should be audited or reviewed periodically to provide reasonable assurance that internal controls established..... are operating effectively". Please clarify if this has been done.*
- b. *It is stated that "Material non-compliance and internal control weakness noted.....should be reported to the AC together with recommendations.....to address such non-compliance and weakness." Please clarify if this has been done.*
- c. *It is stated that "It was determined that .....the process of internal audit would be best satisfied by the appointment of one of the Company's directors.....to carry out the internal audit function." Please explain how the Company intends to comply with Rule 719(3), which requires an issuer to establish and maintain, on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits.*
- d. *It is stated that "The Management is further expected to review all significant control policies and procedures and highlights all significant matters to the Board and the AC." Please clarify if this has been done.*
- e. *It is stated that "Audit findings and recommendations by the Company's external auditors ..... were promptly addressed and whenever possible resolved by Management." Please clarify if there were findings which were not resolved. If so, please disclose the issues and how the Board seeks to address and monitor the areas of concerns as required under Rule 1207(10) and Practice Note 12.2 of the Listing Manual.*

#### **Company's Response**

- a. The Company confirms that the Group's operations and business practices have been audited or reviewed periodically. As the operations of the Group had been at a minimal level for the past financial year, the review had focused on the cash-flow control and use of

available cash. The Company wishes to further note that the Financial Controller has, on a monthly basis, provided the Board and the Audit Committee with cash-flow requirements for the following month as well as the utilization of cash on a current month basis.

- b. As noted above, the operations of the Group had been at a minimal level for the past financial year, the review had focussed on the cash-flow control and use of available cash. The Board and Management confirm that they are fully cognizant of the need to report any material non-compliance and internal control weakness noted during such review to the Audit Committee together with recommendations (including recommendations by the Company's external auditors) to address such non-compliance or weakness. The Board wishes to note that no material non-compliance or internal control weakness had been noted for the past financial year.
- c. As the operations of the Group had been at a minimal level for the past financial year, taking into consideration the scale the current operations of the Group as well as simplification of the corporate structure of the Group, the Board is of the opinion that having the independent Chairman of the Company, Mr. Chan Wai Kwong Michael, to carry out the internal audit function meets the objective of Rule 719(3). The Board has directed the Management to either: (i) employ an internal auditor who will report to the Audit Committee; or (ii) engage an independent third party firm that provides internal audit services as soon as the Group commences works in relation to any of the projects which it has been engaged to undertake (currently, barring unforeseen circumstances, is expected to be by the end of August, 2019).
- d. The Management confirms that it has reviewed all significant control policies and procedures and has highlighted all significant matters to the Board and the Audit Committee.
- e. There were no findings which were not resolved by the Management save for the point raised by the Auditor on the Group's ability to continue as a going-concern, the same of which the Board has addressed in its response to the queries above.

#### **SGX-ST Query 4**

*Please provide the Board and the AC's opinion on whether the Company's risk management systems are adequate and effective.*

#### **Board and AC's Response**

Taking into consideration the current level of operations, the Board and the Audit Committee are of the opinion that the Company's risk management systems are adequate and effective. As noted above, the Board has directed the Management to either: (i) employ an internal auditor who will report to the Audit Committee; or (ii) engage an independent third party firm that provides internal audit services as soon as the Group commences works in relation to any of the projects which it has been engaged to undertake. The first task to be assigned to the internal auditor will be to assess the adequacy and effectiveness of the risk management systems in the context of the works undertaken by the Group. The views of the Group's Auditor will be sought as and when appropriate.

#### **By Order of the Board**

Heng Aik Yong  
Executive Director and Acting Chief Executive Officer

24 July 2019