Jadason Enterprises Ltd

ANNUAL REPORT 2020

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CORPORATE PROFILE

The Group started its business in 1980 and has since become a leading supplier of equipment and supplies to the printed circuit board ("PCB") industry in Asia. The Group has a distribution network spanning China, Hong Kong, Japan, Malaysia, Singapore, Thailand and Taiwan. To support the equipment sales and to better service its customers, the Group has established a service network covering all the locations where it has marketing presence.

The Group also provides PCB drilling services in Dongguan and Suzhou. Through a subsidiary company in Dongguan, the Group provides mass lamination services to PCB manufacturers operating in China.

CHAIRMAN'S STATEMENT

QUEENY HO
Non-Executive Chairman

Dear Shareholders

The operating environment in 2020 has been exceptionally challenging. The growth outlook for manufacturing activities has been clouded by the escalating tensions between the two largest economies over trade and national security issues. The situation was not helped by the Covid-19 pandemic, which has caused significant disruptions to economic activities during the year. With most economies contracting at rates not seen in decades, the Group, which operates mainly in China, incurred a loss after taxation of S$4.1 million for the year ended 31 December 2020. The results included a non-cash impairment loss on plant and equipment of S$1.1 million.

In the face of challenging operating conditions, the Board has decided to remain prudent and is not recommending any dividend payment for the year ended 31 December 2020.

GROUP'S PERFORMANCE

Equipment and Supplies business revenue increased from S$20.2 million in 2019 to S$23.9 million in 2020 due mainly to higher sales of equipment and supplies to printed circuit board ("PCB") manufacturers in China. This business segment reported a marginal operating profit for 2020, compared with an operating loss of S$1.6 million for the previous year.

CHAIRMAN'S STATEMENT

Revenue of the Manufacturing and Support Services business for 2020 decreased by 29% to S$17.1 million compared with 2019. Amidst the US-China trade war and Covid-19 pandemic, this business segment saw weaker demand for PCB mass lamination and PCB drilling services at our plants in China. As a result of the under utilisation of capacity, absorption of overhead costs was impacted and this business segment incurred an operating loss of S$3.0 million for 2020, compared with a loss of S$12.2 million for 2019. The weak demand and uncertain economic outlook led to the recognition of an impairment loss on plant and equipment of S$1.1 million.

Despite the difficult operating environment, we ended the year with cash and cash equivalents of S$15.4 million and a net cash of S$13.4 million, after accounting for loans and lease liabilities from financial institutions of S$2.0 million. At 31 December 2020, the net asset value per share of the Group was 4.1 cents.

LOOKING AHEAD

In recent years, Sino-US relations has spiralled downwards owing to issues including trade, Covid-19, technology and media wars. It is unclear how the new administration in US will recast this relationship and handle the trade tariffs, which have hurt businesses.

Amid brewing tensions between US and China, as well as the long-drawn-out pandemic that had earlier disrupted the supply chains, the Group is watching the development of manufacturing companies establishing footprints in other countries. Increasingly, firms are looking to ensure that suppliers are closer to their home countries or consumer markets.

Over the longer term, the growth prospects of the PCB market remain promising. The development of 5G infrastructure, the acceleration of digitalization by the Covid-19 pandemic, expected increase in demand for electronics devices, miniaturization trend of devices, growth in usage of electric vehicles etc., are some of the factors driving the demand for PCBs. However, the shortage of workers, especially skilled labour, may impact the future growth of this industry.

Given the unprecedented challenges, we will focus on maintaining sufficient liquidity, managing cost and further improving productivity. We will also look for opportunities to diversify our revenue streams.

ACKNOWLEDGEMENT AND APPRECIATION

I would like to commend our staff and management for their hard work and commitment, and our fellow directors for their contributions during these difficult times. On behalf of our directors, I would also like to thank our bankers, business associates and shareholders for their continued support.

QUEENY HO
Non-Executive Chairman
March 2021

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

Balance Sheets as at 31 December (S$'000)

	2020	2019	2018	2017	2016
Property, plant & equipment	8,979	10,367	17,344	18,172	19,479
Right-of-use assets - land use rights	406	404	431	464	490
Right-of-use assets	11,026	12,972	-	-	-
Current assets	39,969	37,286	47,069	52,670	58,201
	60,380	**61,029**	**64,844**	**71,306**	**78,170**
Current liabilities	18,360	16,320	15,811	19,319	26,683
Non-current liabilities	12,082	11,771	165	114	533
	30,442	**28,091**	**15,976**	**19,433**	**27,216**
Shareholders' equity	29,938	32,938	48,868	51,873	50,954
	60,380	**61,029**	**64,844**	**71,306**	**78,170**

OPERATIONS AND FINANCIAL REVIEW

GROUP PROFILE

Our core businesses are:

Equipment and Supplies

We commenced our business in 1980 and are a leading supplier in Asia for equipment and supplies to the printed circuit board ("PCB") industry. We have an extensive network, covering Singapore, Malaysia, Thailand, China, Hong Kong, Taiwan and Japan. We also fabricate some of the equipment used in the PCB manufacturing process.

Manufacturing and Support Services

To support the equipment sales and to better service our customers, we have established a service network covering all the locations where we have marketing presence.

We also provide PCB drilling services in Dongguan and Suzhou. Through a subsidiary company in Dongguan, we provide mass lamination services to PCB manufacturers operating in China.

CORPORATE OBJECTIVES

2020 has been the most challenging period for the Group. At the start of the year, the Group had to deal with shutdown of its factories in China following the outbreak of Covid-19. Although approvals were given by the local authorities in Dongguan and Suzhou to resume production in mid-February 2020, many of our workers could not return to the factories from their Lunar New Year holidays due to the imposition of travel restrictions in China. As activities gradually resumed, the Group has been experiencing a lack of workers at its factories. The year also witnessed rising tensions between the US and China, which affected the businesses of some of our customers.

Against this backdrop, we continue to review our 'Manufacturing and Support Services' operations and 'Equipment and Supplies' business for long-term growth. We will also explore new businesses or opportunities for growth, based on our existing competencies.

The Group is committed to providing quality and reliable PCB drilling services to its customers and has consistently demonstrated its technical competence in completing high-end PCB drilling jobs. Through the years, we have developed a high level of trust with many of our customers. During the year under review, this business worked on new initiatives to further streamline its operations.

Our PCB mass lamination operation complements the PCB drilling services, by offering a 'one-stop' shop to meet our customers' needs. We remain committed to maintaining stringent quality controls, and aim to move up the value chain. Having invested in upgrading its production capacity in prior years, the rebound in demand did not materialise as anticipated, due to the Covid-19 pandemic and the escalation in tensions between the US and China. We will continue to assess how this business can be a key partner in meeting the demands and needs of customers.

Equipment and Supplies business continues to be an important business activity of the Group, as it allows us to better understand the needs and requirements of our customers. To remain relevant and stay competitive, the Group has, and will continue to broaden its product range. The Group will also develop and manufacture certain PCB equipment through technology collaboration with business partners.

The Group will continue to maintain a strong balance sheet and a healthy level of bank and cash balance. Despite a difficult year, we were able to increase our cash and cash equivalents during the year under review (see Section on Indebtedness / Cash and Cash Equivalents of this report).

OPERATIONS AND FINANCIAL REVIEW

TURNOVER AND OPERATING RESULTS BY BUSINESS ACTIVITIES AND FINANCIAL PERFORMANCE

Revenue for FY2020 was S$41.1 million, a decrease of 7% compared with FY2019 revenue of S$44.3 million, as weak demand persisted to hamper the performance of the Group's Manufacturing and Support Services business segment. The Group posted a loss from operations of S$3.0 million for FY2020, compared with a loss of S$13.9 million for FY2019. The operating results for the year under review included an impairment loss of plant and equipment of S$1.1 million (FY2019: S$5.4 million).

Following is a summary of the performance of our business segments during the year under review.

	Revenue		(Loss)/profit from Operations	
Business Segments:	**FY2020 S$'000**	FY2019 S$'000	**FY2020 S$'000**	FY2019 S$'000
Equipment and Supplies	23,949	20,191	26	(1,628)
Manufacturing and Support Services	17,137	24,061	(3,021)	(12,240)
Total	**41,086**	**44,252**	**(2,995)**	**(13,868)**

'Equipment and Supplies' Segment

Revenue of the Equipment and Supplies business for FY2020 increased by S$3.8 million, or 19%, compared with FY2019 on the back of higher sales of equipment and supplies to PCB manufacturers. The business segment posted an operating profit of S$26,000 for the year under review, compared with an operating loss of S$1.6 million for the previous year.

'Manufacturing and Support Services' Segment

The Group's Manufacturing and Support Services business saw a decrease in revenue of 29% to S$17.1 million in FY2020 compared with FY2019 due to weaker demand from customers for the Group's PCB mass lamination and PCB drilling services in China, and this business segment reported a loss from operations of S$3.0 million for the year under review, compared with a loss from operations of S$12.2 million for FY2019. Due to under-utilisation of capacity, absorption of overhead was impacted. The persistent weak demand led to the recognition of an impairment loss on plant and equipment of S$1.1 million (FY2019: S$5.4 million) as further explained under the heading 'Other Expenses' of this report.

Other Income

Included in other income for the year under review was a foreign exchange gain of S$527,000 (FY2019: foreign exchange loss of S$75,000). The foreign exchange gain/(loss) for the years under review was due mainly to the strengthening/(weakening) of the Singapore dollar and Chinese Renminbi against the Hong Kong dollar, as the Group has certain payables denominated in the latter currency.

Excluding the foreign exchange gain or loss, other income increased during the year under review due mainly to scrap sales of S$624,000 (FY2019: S$295,000) and grants and credits of S$562,000 (FY2019: S$61,000) received from government measures to support businesses during the Covid-19 pandemic.

Selling and Distribution / Administrative Expenses

The decreases in these expenses were due mainly to cost containment measures implemented by the Group in the light of reduced business activities caused by the US-China trade war and the Covid-19 pandemic.

Finance Cost

The decrease in finance cost was related to the lower lease liabilities, as explained under the heading 'Selected Balance Sheet Items'.

Other Expenses

The decrease in other expenses in FY2020 was due mainly to a lower impairment loss on plant and equipment of S$1.1 million (FY2019: S$5.4 million).

The impairment loss on property, plant and equipment of S$1.1 million recognised in the year under review was due mainly to sluggish business conditions experienced by certain entities within the Group amidst the US-China trade war and the Covid-19 pandemic. The recoverable amounts of the assets have been determined based on their value-in-use derived from management's cash-flow projections.

In the previous year, the impairment loss of plant and equipment arose from the Group's 'Manufacturing and Support Services' business, as weak demand persisted for PCB drilling and PCB mass lamination services in China. There was also a lack of visibility in business prospects in the near term then, as the production activities of many factories in China had been negatively impacted by measures put in place to contain the spread of the Covid-19 virus.

Income Tax Expense

An income tax expense arose in spite of the loss before income tax as some 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.

Selected Balance Sheet Items

Property, plant and equipment decreased during the year under review due mainly to depreciation charge and impairment loss as described earlier in this report, offset partially by additions of equipment and the effect of translating the financial statements of foreign subsidiaries into Singapore dollar.

Right-of-use ("ROU") assets relate mainly to leases of factory and office premises 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. The decrease in ROU assets was due mainly to depreciation charge and lease termination, offset partially by new leases and the effect of translating the financial statements of foreign subsidiaries into Singapore dollar.

The decrease in inventories was related to the lower level of business activities during the year under review.

The decrease in trade receivables of the Group was due mainly to payments received and the lower business activities during the year under review. Bill receivables, however, increased as there was lesser need for discounting of the bills to obtain funds for operations. The Group also saves on interest cost by discounting lesser bills.

Trade payables of the Group increased due mainly to the timing of payments made to certain suppliers and deposits received from customers for orders of PCB machines which are scheduled to be delivered in FY2021.

OPERATIONS AND FINANCIAL REVIEW

Lease liabilities relate mainly to leases of factory and office premises occupied by various entities within the Group, and are recognised following the adoption of SFRS(I) 16 Leases in FY2019. The decrease in total lease liabilities of the Group was due mainly to lease payments made and lease termination, offset partially by new leases and the effect of translating the financial statements of foreign subsidiaries into Singapore dollar.

The short-term loan of S$1 million as at 31 December 2019 was repaid in June 2020. In October 2020, the Group and the Company made a loan drawdown on the S$2 million 5-year temporary bridging loan facility, a government assisted loan programme as announced in the Supplementary Budget 2020.

Indebtedness / Cash and Cash Equivalents

After accounting for loans and lease liabilities from financial institutions, the Group was net cash positive at S$13.4 million at the end of the year. The amount of the Group's borrowings from financial institutions, cash and cash equivalents and shareholders' equity is set out below:

	31 Dec 2020 S$'000	31 Dec 2019 S$'000
Due within 1 year:		
Lease liabilities with financial institutions	1	1
Bank loans	83	1,000
	84	**1,001**
Due after 1 year:		
Lease liabilities with financial institutions	1	2
Bank loans	1,917	–
	1,918	**2**
Total indebtedness with financial institutions	**2,002**	**1,003**
Cash and cash equivalents	**15,353**	**11,233**
Shareholders' equity	**29,938**	**32,938**

Information regarding the Group's borrowings from financial institutions can be found in the Notes to the Financial Statements.

OPERATIONS AND FINANCIAL REVIEW

RISK FACTORS / MANAGEMENT

Business Risk

The Group is a provider of equipment, supplies and manufacturing services to the PCB manufacturers and is therefore dependent on the overall electronics cycle. A downturn in the overall electronics sector will negatively impact the performance of the Group. The Group also derives a substantial portion of its revenue from China. Over the years, along with rapid development of its information communications technology, China has become the world's largest manufacturing center for electronic products.

The future of the PCB industry in China looks promising, underpinned by the demand for electronic products, development of mobile telecommunication technologies, advancement in automotive electronics, growing automation and digitalisation.

As relations between the US and China worsen and the trade conflict intensifies, companies will want to build up new factories outside of China. Following the Covid-19 pandemic, companies will likely accelerate their diversification of manufacturing base and supply chains to mitigate risks. The Group is following this development, and will take actions when the opportunities arise.

Operation Risk

The Group seeks to diversify its revenue and earnings base, and recognise that our earnings will become more robust through the provision of manufacturing and support services. The Group has, over the past few years, expanded facilities and enhanced its capabilities in China to provide PCB drilling and mass lamination services to PCB manufacturers. The Group has a team of dedicated management and staff, who are familiar with the local market conditions and operating environment, to oversee the smooth running of these operations in China.

In recent years, the Group and many other factories in China have faced increasing labour cost and difficulties in retaining the workers. During the year under review, the Group was also hampered in its efforts to recruit workers in China due to the Covid-19 pandemic. The Group continuously reviews its processes to reduce manpower requirement, and its incentive schemes to retain workers at its factories. Over the past few years, the Group has also progressively invested in automation equipment and processes to reduce manpower needs and enhance operational efficiency at its factories.

Financial Risk

The financial risks are described in the Notes to the Financial Statements. There are designated personnel within the Group responsible for compiling regularly the information relevant to managing those risks, and these reports are provided to management for review and taking actions if necessary.

Please also refer to the corporate governance report for further discussion on risk management and internal controls.

DIVIDENDS

The Group does not have a fixed dividend policy as it operates in a cyclical and volatile industry. This is described in greater detail in the first paragraph under the Section on ‘Business Risk’. However, management is aware of the need to reward shareholders, and recommends the payment of dividends after considering the financial performance and cash flow needs of the Group.

In respect of FY2020, the Directors have decided to remain prudent in the face of economic uncertainty and do not recommend the payment of dividend.

GEOGRAPHICAL PRESENCE

BOARD OF DIRECTORS

QUEENY HO
Non-Executive Chairman

Ms Queeny Ho joined the board as a non-executive director on 29 May 2009, and assumed the role of chairman on 7 May 2011. She is a member of the nominating committee, remuneration committee and audit committee. Ms Queeny Ho was also a director of Jadason Enterprises (HK) Limited from July 1980 to January 2003. She is the largest shareholder of the Company.

FUNG CHI WAI
Chief Executive Officer

Mr Fung joined the Group in April 1983 as a sales manager. He was appointed as a director in August 1990 and the managing director of the Group in June 2000. On 3 March 2006, he was promoted to chief executive officer of the Group.

Mr Fung played a vital role in expanding the Group's business / operations in China and South East Asia. He has more than 30 years of experience in the printed circuit board equipment business and is responsible for all the operational aspects of the Group activities.

CHUA KENG HIANG
Non-Executive Director

Mr Chua is a practicing member of the Institute of Singapore Chartered Accountants. He has more than 30 years of experience in public accounting, corporate finance and management. Mr Chua holds an honors degree in accountancy from the then University of Singapore and is a fellow member of the Association of Chartered Certified Accountants (UK). Mr Chua has been a director of the Company since June 2000.

BOARD OF DIRECTORS

TEO KIANG KOK

Non-Executive Director

Mr Teo Kiang Kok was appointed as our director on 3 September 2002. Mr Teo, a senior lawyer, was a partner of Shook Lin & Bok LLP, a firm of advocates and solicitors, from 1987 to 2011. He is currently the firm's senior consultant. Mr Teo has more than 30 years of experience in legal practice. His main areas of practice are corporate finance, international finance and securities. In the course of his legal practice, Mr Teo has advised listed companies extensively on corporate law and compliance requirements. He also serves on the board of Hyflux Ltd, IPC Corporation Ltd and Wilton Resources Corporation Limited.

LINNA HUI MIN

Executive Director

Ms Hui Min was appointed to the board on 26 March 2007. She is currently the general manager of Jadason Enterprises (HK) Limited, responsible for its day-to-day operations and marketing activities in Hong Kong and China. Ms Hui Min joined the Group in July 1988. In her career with the Group, she has also been responsible for setting up overseas offices and has experience in application and technical support. She holds a Bachelor degree in Science (Chemical Engineering) from the University of California.

KEY MANAGEMENT

PUNG WEE SENG

Mr Pung Wee Seng is the Director of Marketing of the Company, responsible for the overall sales and marketing activities and after-sales service to customers in the Asean region. He joined the Company in October 1991. Prior to joining the Company, he was a Senior Sales Engineer with Dynavest Pte Ltd from January 1987 to September 1991. He holds a Bachelor degree in Business Administration (RMIT) and two diplomas in other disciplines.

TAN KOK YONG

Mr Tan Kok Yong is the Chief Financial Officer and joined the Group in July 2002. Before joining the Group, he was a Finance Manager of a US multi-national company. From December 1993 to November 1999, he worked in the audit division of an international accounting firm. He holds a Bachelor degree in Accountancy from the National University of Singapore.

GROUP STRUCTURE

Jadason Enterprises Ltd

- Jadason Enterprises (HK) Limited (100%)
  - CymbolicTech Company Limited (100%)
    - Jadason Electronics Equipment (Dongguan) Ltd (100%)
  - Jadason Test Limited (100%)
    - Jadason Test (Suzhou) Limited (100%)
  - Jadason Microelectronics (Dongguan) Ltd (100%)
- Jadason Engineering Sdn Bhd (100%)
- Jadason Electronics (Suzhou) Co., Ltd (100%)
- Jadason Scientific (Shanghai) Co., Ltd (100%)
- Jadason PCB Materials (Dongguan) Ltd (100%)
- Jadason Electronics (Dongguan) Ltd (100%)
- Jadason Scientific (Dongguan) Ltd (100%)
- Jadason Enterprises (Thailand) Limited (100%)
- Jadason Enterprises (Japan) Limited (100%)
- Infinite Graphics Pte Ltd (100%)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Queeny Ho
(Non-Executive Chairman)
Fung Chi Wai
(Chief Executive Officer)
Linna Hui Min
(Executive Director)
Chua Keng Hiang
(Non-Executive and Lead Independent Director)
Teo Kiang Kok
(Non-Executive Director)

AUDIT COMMITTEE

Chua Keng Hiang
(Chairman)
Teo Kiang Kok
Queeny Ho

NOMINATING COMMITTEE

Teo Kiang Kok
(Chairman)
Chua Keng Hiang
Queeny Ho

REMUNERATION COMMITTEE

Teo Kiang Kok
(Chairman)
Chua Keng Hiang
Queeny Ho

COMPANY SECRETARY

Tan Kok Yong

REGISTERED OFFICE

No. 3 Kaki Bukit Crescent #03-01
Singapore 416237
Tel: 6383 1800
Fax: 6383 1390

SHARE REGISTRAR

In.Corp Corporate Services Pte. Ltd.
(Formerly known as RHT Corporate Advisory Pte. Ltd.)
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Tel: 6812 1611
Fax: 6812 1601

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Limited

INDEPENDENT AUDITOR

BDO LLP
600 North Bridge Road
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Singapore 188778
Tel: 6828 9118
Partner-in-charge: Leong Hon Mun Peter
(Appointed since the financial year ended
31 December 2020)

INTERNAL AUDITOR

Yang Lee & Associates
10 Anson Road #31-03
International Plaza
Singapore 079903
Tel: 6222 9833

The Board of Directors and Management are committed to maintaining a high standard of corporate governance so as to ensure that the Group's activities are carried out in the best interests of its stakeholders.

This report describes the Company's corporate governance practices during the financial year ended 31 December 2020, with specific reference to the principles and provisions of the revised Code of Corporate Governance issued in August 2018 (the "2018 Code"). The Company has generally adhered to the principles and provisions of the 2018 Code. Where there are deviations from the Code, explanations or reasons are provided in the report.

A. BOARD MATTERS

The Board's conduct of its affairs
Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1 (Board duties)

The Board is responsible for setting the corporate strategy and business direction of the Group, and ensures that the necessary financial and human resources are in place for the Group to meet its objectives. It also oversees that appropriate risk management policies and controls are established, reviews management performance, identifies the key stakeholder groups and recognises that their perceptions affect the Group's reputation, sets the Group's values and standards and ensures that obligations to shareholders and other stakeholders are understood and met, and considers sustainability issues as part of its strategic formulation.

All Directors exercise due diligence and independent judgment, and make decisions objectively in the best interests of the Group. This is a performance criterion for the assessment of the Directors. Directors facing conflicts of interest shall recuse themselves from discussions and decisions involving the issues of conflict.

Provision 1.2 (Directors' training and orientation)

The NC (see Provision 1.4) reviews and makes recommendations on the training and professional development programs to the Board. On a periodic basis, the Board is briefed on recent changes to the accounting standards and regulatory updates. The Chief Executive Officer ("CEO") updates the Board at each meeting on the business and strategic developments of the Group. As part of the Company's continuing education for Directors, the Company Secretary circulates to the Board articles, reports and press releases relevant to the Group's business to keep Directors updated on current industry trends and issues. News releases issued by Singapore Exchange Limited ("SGX") and the Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are also circulated to the Board.

New Board members are briefed by the CEO and/or other senior management on the Group's business activities, strategic directions, business and governance practices, and their duties and responsibilities as Directors. No new director was appointed during the year under review. Non-executive Directors are also invited to the Group's factories in Dongguan and are briefed by the CEO and various factory general managers on the ongoing projects of the Group.

Provision 1.3 (Board approval)

Matters which require Board's approval include corporate restructuring, material investments and divestments, key operational initiatives, significant fund raising exercises, release of Group results, dividends proposal and material interested person transactions.

Provision 1.4 (Board committees)

The Board has established three committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), to assist it in the execution of its responsibilities. These committees operate within clearly defined terms of reference and the effectiveness of each committee is reviewed on a regular basis. Further information on the activities of these committees can be found in the various provisions contained in this report.

The current members of the Board and their membership on the Board committees of the Company are as follows:

Name of Director	**Board appointments**				**Board committees as Chairman or member**		
	Executive Director	**Non-executive Director**	**Independent Director**	**Non-independent Director**	**AC**	**NC**	**RC**
Queeny Ho (Chairman)		√		√	Member	Member	Member
Fung Chi Wai (CEO)	√			√			
Chua Keng Hiang		√	√		Chairman	Member	Member
Teo Kiang Kok		√	√		Member	Chairman	Chairman
Linna Hui Min	√			√			

Provision 1.5 (Board meetings and attendances)

The Board meets on a half-yearly basis and when necessary, ad-hoc meetings may be held. The Company Secretary consults the Directors before fixing the dates of these meetings. The Company's constitution provides for telephonic and videoconference meetings. Timely communication among members of the Board can also be achieved through electronic means. The attendance of the Directors at meetings of the Board and Board committees during the financial year is as follows:

Director	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
No. of meetings held	2	2	1	1
No. of meetings attended:				
Queeny Ho	2	2	1	1
Fung Chi Wai	2	2 #	1 #	–
Chua Keng Hiang	2	2	1	1
Teo Kiang Kok	2	2	1	1
Linna Hui Min	2	2 #	1 #	–

Attendance by invitation of the Committee

Provision 1.6 (Access to information)

The Directors are regularly provided with information on the Group's business activities and developments by Management.

To ensure that the Board is able to fulfill its responsibilities, all Directors are provided with complete and timely information prior to meetings and on a regular basis. As a general rule, Board papers are sent to Directors three to five days before the Board meetings so that the Directors may better understand the matters before the Board meetings and discussion time may be focused on questions that the Board may have regarding the matters to be considered. Management is prepared to provide further information and explanation on materials given to Directors and shall meet to discuss any issue prior to a Board meeting, if required.

Provision 1.7 (Access to Management and Company Secretary)

At all times, the Directors have independent access to the Group's Management and the Company Secretary, who administers, attends and prepares minutes of Board meetings, and is responsible to the Board for ensuring that Board procedures are followed, and that applicable laws and regulations are complied with. The Company Secretary also assists the Chairman in ensuring good information flows within the Board and its Board committees and between Management and non-executive Directors.

The Company Secretary attends all Board meetings. The constitution of the Company provides that the appointment and removal of the Company Secretary is subject to the approval of the Board.

Where the Directors, whether as a group or individually, require independent professional advice in the furtherance of their duties, the CEO and/or Company Secretary will assist in appointing a professional advisor to render the advice, and the cost of such professional advice will be borne by the Company. The Board and AC will be kept informed of such advice.

Board composition and guidance
Principle 2: The Board has 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.

Provision 2.1 (Board independence)
Provision 2.2 (Independent directors)

The Board consists of five Directors, of whom two are non-executive and independent. The Board is aware that Provision 2.2 of the 2018 Code requires the independent Directors to make up a majority of the Board where the Chairman is not independent with effect from 1 January 2022, and will take steps to comply with the provision in due course.

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 Board is of the view that its current size is adequate to provide a diversity of views and facilitate effective decision-making. Each Board member is cognizant of his/her role to demonstrate objectivity in their deliberations in the interest of the Company and of the Group. Details of the Directors' qualifications and other appointments are set out on pages 12 and 13 of the Annual Report.

The independence of the independent non-executive directors is reviewed by the NC annually. The NC 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 objective judgment on corporate affairs to be exercised.

Please also refer to Provision 4.4 for further discussion on the independence of Directors.

Provision 2.3 (Non-executive directors)

The Board consists of five Directors, of whom three are non-executive.

Provision 2.4 (Board composition / Board diversity policy)

Please refer to pages 12 and 13 of the Annual Report for details regarding the Directors' qualifications and experience. There have been no changes in the directorships and chairmanships held by the Directors over the preceding five years in other listed companies and other principal commitments, except that Mr. Teo Kiang Kok was appointed as a director of IPC Corporation Ltd on 12 July 2017, Mr. Chua Keng Hiang ceased to be a director of Ocean Sky International Limited on 16 September 2020, and both Mr. Chua Keng Hiang and Mr. Teo Kiang Kok ceased to be directors of Memtech International Ltd in 2019.

The Board believes that it should have a diversity of skills, experiences and network of business contacts to perform competently. It recognises the importance of all aspects of diversity, including diversity of business and industry experience, background, gender and age. All Board appointments are made on merit, and each Director is appointed on the strength of his caliber, experience, background, business contacts and ability to contribute to the strategy and performance of the Group.

The Board currently has two female Directors, out of the five members.

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. The NC is satisfied that 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, together with the NC, will review its size and composition from time to time, to ensure that it has the diversity of talents and experience to govern the Group effectively.

Whilst the Company does not have a formal board diversity policy, the practices adopted by it are consistent with the intent of Principle 2 of the 2018 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.

Provision 2.5 (Meeting of independent directors without Management)

When necessary, the independent non-executive Directors meet without the presence of Management to discuss and review any matters regarding the Group. The Chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

Chairman and CEO
Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 (Separation of Chairman and CEO roles)

There is a clear division of responsibilities between the Chairman, Ms. Queeny Ho, who is a non-executive Director, and the CEO, Mr. Fung Chi Wai. The Chairman and the CEO are not related to each other.

Provision 3.2 (Responsibilities of Chairman and CEO)

The CEO has executive responsibilities over the business directions and day-to-day operations of the Group while the responsibilities of the Chairman include the following:

- leading the Board and ensuring the overall effectiveness of the Board, Board committees and individual Directors;

- scheduling Board meetings, setting the meeting agendas and ensuring that sufficient time is allocated for thorough discussion of agenda items;

- ensuring that Board members are provided with complete, adequate and timely information;

- promoting an open environment for debates and ensuring that non-executive Directors are able to speak freely and contribute effectively;

- fostering constructive dialogue between shareholders, the Board and Management at annual general meetings and other shareholder meetings;

- encouraging constructive relations within the Board and between the Board and Management; and

- promoting high standards of corporate governance.

Provision 3.3 (Appointment of lead independent director)

The Board has appointed Mr. Chua Keng Hiang to act as the lead independent Director. Mr. Chua is also a member of the NC. Shareholders with concerns may contact him directly, when contact through the normal channels via the Chairman, CEO or Chief Financial Officer ("CFO") has failed to provide satisfactory resolution, or when such contact is inappropriate. When necessary, all the independent Directors, including the lead independent Director, meet without the presence of other executive and non-independent Directors to discuss matters of significance which are then reported to the Chairman accordingly.

Board membership
Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 (Responsibilities of NC)

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments. The NC's other responsibilities include the following:

- reviews the skills required by the Board, the size and succession plans of the Board;

- determines annually, and as and when circumstances require, the independence of each Director and ensures that the Board has sufficient number of independent Directors;

- evaluates whether or not a Director is able to and has been adequately carrying his/her duties as Director of the Company, when he/she has multiple board representations;

- proposes a framework for assessing Board effectiveness and individual Director's contribution, and carry out such assessment; and

- reviews and recommends to the Board, the training and professional development programmes for the Directors.

The NC seeks to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory. The succession and leadership development plans for senior management are reviewed by the NC and considered by the Board.

All Directors submit themselves for re-nomination and re-election at least once every three years. Pursuant to the Company's constitution, one-third of the Directors retire from office at the Company's annual general meeting ("AGM"). The Company's constitution also provides that a newly appointed Director must submit himself/herself for re-election at the AGM following his/her appointment.

There is no alternate director on the Board.

The Directors who are retiring and who will offer themselves for re-election at the forthcoming AGM (as set out in the Notice of AGM) are named below:

Director	Date of appointment	Date of last election	Due for re-election (√)
Fung Chi Wai	10 August 2000	29 April 2019	√
Chua Keng Hiang	16 June 2000	26 April 2018	√
Teo Kiang Kok	3 September 2002	29 April 2019	
Linna Hui Min	26 March 2007	29 June 2020	
Queeny Ho	29 May 2009	29 June 2020	

The NC is satisfied that the Directors retiring at the forthcoming AGM are properly qualified for re-appointment by virtue of their business network, experience, skills and their contribution of guidance and time to the Board's deliberations. Further information regarding the Directors can be found on pages 107 - 112 (Additional Information on Directors seeking Re-election) of the Annual Report.

Provision 4.2 (Composition of NC)

The NC comprises Mr. Teo Kiang Kok as Chairman and Mr. Chua Keng Hiang and Ms. Queeny Ho as members. Mr. Teo Kiang Kok and Mr. Chua Keng Hiang are non-executive and independent Directors.

Provision 4.3 (Selection, appointment and re-appointment of directors)

The NC is responsible for re-appointment of Directors, and takes into consideration the Director's contribution and performance. The assessment criteria include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board committees, as well as the quality of intervention and special contribution.

Where the need for a new Director arises or an existing Director is required to retire from office, the NC will review the competencies and experience of the Board, identify its needs, and draw up a short-list of candidates with the appropriate profile for nomination or re-nomination. Where necessary, the NC may seek advice from external search consultants. Upon appointment of the new Director, the Company will provide a formal letter of appointment to the Director, setting out the Director's duties and responsibilities.

Please also refer to the information provided under Provision 2.4.

Provision 4.4 (Determining the independence of directors)

The NC is aware that with effect from 1 January 2022, a director who has been a director for an aggregate period of more than nine years will not be considered independent unless his appointment as an independent director is approved by the majority in a two-tier voting process as follows:

- all shareholders; and

- all shareholders, excluding shareholders who also serve as directors or CEO of the Company and its associates.

In respect of FY2020, in carrying out the assessment of the independence of the non-executive independent Directors, namely Mr. Chua Keng Hiang and Mr. Teo Kiang Kok ("NEIDs"), the NC considered the following attributes and contributions of the NEIDs and concluded that the length of tenure does not impact their independence:

- the NEIDs provide their objective and constructive views to the Board and Management;

- the NEIDs speak up and offer practical solutions to issues and work towards increasing value to the Group and for the benefit of all shareholders;

- the NEIDs evaluate and assess the information provided to the Board in an independent and constructive manner and render such advice as may be necessary to assist Management in implementing the plans and policies.

The NC is of the view that the NEIDs' experience and knowledge of the Group's business, combined with their external business and professional experience, enable them to provide effective solutions and make constructive contributions to management discussions.

All the NEIDs have confirmed in writing of their independence in accordance with the 2018 Code.

Accordingly, the NC determines that the NEIDs are independent Directors notwithstanding that each of them has served on the Board for more than nine years from the dates of their respective appointment. The Board accepts the NC's view and affirms the independence of the NEIDs.

Provision 4.5 (Time commitments of directors)

The NC has ascertained that for the year under review, the Directors have devoted sufficient time and attention to the Group's affairs.

For Directors who have board representations in other public listed companies, the NC has reviewed the work and other commitments of such Directors and assessed their ability to discharge their Board responsibilities. The NC is satisfied that the Directors have committed and are able to commit sufficient time, effort and attention to the affairs of the Group. The NC is of the view that fixing a number for such board representation is not meaningful in the context of the Group. The Board accepts and affirms the view of the NC.

Please refer to pages 12 and 13 for the listed company directorships and principal commitments of the Directors.

Please also refer to the information provided under Provisions 1.2, 5.1 and 5.2.

Board performance

Principle 5: The Board undertakes a formal assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2 (Evaluations of Board / Directors)

The Board has an established process to assess the performance and effectiveness of the Board as a whole and that of each of its Board committees. The appraisal process considered factors such as the size and composition of the Board, the expertise and experience of the Board, the Board's access to information, Board processes and accountability, risks management and internal controls, financial reporting and announcements and the Board's and Board committees' performance in relation to their principal functions.

In evaluating the performance of individual Directors, the NC considered performance criteria which included business network, individual skills, industry experience and business knowledge, attendance record, contributions to strategy development and quality of participation at Board and committee meetings.

For the year ended 31 December 2020, the Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board, Board committees and their individual performance and contributions. The NC has discussed with the Board the assessment of the Board, Board committees and individual Director's performance and effectiveness.

The Company did not engage any external facilitator for the above evaluations.

B. REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director in involved in deciding his or her own remuneration.

Provision 6.1 (Roles of RC)
Provision 6.3 (Fairness of remuneration)
Provision 6.4 (Engagement of remuneration consultants)

The RC's principal responsibilities, as set out in its written terms of reference, are as follows:

- Review and recommend to the Board a framework of remuneration for the Board of Directors and key executives;

- Consider, review and approve and/or vary the specific remuneration packages for each executive Director;

- Consider whether Directors should be eligible for benefits under long-term incentive schemes;

- Review the Group's obligations in the event of termination of executive Directors' and key management personnel's contracts of service, to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous.

The service agreements for the executive Directors have fixed appointment period and clauses relating to early termination. None of the service agreements has any onerous removal clauses. Notice periods are three months for executive Directors.

The RC has access to expert advice from appropriate external advisors as and when it deems necessary. The Company did not engage any remuneration consultant in FY2020.

Provision 6.2 (Composition of RC)

The RC comprises the following three non-executive Directors:

Mr. Teo Kiang Kok (Chairman);
Mr. Chua Keng Hiang; and
Ms. Queeny Ho.

As mentioned earlier, Mr. Teo Kiang Kok and Mr. Chua Keng Hiang are independent Directors.

Level and mix of remuneration
Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1 (Linking rewards to corporate and individual performance)
Provision 7.3 (Appropriateness of remuneration)

The Group sets remuneration packages to ensure that it is competitive and sufficient to attract, retain and motivate the Directors and senior management to run the Group successfully. In setting remuneration packages for the Directors and executives of the Group, the pay and employment conditions within the industry and in comparable companies are taken into account. The overall Group performance and individual performance are factors considered in determining the annual bonus for employees.

The remuneration for the executive Directors comprises a basic salary component and a variable component (incentive bonus) that is based on the Group's profit before taxation after minority interests and excluding any non-recurring items for each financial year. The RC believes that this measure of determining the variable bonus, which is moderate and sustainable, is aligned with the interests of the shareholders. It is also a performance measure used by other companies in similar industry, which allows for comparability. For the year ended 31 December 2020, no incentive bonus was paid to the executive Directors and senior executives as the performance objective was not met.

Provision 7.2 (Remuneration of non-executive directors)

The remuneration of non-executive Director is in the form of a fixed fee. For non-executive Directors, the remuneration packages take into account the contribution and responsibilities of the Directors. Non-executive Directors are not over-compensated to the extent that their independence may be compromised. The remuneration of non-executive Directors is approved at the AGM.

Disclosure on remuneration
Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationship between remuneration, performance and value creation.

Provisions 8.1 and 8.3 (Remuneration of directors and key management personnel)

The remuneration of the Directors for the year ended 31 December 2020 was as follows:

Name	Below S$250,000	S$250,000 – S$499,999	S$500,000 – S$749,999
Executive Director			
Fung Chi Wai			√
Linna Hui Min		√	
Non-executive Director			
Chua Keng Hiang	√		
Teo Kiang Kok	√		
Queeny Ho	√		

As no bonus was paid to the Directors for FY2020, Mr. Fung Chi Wai's remuneration comprised 95% as fixed salary, 2% as CPF / MPF (Hong Kong) contribution and 3% as benefits in kind, and Ms Linna Hui Min's remuneration comprised 99% as fixed salary and 1% as MPF (Hong Kong) contribution.

The key management personnel (who are not Directors or the CEO) of the Group each earned below S$250,000 in FY2020, and the remuneration was in the form of fixed salary only. No bonus was paid in respect of FY2020, as mentioned under Provision 7.1.

The Company is not disclosing the remuneration of Directors and key management personnel (who are not Directors or the CEO) of the Group as it believes that such disclosure is disadvantageous to the retention of personnel and business interests of the Group. Instead, the Company discloses the remuneration in bands of S$250,000. For the same reason, the Company is also not disclosing the names and the aggregate remuneration of the Group's key management personnel (who are not Directors or the CEO) except for those as disclosed on page 14. The Group is of the view that disclosure of such information increases the risk of poaching by other competitors, and would negatively impact the competitive edge of the Group. The Group has disclosed under Principle 7 its remuneration policies, and the relationship between corporate performance, value creation and executives' remuneration. Taken as a whole, the Group believes that the disclosures provided are sufficiently transparent in providing an understanding of the remuneration of its Directors and key management personnel, consistent with the intent of Principle 8 of the 2018 Code.

For FY2020, no termination, retirement or post-employment benefits have been granted to the Directors, the CEO and key management personnel (who are not Directors or the CEO) of the Group.

Provision 8.2 (Remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company)

The Company and its subsidiary companies do not have any employees who are substantial shareholders of the company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company.

C. ACCOUNTABILITY AND AUDIT

Risk management and internal controls
Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 (Determining the nature and extent of significant risks)

The Board recognises and is responsible for maintaining a system of risk management and internal controls to safeguard the Group's business and assets. It regularly reviews the Group's business and operational activities to identify areas of significant risks, as well as the adequacy of measures to control and mitigate these risks within the Group's policies and strategies.

The Group has established a risk management framework for the identification, assessment, monitoring and management of significant risks affecting the Group. Material risks, which include operational, financial, compliance and information technology risks, facing the Group are proactively identified and the internal controls to manage or mitigate those risks are put in place.

In addition, the internal and external auditors perform reviews in accordance with their audit plans, and material non-compliance and recommendations, if any, are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the auditors.

Provision 9.2 (Receipt of assurance from CEO / CFO)

The AC, together with the Board and the CFO, reviewed the effectiveness of the Group's internal control and risk management systems put in place to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information are reliable.

For FY2020, the Board has received written assurance from:

- the CEO and the CFO that the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2020 give a true and fair view of the Group's operations and finances; and

- the CEO and the various business general managers that the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the risk management framework established and maintained by the Group, the audit findings of our internal and external auditors, as well as the assurance received from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the internal control and risk management systems put in place are adequate and effective to address the key financial, operational, compliance and information technology risks affecting the Group's operations.

Audit Committee
Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1 (Duties of the AC)

The AC, which has written terms of reference, performs the following functions:

- Review quarterly, half-yearly and annual financial statements to be released before submission to the Board for approval;
- Review significant financial reporting and judgmental issues to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance before submission to the Board for approval;
- Review interested person transactions;
- Review with the external auditors their audit plan, audit report and any other matters which the external auditors wish to discuss;
- Review the assistance given by management to external auditors;
- Review the independence and objectivity of the external auditors;
- Review the nature and extent of non-audit services performed by external auditors;
- Consider the appointment / re-appointment of external auditors and the audit fees;
- Review with management the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management; and
- Appoint internal auditors and review the scope and results of internal audit procedures.

The AC has also reviewed the assurances given by the CEO and CFO on the financial records and financial statements (see Provision 9.2).

The AC also reviewed the adequacy of the Group's whistle blowing policy and procedures through which staff and external parties may raise concerns in confidence about possible improprieties in matters of financial reporting or other matters to the AC. Details of the whistle blowing policies and procedures have been communicated to employees of the Group.

The AC met two times in FY2020. Details regarding the members' attendance at these meetings are shown in page 18 of this report. The Directors and the Company Secretary were invited to these meetings. In addition to those described in other sections of this report, the principal activities of the AC during FY2020 are summarized below:

Financial reporting

The AC met half-yearly and reviewed the half-year and full-year financial results announcements before submitting them to the Board for approval. In the process, the AC reviewed the audit plan and audit results report presented by the external auditors.

The AC also reviewed the annual financial statements, and discussed with Management, the CFO and the external auditors the significant policies, judgment and estimates applied by Management in preparing the annual financial statements. Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements.

External audit processes

On behalf of the Board, the AC manages the relationship with the Group's external auditors. During FY2020, the AC carried out its annual assessment of the auditor's audit approach and the cost effectiveness of the audit process, and concluded that the auditors demonstrated appropriate qualifications and expertise and that the audit process was effective.

The Group has engaged BDO China Shu Lun Pan Certified Public Accountants LLP ("BDOSLP") to audit its principal subsidiaries in China for the purpose of reporting the group accounts, although BDOSLP is not the statutory auditor for these entities. The AC is of the opinion that the Group has complied with Rules 712 and 715 of the Singapore Exchange Securities Trading Limited's Listing Manual in relation to its auditing firms.

Auditor independence

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors and reviewing the non-audit fees awarded to them. The audit fee payable to auditors of the Company and their affiliates for FY2020 is S$174,000. There is no non-audit fee payable to auditors of the Company and their affiliates for the year, and the AC is satisfied with the independence of the external auditors.

Internal audit

During the year, the AC reviewed the internal audit plan developed by the internal auditors in consultation with, but independent of Management. The AC also reviewed the audit findings and recommendations of the internal auditor, and would ensure that the improvement measures to be undertaken by Management are implemented in due course.

Please refer to Provision 10.4 for further details regarding the internal audit function.

Interested person transactions ("IPT")

The AC reviewed the Group's IPT to ensure that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders, and the rules under Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual are complied with. On a half-yearly basis, Management reports to the AC the IPTs for the period under review. The Group does not have a general mandate from shareholders for interested party transactions pursuant to Rule 920 of the Singapore Exchange Securities Trading Limited's Listing Manual, and has not entered into any transaction with interested party of more than S$100,000 (as set out in the Singapore Exchange Securities Trading Limited's Listing Manual) in FY2020.

Provision 10.2 (Composition of AC)

The AC comprises Mr. Chua Keng Hiang as Chairman, and Mr. Teo Kiang Kok and Ms. Queeny Ho as members, all of whom are non-executive Directors. Mr. Chua Keng Hiang and Mr. Teo Kiang Kok are also independent Directors. Mr. Chua Keng Hiang is a practicing public accountant with more than 30 years of accounting and auditing experience. Mr. Teo Kiang Kok, a senior lawyer, was a partner of Shook Lin and Bok LLP ("SLB"), a firm of advocates and solicitors, from 1987 to 2011 and is currently SLB's senior consultant. His main areas of practice are corporate finance, international finance and securities. Mr. Teo was for many years the Finance Partner of SLB. Ms. Queeny Ho was a director of Jadason Enterprises (HK) Limited from July 1980 to January 2003. The Board is of the view that members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The AC members keep abreast of changes to accounting standards and issues which have a direct impact on financial statements by attending external seminars. The AC members are also briefed by the external auditors on such changes.

The AC discusses with Management regularly on the progress of major initiatives and significant financial reporting issues. It has power to investigate any matter within its terms of reference, having full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to discharge its functions properly.

Provision 10.3

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

Provision 10.4 (Internal audit function)

For FY2020, the internal audit function of the Group is outsourced to Yang Lee & Associates. The internal auditors report primarily to the AC, and has unrestricted access to the documents, records, properties and personnel of the Group.

Yang Lee & Associates is a professional service firm that specialises in the provision of internal audit, enterprise risk management and sustainability reporting advisory services. The firm was set up in the year 2005 and currently maintains a outsourced internal audit portfolio of SGX listed companies in the distribution, manufacturing, services, food and beverage, retail and property development industries.

The engagement team for this engagement comprises two Directors and a Manager, supported by two Associates. Each of the two Directors has more than 20 years of relevant experience whilst the Manager has more than 10 years of relevant experience.

The AC is of the opinion that the internal audit function is independent, effective and adequately resourced, and is satisfied that Listing Rule 1207(10C) has been complied with.

Provision 10.5 (Meeting with external auditors and internal auditors)

The AC has met with the external auditors, BDO LLP, without the presence of the Company's Management, to review the results for FY2020 and the audit observations arising from the audit of the financial statements for FY2020. The AC has also met with the internal auditors (see Provision 10.4) without the presence of Management in January 2021, to review any matters which might be raised.

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder rights and conduct of general meetings
Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1 and 11.2 (Conduct of general meetings)

Prior to the Covid-19 pandemic, it had been the practice of the Company to hold its AGM at a central location in Singapore to encourage shareholder participation. The rules, including voting procedures, that govern general meetings of shareholders, are explained by a representative from the independent scrutineer firm appointed at the general meeting. In light of the Covid-19 pandemic, such meetings are held via electronic means.

All the resolutions at the AGM are single item resolutions and are put to vote by poll, conducted in the presence of independent scrutineers. The results showing the number of votes cast for and against each resolution and the respective percentages are announced immediately at the AGM and through SGXNET.

Provision 11.3 (Interaction with shareholders)

The AGM of the Company provides shareholders with the opportunity to air their views and ask Directors, chairpersons of each Board committees and Management questions regarding the Group. The Directors were all present at the last AGM, and will endeavour to be present at the forthcoming FY2020 AGM.

The external auditors are also present at the AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Provision 11.4 (Participation of shareholders)

All shareholders of the Company are able to receive the annual report and notice of the AGM via the corporate website and the SGXNET.

The Company's constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in his place at general meetings. The Companies Act has been amended to allow 'relevant intermediaries' to appoint more than two proxies, so that shareholders who hold shares through these relevant intermediaries can attend and participate in general meetings as proxies. Relevant intermediaries include licensed corporations which provide nominee / custodial services and the Central Provident Fund ("CPF") Board. Hence, indirect investors, including CPF investors, can be appointed as proxies to participate in shareholders' meetings.

For the time being, the Company has decided not to allow for absentia voting at AGM due to concern over the authentication of shareholders' identity.

Provision 11.5 (Minutes of general meetings)

The Company prepares minutes of general meetings that include substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes can be found on the Company's corporate website and the SGXNET.

Provision 11.6 (Dividend policy)

The Group does not have a fixed dividend policy as the nature of its business is cyclical and volatile. A downturn in the overall electronics sector could negatively affect the performance of the Group. However, the Directors are aware of the need to reward shareholders, and will recommend payment of dividends after considering the financial performance and cash flow needs of the Group.

In view of the challenging market conditions, the Board has decided to remain prudent and does not recommend the payment of dividend for the year ended 31 December 2020.

Engagement with shareholders
Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1, 12.2 and 12.3 (Communication with shareholders)

The Group is committed to providing shareholders with adequate, timely and sufficient information regarding changes to the Group's business which could have a material impact on the Company's share price.

Following the changes made by SGX on risk-based quarterly reporting in February 2020, the Company is not required to perform quarterly reporting of its financial statements. For FY2020, the Group provides shareholders with an assessment of its performance, position and prospects on a half-yearly basis via half-yearly announcements of results and other ad hoc announcements. Information on the Group's major new initiatives is also disseminated via SGXNET, followed by news release if necessary. The Company does not practise selective disclosure.

During AGMs, shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance and other business related matters.

The Company is keen on broker research and analyst coverage and will work with research firms when the opportunity arises. When necessary and appropriate, the CEO meets analysts and fund managers who would like to have a better understanding of the business and operations of the Group.

E. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with stakeholders
Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2 (Engagement with stakeholder groups)

The identification of key stakeholders of the Group and the forms of engagement with them can be found in the Sustainability Report.

The materiality issues, covering environmental, social and governance, which are important to these stakeholders have also been determined. The key areas of focus in relation to the management of stakeholder relationships are described in the Sustainability Report.

Provision 13.3 (Corporate website)

As mentioned earlier, material information on the financial results and business activities of the Group is disclosed through SGXNET, followed by press release if necessary. The Group's website, www.jadason.com, also contains information on the Group which stakeholders can visit or use.

F. OTHER CORPORATE GOVERNANCE MATTERS

Dealings in securities

The Company observes the best practices on dealings in securities as recommended in the Listing Manual of the Singapore Exchange Securities Trading Limited. It has issued a policy to its Directors and officers setting out the guidance on dealings in the securities of the Company. Directors and employees of the Group are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Group's half-year and full-year results and ending on the date of the announcement of the results. Directors and officers are also expected to observe insider trading laws at all times, and are discouraged from dealing in the Company's securities on short-term considerations.

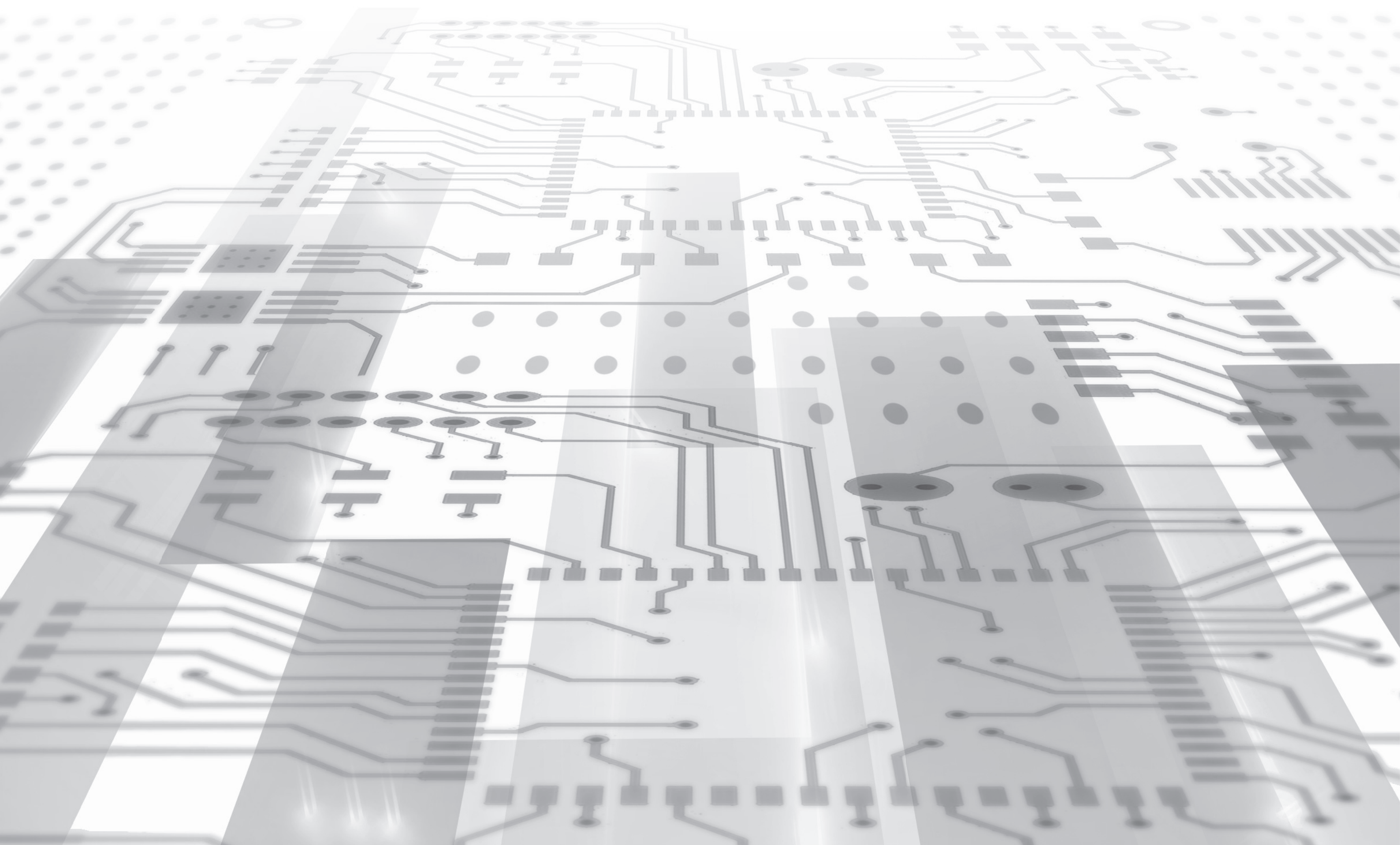
During FY2020, the Group issued reminders to the Directors and employees, informing them of the dates of the release of half-year and/or annual results and advising them not to deal in the Company's securities during the window periods. Directors of the Company are required to report to the Company Secretary whenever they deal in the Company's securities within two business days.

The Directors' interests in shares of the Company are found on page 36 of the Annual Report.

Material contracts

During the financial year, there was no material contracts entered into by the Company or any of its subsidiary companies involving the interests of the CEO or any Director or substantial shareholder.

FINANCIAL CONTENTS



The Directors of Jadason Enterprises Ltd (the "Company") are pleased to present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") and the statement of changes in equity of the Company for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with notes thereon are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are:

Queeny Ho	(Non-Executive Chairman)
Fung Chi Wai	(Chief Executive Officer)
Chua Keng Hiang	
Teo Kiang Kok	
Linna Hui Min	

3. Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interests in shares and debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Direct interest		Deemed interest	
Name of Director	**At the beginning of the financial year**	**At the end of the financial year**	**At the beginning of the financial year**	**At the end of the financial year**
The Company				
Jadason Enterprises Ltd (Ordinary shares)				
Queeny Ho	236,000,000	236,000,000	–	–
Fung Chi Wai	32,700,000	32,700,000	–	–
Chua Keng Hiang	8,500,000	8,500,000	–	–
Linna Hui Min	8,380,000	8,380,000	–	–

By virtue of Section 7 of the Act, Queeny Ho is deemed to have interests in the shares of all subsidiary corporations of the Company at the beginning and at the end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of Directors' shareholdings, the Directors' interest as at 21 January 2021 in the shares of the Company have not changed from those disclosed as at 31 December 2020.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under options as at the end of the financial year.

6. **Audit Committee**

The Audit Committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and ensured the adequacy of the Company's system of internal accounting controls and the assistance given by the Group's management to the external auditors;

- Reviewed the annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;

- Reviewed effectiveness of the Group and Company's material internal controls, including financial, operational and compliance controls and risk management;

- Met with the internal and external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;

- Recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope, results and quality of the audit;

- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with the internal and external auditors, without the presence of the Company's management, at least once a year.

The AC confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any Director and Executive Officer of the Group to attend its meetings. The external auditors have unrestricted access to the AC.

The AC has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

7. Independent auditors

The independent auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

Fung Chi Wai	**Linna Hui Min**
Director	Director

Singapore
31 March 2021

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jadason Enterprises Ltd (the "Company") and its subsidiaries (the "Group") as set out on pages 44 to 99, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and the consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	AUDIT RESPONSE
1	**Expected credit losses for trade receivables from third parties**
As at 31 December 2020, trade receivables from third parties, net of loss allowance of $683,000, amounted to $13,812,000, which represented 23% of the Group's total assets. As trade receivables contribute a significant part of the Group's working capital, management assesses the collectability and impairment of trade debtors on an ongoing basis. The Group applied the "simplified approach" for assessing ECL for trade receivables from third parties. Under the simplified approach, the Group's management developed a provision matrix using historical credit loss rates before and during Covid-19, adjusted with forward looking information to reflect the effects of the current and future economic conditions, economic factors impacted by Covid-19 pandemic and customers' country credit rating. Given the significant management judgement involved, we determined this to be a key audit matter. Refer to Notes 3.2(i), 15 and 26 to the financial statements.	We performed the following audit procedures, amongst others: ● Tested and reviewed trade receivables ageing report, which is used by management in the assessment of expected credit loss of trade receivables and assessed the historical payment trend, on-going business relationship and geographical profile of trade receivables; ● Checked subsequent collections relating to the Group's significant past due trade receivables; ● Evaluated management's identification of the credit-impaired receivables; ● Reviewed the reasonableness of the management's assumptions used to develop the provision matrix, through analyses of ageing of trade receivables and historical credit loss experience before and during Covid-19 and comparison to forward-looking macroeconomic factors affecting the recoverability of the trade receivables; and ● Assessed the adequacy of the related disclosures in the financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
2 Impairment of property, plant and equipment	
The carrying amount of the Group's property, plant and equipment as at 31 December 2020 amounted to $8,979,000, which represented 15% of the Group's total assets. The Group assessed that there are indicators of impairment relating to property, plant and equipment held by certain subsidiaries and performed an impairment assessment for these property, plant and equipment by determining their recoverable amounts based on value-in-use calculations. Arising from this assessment, the Group recorded impairment loss of $1,144,000 for property, plant and equipment. The impairment assessment involves significant judgements and estimates in the determination of their recoverable amount, in particular those relating to gross margin, revenue growth rates, discount rate as well as overall market and economic conditions of the industry. Due to the significance of the impairment loss amount recognised during the financial year and the management judgement involved in the impairment assessment, we have determined this to be a key audit matter. Refer to Notes 3.2(iii), 5(b) and 10 to the accompanying financial statements.	We performed the following audit procedures, amongst others: ● Tested the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results; ● Assessed the appropriateness of management's assumptions applied in the value-in-use model, which include obtaining an understanding of management's planned strategy in relation to the revenue growth, gross profit margin and compared against historical performance; ● Performed sensitivity analysis around the key assumptions including the gross margin, revenue growth rate and discount rate used in the value-in-use model; ● Engaged our internal valuation specialists to assist us in reviewing the discount rate used by management; and ● Assessed the adequacy of the disclosures in the financial statements with respect to the impairment assessment.

Other matters

The financial statements of the Group and the Company for the financial year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 6 May 2020.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

To the Members of Jadason Enterprises Ltd
For the financial year ended 31 December 2020

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Leong Hon Mun Peter.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000
Revenue	4	41,086	44,252
Cost of sales		(35,668)	(42,044)
Gross profit		5,418	2,208
Other income	5(a)	2,057	439
Selling and distribution expenses		(1,324)	(1,635)
Administrative expenses		(8,002)	(9,314)
Impairment loss on financial assets		–	(105)
Finance costs	6	(908)	(1,063)
Other expenses	5(b)	(1,144)	(5,461)
Loss before income tax	7	(3,903)	(14,931)
Income tax expense	8	(173)	(73)
Loss for the financial year attributable to owners of the Company		(4,076)	(15,004)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		1,076	(926)
Other comprehensive income for the financial year, net of tax		1,076	(926)
Total comprehensive income for the financial year attributable to owners of the Company		(3,000)	(15,930)
Loss per share attributable to owners of the Company (in cents)			
Basic and diluted	9	(0.56)	(2.08)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
Non-current assets					
Property, plant and equipment	10	8,979	10,367	–	31
Right-of-use assets - land use rights	11	406	404	–	–
Right-of-use assets	12(a)	11,026	12,972	523	93
Investments in subsidiaries	13	–	–	17,748	33,666
		20,411	23,743	18,271	33,790
Current assets					
Inventories	14	3,398	3,919	248	345
Trade and other receivables	15	21,045	21,804	1,706	1,842
Prepayments		158	124	42	32
Cash and cash equivalents	16	15,353	11,233	2,384	810
Income tax recoverable		15	206	–	–
		39,969	37,286	4,380	3,029
Total assets		60,380	61,029	22,651	36,819
Current liabilities					
Trade and other payables	17	13,640	10,619	9,301	7,939
Trust receipts	18	1,746	2,114	1,746	1,480
Lease liabilities	12(b)	2,463	2,318	147	77
Bank borrowings	19	83	1,000	83	1,000
Income tax payable		428	269	–	–
		18,360	16,320	11,277	10,496
Net current assets/(liabilities)		21,609	20,966	(6,897)	(7,467)
Non-current liabilities					
Bank borrowings	19	1,917	–	1,917	–
Lease liabilities	12(b)	10,006	11,610	387	7
Provision for long service payment	20	159	161	–	–
		12,082	11,771	2,304	7
Total liabilities		30,442	28,091	13,581	10,503
Net assets		29,938	32,938	9,070	26,316
Equity attributable to owners of the Company					
Share capital	21(a)	50,197	50,197	50,197	50,197
Treasury shares	21(b)	(307)	(307)	(307)	(307)
Reserves	22	(19,952)	(16,952)	(40,820)	(23,574)
Total equity		29,938	32,938	9,070	26,316

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Attributable to owners of the Company						
	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Reserve and enterprise expansion funds $'000	Accumulated losses $'000	Total reserves $'000	Total equity $'000
Group							
2020							
Balance at 1 January 2020	50,197	(307)	(4,849)	5,711	(17,814)	(16,952)	32,938
Loss for the financial year	–	–	–	–	(4,076)	(4,076)	(4,076)
Other comprehensive income							
Exchange differences on translating foreign operations	–	–	1,076	–	–	1,076	1,076
Total comprehensive income for the financial year	–	–	1,076	–	(4,076)	(3,000)	(3,000)
Balance at 31 December 2020	50,197	(307)	(3,773)	5,711	(21,890)	(19,952)	29,938

	Attributable to owners of the Company							
	Share capital $'000	Treasury shares $'000	Employee share option reserve $'000	Foreign currency translation reserve $'000	Reserve and enterprise expansion funds $'000	Accumulated losses $'000	Total reserves $'000	Total equity $'000
Group								
2019								
Balance at 1 January 2019	50,197	(307)	1,280	(3,923)	5,711	(4,090)	(1,022)	48,868
Loss for the financial year	–	–	–	–	–	(15,004)	(15,004)	(15,004)
Other comprehensive income								
Exchange differences on translating foreign operations	–	–	–	(926)	–	–	(926)	(926)
Total comprehensive income for the financial year	–	–	–	(926)	–	(15,004)	(15,930)	(15,930)
Expiry of share options	–	–	(1,280)	–	–	1,280	–	–
Balance at 31 December 2019	50,197	(307)	–	(4,849)	5,711	(17,814)	(16,952)	32,938

The accompanying notes form an integral part of these financial statements.

	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total reserves $'000	Total equity $'000
Company						
2020						
Balance at 1 January 2020	50,197	(307)	(81)	(23,493)	(23,574)	26,316
Loss for the financial year	–	–	–	(17,240)	(17,240)	(17,240)
Other comprehensive income						
Exchange differences on translating foreign operations	–	–	(6)	–	(6)	(6)
Total comprehensive income for the financial year	–	–	(6)	(17,240)	(17,246)	(17,246)
Balance at 31 December 2020	50,197	(307)	(87)	(40,733)	(40,820)	9,070

	Share capital $'000	Treasury shares $'000	Employee share option reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total reserves $'000	Total equity $'000
Company							
2019							
Balance at 1 January 2019	50,197	(307)	1,280	(81)	(1,369)	(170)	49,720
Loss for the financial year	–	–	–	–	(23,404)	(23,404)	(23,404)
Total comprehensive income for the financial year	–	–	–	–	(23,404)	(23,404)	(23,404)
Expiry of share options	–	–	(1,280)	–	1,280	–	–
Balance at 31 December 2019	50,197	(307)	–	(81)	(23,493)	(23,574)	26,316

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	2020 $'000	2019 $'000
Cash flows from operating activities		
Loss before income tax	(3,903)	(14,931)
Adjustments for:		
Bad debts written off	26	–
Allowance for inventories obsolescence	124	1,570
Impairment loss on financial assets	–	105
Depreciation of right-of-use assets	2,739	2,998
Depreciation of property, plant and equipment	1,027	1,791
Amortisation of right-of-use assets - land use rights	17	17
Interest expense	908	1,063
Interest income	(52)	(73)
(Gain)/Loss on disposal of property, plant and equipment	(64)	4
Write-off of property, plant and equipment	11	9
Write-back of allowance for inventories obsolescence	(399)	(169)
Inventories written off	–	14
Impairment loss on property, plant and equipment	1,144	5,382
Unrealised exchange (gain)/loss	(592)	16
Operating cash flows before changes in working capital	986	(2,204)
Changes in working capital:		
Trade and other receivables	2,067	6,998
Prepayments	(34)	132
Inventories	796	1,331
Trade and other payables	2,792	(2,107)
Cash flows generated from operations	6,607	4,150
Income tax paid	(30)	(160)
Net cash flows generated from operating activities	6,577	3,990
Cash flows from investing activities		
Purchase of property, plant and equipment	(265)	(574)
Interest received	52	73
Proceeds from disposal of property, plant and equipment	64	23
Net cash flows used in investing activities	(149)	(478)
Cash flows from financing activities		
Proceeds from trust receipts (Note A)	266	634
Repayment of trust receipts (Note A)	(634)	(83)
Proceeds from bank borrowings (Note A)	2,000	527
Repayment of bank borrowings (Note A)	(1,000)	(527)
Interest paid	(93)	(125)
Repayment of principal portion of lease liabilities (Note A)	(2,297)	(2,271)
Repayment of interest portion of lease liabilities (Note A)	(815)	(938)
Net cash flows used in financing activities	(2,573)	(2,783)
Net change in cash and cash equivalents	3,855	729
Cash and cash equivalents at beginning of the financial year	11,233	10,706
Effects of exchange rate changes on cash and cash equivalents	265	(202)
Cash and cash equivalents at end of the financial year	15,353	11,233

The accompanying notes form an integral part of these financial statements.

Note A: Reconciliation of liabilities arising from the Group's financing activities is as follows:

	1 January 2020	Cash flows	Non-cash changes				31 December 2020
			Addition	Lease termination	Currency translation adjustment	Accretion of interests	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings	1,000	964	–	–	–	36	2,000
Trust receipts	2,114	(425)	–	–	–	57	1,746
Lease liabilities	13,928	(3,112)	608	(400)	630	815	12,469

	1 January 2019	Cash flows	Non-cash changes				31 December 2019
			Addition	Lease termination	Currency translation adjustment	Accretion of interests	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings	1,000	(46)	–	–	–	46	1,000
Trust receipts	1,563	472	–	–	–	79	2,114
Lease liabilities	16,327	(3,209)	237	–	(365)	938	13,928

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

Jadason Enterprises Ltd (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 3 Kaki Bukit Crescent #03-01, Singapore 416237. The Company's registration number is 199003898K.

The Group's controlling shareholder is Ms. Queeny Ho.

The principal activities of the Company are those of an investment holding company and distribution of machines and materials for the Printed Circuit Board ("PCB") and semiconductor industries.

The Company also operates through Jadason Enterprises Ltd, Taiwan Branch (the "Branch") in the Republic of China. The principal activities of the Branch are the promotion of sales and rendering of after-sales service and maintenance.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The statement of financial position of the Company as at 31 December 2020, the consolidated financial statements of the Company and its subsidiaries ("the Group") and the statement of changes in equity of the Company for the financial year ended 31 December 2020 were authorised for issue in accordance with a Directors' resolution dated 31 March 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and are prepared under the historical cost convention, except as disclosed in the accounting policies below. The Company's current liabilities exceeded its current assets by approximately $6,897,000 (2019: $7,467,000) as at 31 December 2020. However, the Company's total assets exceeded its total liabilities by approximately $9,070,000 (2019: $26,316,000) as at 31 December 2020. The management is of the view that it is appropriate for the financial statements to be prepared on the going concern basis as the Company is able to control the timing of the payment associated with the non-trade amount due to the wholly-owned subsidiaries.

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency of the financial statements. The financial statements are expressed in Singapore dollar ("$") and rounded to the nearest thousand ("$'000"), unless otherwise stated.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

The preparation of financial statements in conformity with SFRS(I)s requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent asset and liabilities at the end of the reporting periods, and the reported amounts of the revenue and expenses throughout the financial years. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2020

In the current financial year, the Group and the Company have adopted all the new and revised SFRS(I) and SFRS(I) Interpretation ("SFRS(I) INT") that are relevant to their operations and effective for the current financial year. The adoption of these new or revised SFRS(I) and SFRS(I) INT did not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

SFRS(I) 16 Leases: Covid-19-Related Rent Concessions

Effective 1 June 2020, the amendment provides a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria. The impact of rent concessions recognised is disclosed in Notes 5(a) and 12(b) to the financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the following standards were issued but not yet effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	:	Interest Rate Benchmark Reform – Phase 2	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 3 (Amendments)	:	Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16 (Amendments)	:	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37 (Amendments)	:	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Various	:	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS(I) 17	:	Insurance Contracts	1 January 2023
SFRS(I) 1-1 (Amendments)	:	Classification of Liabilities as Current or Non-current	1 January 2023
Various	:	Amendments to SFRS(I) 17	1 January 2023
SFRS(I) 4	:	Extension of the Temporary Exemption From Applying SFRS(I) 9	To be determined

Consequential amendments were also made to various standards as a result of these new or revised standards.

Management anticipates that the adoption of the above SFRS(I) in future periods, where applicable, will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group, up to the effective date on which that control ceases. In preparing the consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Changes in the Group's interest in subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.3 Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The considerations transferred for the acquisitions are measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes the fair value of any contingent consideration measured at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-current Assets Held-for-Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs of disposal.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-current Assets Held-for-Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful life and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful life as follows:

Leasehold building	-	20 – 35 years
Leasehold improvements	-	10 – 35 years
Furniture, fittings and office equipment	-	3 – 10 years
Motor vehicles	-	6 years
Plant and machinery	-	6 – 10 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.5 Right-of-use assets - land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and impairment losses, if any. The land use rights are amortised on a straight-line basis over the lease term of 45.5 years.

2.6 Investment in subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are accounted for at cost, less impairment loss, if any, in the Company's statement of financial position.

2.7 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.7 Impairment of non-financial assets (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and its value-in-use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs of disposal is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable willing parties less costs of disposal. Value-in-use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are recognised on a first in, first out basis.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business, less estimated costs to be incurred to make the sale. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

2.9 Financial assets

The Group and the Company recognise a financial asset in their statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

The Group and the Company classify their financial assets depending on the Group's and the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group and the Company shall reclass their affected financial assets when and only when the Group and the Company change their business model for managing these financial assets.

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the combined statement of comprehensive income. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from subsidiaries are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve months expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statements of financial position.

<u>Derecognition of financial assets</u>

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2. Summary of significant accounting policies (Continued)

2.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.12 Financial liabilities

The Group and the Company recognise a financial liability in their statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

The Group and the Company determine the classification of their financial liabilities at initial recognition.

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

(ii) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the statements of financial position.

2. Summary of significant accounting policies (Continued)

2.12 Financial liabilities (Continued)

Derecognition of financial liabilities

The Group and the Company derecognise their financial liabilities when, and only when, the Group's and the Company's obligations are discharged or cancelled or expired. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.13 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Group supplies equipment, spare parts and materials for the Printed Circuit Board ("PCB") and semi-conductor industries as well as rendering services such as PCB drilling, PCB mass lamination and repair and maintenance of machines.

(i) Equipment and supplies

Revenue from sales and distribution of PCB related products are recognised at point in time when control of the products has been transferred, being when the goods are delivered to the customers, the customers have full discretion to direct the use of the products and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the risk of obsolescence and loss have been transferred, and being acknowledged by customers for in-country sales. For oversea sales, acknowledgement is in accordance with the shipping incoterms.

Service maintenance income in relation to the PCB related products is recognised over time on a straight-line basis over the term of the relevant service agreement.

(ii) Manufacturing and support services

Revenue from the rendering of PCB drilling, PCB mass lamination and repair and maintenance services are recognised at point in time upon the completion of services and all criteria for acceptance has been satisfied.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. There is no element of significant financing component in the Group's revenue transactions with customers. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

2. Summary of significant accounting policies (Continued)

2.14 Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

2.15 Leases

Group as lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Leases are recognised as right-of-use assets and corresponding lease liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on their remaining balance of the liability for each period.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

2. Summary of significant accounting policies (Continued)

2.15 Leases (Continued)

Group as lessee (Continued)

Initial measurement (Continued)

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. Right-of-use assets are depreciated to profit or loss using the straight-line method over the remaining lease term of office, factory premises and office equipment on the following bases:

Office and factory premises	-	2 to 9.25 years
Office equipment	-	5 years

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use assets may be impaired. The accounting policy on impairment is as described in Note 2.7 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

2. Summary of significant accounting policies (Continued)

2.15 Leases (Continued)

Group as lessee (Continued)

Subsequent measurement (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use being adjusted by the same amount.

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the negotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

2.16 Employee benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

The subsidiaries incorporated and operating in The People's Republic of China ("PRC") are required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees. The above contributions are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (Continued)

2.16 Employee benefits (Continued)

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months after the end of reporting period as a result of services rendered by employees up to the end of the reporting period.

Provision for long service payment

One of the Group's subsidiaries participates in the Mandatory Provident Fund Scheme ("MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The MPF scheme is a defined contribution retirement plan administered by an independent corporate trustee. Under the MPF scheme, the Group and its eligible employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately.

2.17 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in the profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2.18 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years. Taxable income differs from profit reported as profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (Continued)

2.18 Income tax (Continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.19 Segmental reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 25, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

Determining the lease term

The Group leases office and factory premises and office equipment. Included in the lease arrangement, there are extension and termination options held and exercisable only by the Group. In determining the lease term, management considers the likelihood of either to exercise the extension option, or not to exercise the termination option. Management considers all facts and circumstances that create an economic incentive to extend and economic penalty or costs relating to the termination of lease.

The assessment on lease terms is reviewed at the end of each reporting period if there is a significant change in the Group's intentions, business plan or other circumstances unforeseen since it was first estimated.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

(i) Expected credit losses ("ECL") for trade receivables

Management applied the "simplified approach" for assessing ECL for trade receivables from third parties. Under the simplified approach, the management developed a provision matrix using historical credit loss rates before and during Covid-19 adjusted with forward looking information to reflect the effects of the current and future economic conditions, economic factors impacted by Covid-19 pandemic and customers' country credit rating.

The carrying amounts of the Group's and the Company's trade receivables as at 31 December 2020 were approximately $13,812,000 and $1,645,000 (2019: $16,411,000 and $1,579,000) respectively.

(ii) Allowance for obsolete inventories

Inventories are stated at the lower of cost and net realisable value. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for slow moving and obsolete inventories based on historical and estimated future demand, recent sales activities, related margin and market positioning of the products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group and the Company to reduce the value of their inventories. The carrying amounts of the Group's and the Company's inventories as at 31 December 2020 were approximately $3,398,000 and $248,000 (2019: $3,919,000 and $345,000) respectively.

(iii) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flow (its cash generating unit or "CGU"). The recoverable amount of property, plant and equipment are determined based on value-in-use, by discounting the expected future cash flows for each CGU.

The recoverable amount is sensitive to discount rates used for the discounted cash flow model as well as the gross margin and the revenue growth rates used. The management carried out an impairment review of property, plant and equipment and the impairment loss charged to profit or loss for the financial year ended 31 December 2020 amounted to approximately $1,144,000 (2019: $5,382,000). The carrying amount of the Group's property, plant and equipment as at 31 December 2020 were approximately $8,979,000 (2019: $10,367,000).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iv) Impairment of investments in subsidiaries

The Company follows the guidance of SFRS(I) 1-36 *Impairment of Assets*, in determining whether investments in subsidiaries are impaired. This determination requires significant judgements and assumptions. The Company evaluates, among other factors, the duration and extent to which the recoverable amount of an investment is less than its carrying amount, the financial health and near-term business outlook of the investments, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets are the higher of fair value less costs of disposal and value-in-use. The Company's carrying amount of investments in subsidiaries as at 31 December 2020 was approximately $17,748,000 (2019: $33,666,000) and an allowance for impairment loss on investments in subsidiaries of approximately $15,918,000 (2019: $21,953,000) was recognised during the financial year ended 31 December 2020.

4. Revenue

	Equipment and supplies		Manufacturing and support services		Total revenue	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Primary geographical markets						
Singapore	6,020	5,901	979	630	6,999	6,531
The People's Republic of China	16,790	11,448	14,907	22,015	31,697	33,463
Others	1,139	2,842	1,251	1,416	2,390	4,258
	23,949	20,191	17,137	24,061	41,086	44,252
Timing of transfer of goods or service						
Point in time	22,336	18,178	17,137	24,061	39,473	42,239
Over time	1,613	2,013	–	–	1,613	2,013
	23,949	20,191	17,137	24,061	41,086	44,252

5. (a) Other income

	Group	
	2020	2019
	$'000	$'000
Foreign exchange gain, net	527	–
Interest income from financial institutions	52	73
Income from scrap sales	624	295
Government grants	514	61
Rent concession granted	48	–
Gain on disposal of property, plant and equipment	64	–
Sundry income	228	10
	2,057	439

Government grants are mainly related to Job Support Scheme ("JSS") and Employment Support Scheme announced by the Singapore and Hong Kong government to provide wage support to employers during the Covid-19 pandemic. In determining the timing of recognition of the JSS grant income, the management assessed that the Group is impacted from April 2020 onwards following the circuit-breaker measure, and hence JSS grant income is recognised in the profit or loss from the month of April 2020 onwards.

Rent concession is received from landlords due to the Covid-19 pandemic.

(b) Other expenses

	Group	
	2020	2019
	$'000	$'000
Foreign exchange loss, net	–	(75)
Impairment loss on property, plant and equipment	(1,144)	(5,382)
Loss on disposal of property, plant and equipment	–	(4)
	(1,144)	(5,461)

6. Finance costs

	Group	
	2020	2019
	$'000	$'000
Interest expense:		
- Bank borrowings	36	46
- Lease liabilities	815	938
- Trust receipts	57	79
	908	1,063

7. Loss before income tax

The following items have been included in arriving at loss before income tax:

	Group	
	2020	2019
	$'000	$'000
Depreciation of right-of-use assets	2,739	2,998
Depreciation of property, plant and equipment	1,027	1,791
Write-off of property, plant and equipment	11	9
Amortisation of right-of-use assets - land use rights	17	17
Directors' fees	150	150
Write-back of allowance for inventories obsolescence	(399)	(169)
Inventories written off	–	14
Allowance for inventories obsolescence	124	1,570
Impairment loss on financial assets	–	105
Bad debts written off	26	–
Lease expenses - short term leases and low value assets	88	156
Audit fees:		
- auditors of the Company	60	88
- other auditors	142	154
Non-audit fees:		
- other auditors	5	7

The loss before income tax also includes:

	Group	
	2020	2019
	$'000	$'000
Employee benefits expenses:		
- salaries and other short term benefits	8,496	10,298
- defined contribution plans	559	1,480
	9,055	11,778

The above includes the amounts shown as key management personnel remuneration (excludes Directors' fees) as disclosed in Note 23 to the financial statements.

8. Income tax expense

	Group 2020 $'000	Group 2019 $'000
Current income tax:		
- current financial year	144	33
- under provision in prior financial years	28	40
	172	73
Withholding tax:		
- paid on services rendered to overseas customers	1	–
Total income tax expense recognised in profit or loss	173	73

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2019: 17%) to loss before income tax as a result of the following differences:

	Group 2020 $'000	Group 2019 $'000
Loss before income tax	(3,903)	(14,931)
Tax at Singapore statutory income tax rate of 17% (2019: 17%)	(664)	(2,538)
Tax effects of expenses not deductible for income tax purposes	242	1,807
Tax effect of income not subject to tax	(215)	–
Deferred tax assets not recognised	1,131	1,875
Utilisation of deferred tax assets previously not recognised	(37)	–
Differences in tax rates of other countries	(317)	(1,111)
Under provision of current income tax in prior financial years	28	40
Others	5	–
Total income tax expense recognised in profit or loss	173	73

The corporate income tax rate applicable to the Company was 17% (2019: 17%). The corporate income tax rates applicable to The People's Republic of China, Malaysia and Hong Kong subsidiaries of the Group were 25% (2019: 25%), 24% (2019: 24%) and 16.5% (2019: 16.5%) respectively.

Unrecognised deferred tax assets are attributable to:

	Group 2020 $'000	Group 2019 $'000
Unutilised tax losses	6,650	5,572
Unabsorbed capital allowances	21	21
	6,671	5,593

8. Income tax expense (Continued)

As at 31 December 2020, the Group has unutilised tax losses and unabsorbed capital allowances amounting to approximately $36,059,000 (2019: $31,357,000) which are available for set-off against future taxable profits for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses and capital allowances is subject to agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate.

The total unutilised tax losses of the subsidiaries in the jurisdiction of The People's Republic of China amounting to approximately $7,260,000 (2019: $3,898,000) can only be utilised for set-off against its future taxable profits within five years from the date the tax losses were incurred.

9. Loss per share

The following table reflects the results and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2020	**2019**
Loss for the financial year attributable to owners of the Company used in computation of basic and diluted loss per share ($'000)	(4,076)	(15,004)
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	722,395	722,395
Loss per share (in cents):		
- Basic and diluted	(0.56)	(2.08)

The calculations of basic loss per share for the relevant periods are based on loss attributable to owners of the Company for the financial years ended 31 December 2020 and 31 December 2019 divided by the weighted average number of ordinary shares in the relevant periods.

The diluted loss per share for the relevant periods are the same as the basic loss per share as the Group does not have any dilutive options for the relevant periods.

10. Property, plant and equipment

	Leasehold building $'000	Leasehold improvements $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Group						
Cost						
At 1 January 2020	2,028	9,697	2,806	1,445	92,691	108,667
Additions	–	170	58	36	1	265
Disposals	–	(121)	–	–	(380)	(501)
Write-off	–	(1)	(7)	–	(18)	(26)
Currency translation adjustment	118	584	50	32	4,869	5,653
At 31 December 2020	2,146	10,329	2,907	1,513	97,163	114,058
Accumulated depreciation and impairment loss						
At 1 January 2020	1,425	9,011	2,783	1,300	83,781	98,300
Depreciation for the financial year	127	276	7	30	587	1,027
Impairment loss for the financial year	–	163	63	42	876	1,144
Disposals	–	(121)	–	–	(380)	(501)
Write-off	–	(1)	(7)	–	(7)	(15)
Currency translation adjustment	69	466	61	26	4,502	5,124
At 31 December 2020	1,621	9,794	2,907	1,398	89,359	105,079
Net carrying amount						
At 31 December 2020	525	535	–	115	7,804	8,979
Group						
Cost						
At 1 January 2019	2,093	9,841	2,846	1,724	94,966	111,470
Additions	–	173	18	–	383	574
Disposals	–	–	(6)	(256)	–	(262)
Write-off	–	–	(16)	–	(12)	(28)
Currency translation adjustment	(65)	(317)	(36)	(23)	(2,646)	(3,087)
At 31 December 2019	2,028	9,697	2,806	1,445	92,691	108,667
Accumulated depreciation and impairment loss						
At 1 January 2019	1,337	7,078	2,750	1,501	81,460	94,126
Depreciation for the financial year	125	483	82	49	1,052	1,791
Impairment loss for the financial year	–	1,690	7	–	3,685	5,382
Disposals	–	–	(6)	(229)	–	(235)
Write-off	–	–	(11)	–	(8)	(19)
Currency translation adjustment	(37)	(240)	(39)	(21)	(2,408)	(2,745)
At 31 December 2019	1,425	9,011	2,783	1,300	83,781	98,300
Net carrying amount						
At 31 December 2019	603	686	23	145	8,910	10,367

10. Property, plant and equipment (Continued)

	Leasehold improvements $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Company					
Cost					
At 1 January 2020	160	695	320	993	2,168
Additions	–	44	36	–	80
Disposals	–	–	–	(12)	(12)
Write-off	–	(5)	–	–	(5)
At 31 December 2020	160	734	356	981	2,231
Accumulated depreciation and impairment loss					
At 1 January 2020	159	665	320	993	2,137
Depreciation for the financial year	1	22	5	–	28
Impairment loss for the financial year	–	52	31	–	83
Disposals	–	–	–	(12)	(12)
Write-off	–	(5)	–	–	(5)
At 31 December 2020	160	734	356	981	2,231
Net carrying amount					
At 31 December 2020	–	–	–	–	–
Cost					
At 1 January 2019	160	691	540	993	2,384
Additions	–	4	–	–	4
Disposals	–	–	(220)	–	(220)
At 31 December 2019	160	695	320	993	2,168
Accumulated depreciation					
At 1 January 2019	157	651	504	991	2,303
Depreciation for the financial year	2	14	14	2	32
Disposals	–	–	(198)	–	(198)
At 31 December 2019	159	665	320	993	2,137
Net carrying amount					
At 31 December 2019	1	30	–	–	31

10. Property, plant and equipment (Continued)

Impairment testing on property, plant and equipment

As at 31 December 2020, the Group carried out an impairment testing of the recoverable amounts of its property, plant and equipment due to the unfavorable market conditions in the PCB and semi-conductor industries. As part of the impairment testing, the carrying amounts of the property, plant and equipment are compared to the recoverable amounts, which is the higher of the value-in-use and fair value less disposal cost model. These assets are reviewed, either on a stand-alone basis or as part of a wider cash generating units ("CGU") for impairment.

The recoverable amount of the property, plant and equipment for CGUs with indications of impairment has been determined based on its value-in-use calculations using the following key assumptions:

	Group	
	2020	2019
	%	%
Discount rate	12.1	15.0
Revenue growth rate	-9 to 40	5 to 20
Gross profit margin	7 to 28	7 to 30

Discount rate – Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

Revenue growth rate and gross profit margin – The budgeted revenue growth rates and gross profit margin are based on past performances and the management's expectations of market developments.

Following the review, there were two (2019: three) CGUs having property, plant and equipment that are not expected to generate sufficient cash flows in comparison to their carrying amounts. An impairment loss of $1,144,000 (2019: $5,382,000) representing the full write-down of the remaining carrying amount of the relevant property, plant and equipment was recognised in "Other expenses" (Note 5) line item of profit or loss for the financial year ended 31 December 2020.

If the discount rate had increased by 1% against management's estimates, the Group's impairment on the property, plant and equipment for the remaining CGUs with indications of impairment would have been higher by $260,000.

Leasehold building

Details of the leasehold building held by the Group as at 31 December 2020 and 31 December 2019 are set out below:

Company	Location	Description	Area	Tenure
Jadason Electronics (Suzhou) Co., Ltd	Unit 42 Huoju Road, Suzhou New District, People's Republic of China	Leasehold factory and office buildings	Land 10,417m^2	Lease term of 45.5 years from October 2004

11. Right-of-use assets – land use rights

	Group 2020 $'000	Group 2019 $'000
Cost		
At 1 January	657	674
Currency translation adjustment	31	(17)
At 31 December	688	657
Accumulated amortisation		
At 1 January	253	243
Amortisation for the financial year	17	17
Currency translation adjustment	12	(7)
At 31 December	282	253
Net carrying amount		
At 31 December	406	404
Amount to be amortised:		
- Not later than one financial year	17	17
- Later than one financial year but not later than five financial years	68	68
- Later than five financial years	321	319

The Group has land use rights over a plot of state-owned land in The People's Republic of China where Jadason Electronics (Suzhou) Co., Ltd resides. The land use rights are transferable and have a remaining tenure of 29.5 years (2019: 30.5 years).

12. Leases

As a lessee, the Group has lease contracts for office and factory premises and office equipment. These leases have lease terms of 2 to 9.25 years.

The Group also has certain leases for office premises and office equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemptions for these leases.

12. Leases (Continued)

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets and the movements during the financial years ended 31 December 2020 and 31 December 2019:

	Office and factory premises $'000	Office equipment $'000	Total $'000
Group			
At 1 January 2020	12,965	7	12,972
Additions	608	–	608
Lease termination	(400)	–	(400)
Depreciation for the financial year	(2,736)	(3)	(2,739)
Currency translation adjustment	585	–	585
At 31 December 2020	11,022	4	11,026
At 1 January 2019	16,073	10	16,083
Additions	237	–	237
Depreciation for the financial year	(2,995)	(3)	(2,998)
Currency translation adjustment	(350)	–	(350)
At 31 December 2019	12,965	7	12,972
Company			
At 1 January 2020	86	7	93
Additions	608	–	608
Depreciation for the financial year	(175)	(3)	(178)
At 31 December 2020	519	4	523
At 1 January 2019	294	10	304
Depreciation for the financial year	(208)	(3)	(211)
At 31 December 2019	86	7	93

12. Leases (Continued)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the financial years ended 31 December 2020 and 31 December 2019:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
At 1 January	13,928	16,327	84	261
Additions	608	237	608	–
Lease termination	(400)	–	–	–
Accretion of interest	815	938	19	8
Rent concession granted	(48)	–	(24)	–
Lease payments:				
- principal portion	(2,297)	(2,271)	(134)	(177)
- interest portion	(815)	(938)	(19)	(8)
Currency translation adjustment	678	(365)	–	–
At 31 December	12,469	13,928	534	84
Presented in statements of financial position:				
- current	2,463	2,318	147	77
- non-current	10,006	11,610	387	7
	12,469	13,928	534	84

The lease liabilities are denominated in the following currencies:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Singapore Dollar	534	84	534	84
Renminbi	11,857	13,653	–	–
Hong Kong Dollar	62	153	–	–
Malaysian Ringgit	16	38	–	–
	12,469	13,928	534	84

(c) Total cash outflow

The Group had total cash outflows for leases of $3,112,000 (2019: $3,209,000) for the financial year ended 31 December 2020. The Group also had total cashflow relating to short-term leases and low value leases of $88,000 (2019: $156,000). Non-cash additions to right-of-use assets and lease liabilities amounted to $608,000 (2019: $237,000) for the financial year ended 31 December 2020. There is no future cash outflow relating to leases that have not yet commenced.

12. Leases (Continued)

(d) Termination and extension options

The Group has several lease contracts that include termination and extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these termination options are reasonably certain not to be exercised and the likelihood of extension options to be exercised.

13. Investments in subsidiaries

	Company	
	2020	**2019**
	$'000	**$'000**
Unquoted equity investments, at cost	57,211	57,211
Impairment loss on investment in subsidiaries	(39,463)	(23,545)
	17,748	33,666

Movements in allowance for impairment loss were as follows:

	Company	
	2020	**2019**
	$'000	**$'000**
Balance at beginning of financial year	23,545	1,592
Impairment loss for the financial year	15,918	21,953
Balance at end of financial year	39,463	23,545

Details of subsidiaries are as follows:

Name	**Country of incorporation**	**Principal activities**	**Proportion of ownership interest**	
			2020	**2019**
			%	**%**
Held by the Company				
Jadason Enterprises (HK) Limited (1)	Hong Kong	Distribution of equipment and supplies and provision of support services to the PCB and semiconductor industries.	100	100
Jadason Engineering Sdn Bhd (2)	Malaysia	Provision of drilling and resharpening services and distribution of supplies to the PCB industry.	100	100
Jadason Enterprises (Thailand) Limited (3)	Thailand	Installation of machines and provision of support services to the PCB and semiconductor industries.	100	100

13. Investments in subsidiaries (Continued)

Details of subsidiaries are as follows: (Continued)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2020 %	2019 %
Held by the Company (Continued)				
Jadason Electronics (Suzhou) Co., Ltd (4),(8)	The People's Republic of China	Manufacturing, trading and provision of services to the PCB and semiconductor industries.	100	100
Jadason Scientific (Shanghai) Co., Ltd (5),(8)	The People's Republic of China	Trading and distribution of equipment, supplies and materials to the PCB industry.	100	100
Jadason Enterprises (Japan) Limited (6)	Japan	Provision of sales support and procurement services.	100	100
Jadason PCB Materials (Dongguan) Ltd (7),(8)	The People's Republic of China	Mass lamination of printed circuit boards.	100	100
Jadason Electronics (Dongguan) Ltd (7),(8)	The People's Republic of China	Provision of drilling services to the PCB and semiconductor industries.	100	100
Jadason Scientific (Dongguan) Ltd (7)	The People's Republic of China	Assembly of laser photoplotters, exposure machines and other PCB equipment for the PCB industry.	100	100
Infinite Graphics Pte Ltd (9)	Singapore	Trading of large format photo masks. The company is dormant and has applied for striking off.	100	100
Held by Jadason Enterprises (HK) Limited				
Jadason Test Limited (10)	Hong Kong	Provision of machinery installation and maintenance services for PCB manufacturers. The company is dormant.	100	100
CymbolicTech Company Limited (10)	Hong Kong	Manufacturing and trading of machinery. The company is dormant.	100	100
Jadason Microelectronics (Dongguan) Ltd (7),(8)	The People's Republic of China	Provision of drilling services to the PCB and semiconductor industries.	100	100

13. Investments in subsidiaries (Continued)

Details of subsidiaries are as follows: (Continued)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2020 %	2019 %
Held by CymbolicTech Company Limited				
Jadason Electronics Equipment (Dongguan) Ltd	The People's Republic of China	Production and distribution of wet process equipment. The company is dormant and has applied for de-registration.	100	100
Held by Jadason Test Limited				
Jadason Test (Suzhou) Limited [(4)]	The People's Republic of China	Provision of testing services for printed circuit boards. The company is dormant.	100	100

(1) Audited by BDO Limited, Hong Kong

(2) Audited by BDO PLT, Malaysia

(3) Audited by KT&R Associate Partnership, Thailand

(4) Audited by Suzhou Lixin Certified Public Accountants Co., Ltd.

(5) Audited by Shanghai Nexia TS Certified Public Accountants for statutory audit

(6) Not required to be audited by the law of country of incorporation

(7) Audited by Dongguan Peanal Certified Public Accountants Co., Ltd. for statutory audit

(8) Audited by BDO China Shu Lun Pan Certified Public Accountants LLP, a member firm of BDO International Limited for consolidation purposes

(9) Not audited. The company has applied for striking off

(10) Audited by CK Yau & Partners CPA Limited, Hong Kong

Impairment loss on investment in subsidiaries

As at the end of the reporting period, the Company carried out an assessment on whether there are any indicators of impairment for its investment in subsidiaries based on the existing performance of subsidiaries. The Group identified each subsidiary as one CGU, except that certain subsidiaries which are in similar business operations and whose cash flows and operations are largely interdependent are identified as one CGU.

13. Investments in subsidiaries (Continued)

Impairment loss on investment in subsidiaries (Continued)

The Group further carried out an impairment testing for CGUs with impairment indicators due to the unfavourable market conditions in the PCB and semi-conductor industries. The recoverable amount of each CGU was based on the higher of its value-in-use and fair value less costs of disposal. Following the review, an impairment loss of approximately $15,918,000 (2019: $21,953,000) was recognised in respect of three CGUs (2019: three CGUs) for the financial year ended 31 December 2020. The recoverable amount of the CGUs with impairment losses are as follows:

		Recoverable amount attributable to the Company $'000	Impairment loss $'000
CGU A	Jadason Electronics (Dongguan) Ltd [1] and Jadason Microelectronics (Dongguan) Ltd	4,316	11,805
CGU B	Jadason PCB Materials (Dongguan) Ltd [2]	2,838	4,009
CGU C	Jadason Engineering Sdn Bhd	515	104

(1) The subsidiary has temporarily ceased its operation during the financial year, and hence the recoverable amount was based on its fair value less cost of disposal.

(2) The subsidiary has been continuously making losses, and hence the recoverable amount was based on its fair value less cost of disposal.

The recoverable amount of the above impaired subsidiaries were determined based on their fair value less cost of disposal ("FVLCOD") for the financial year ended 31 December 2020. The FVLCOD of the impaired subsidiaries were assessed to be their net assets which approximated their fair values. This fair value measurement is categorised as a Level 3 in the fair value hierarchy based on the inputs used.

In the previous financial year, the recoverable amount of the impaired subsidiaries were determined based on their value-in-use calculations with key assumptions disclosed in Note 10 to the financial statements, except for the recoverable amount of CGU C which was determined based on its fair value less cost of disposal.

		Recoverable amount attributable to the Company $'000	Impairment loss $'000
CGU A	Jadason Electronics (Dongguan) Ltd and Jadason Microelectronics (Dongguan) Ltd	16,121	6,928
CGU B	Jadason PCB Materials (Dongguan) Ltd	6,847	14,927
CGU C	Jadason Engineering Sdn Bhd	619	98

13. Investments in subsidiaries (Continued)

Significant restrictions

Cash and cash equivalents of $8,479,000 (2019: $7,688,000) held by subsidiaries in The People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and trade related settlements, thus significantly affecting the Group's ability to access or use assets, and settle liabilities, of the Group.

14. Inventories

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Raw materials	446	802	–	–
Finished goods	2,952	3,117	248	345
	3,398	3,919	248	345

	Group	
	2020	2019
	$'000	$'000
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales inclusive of the following charge:	25,921	27,593
- Inventories written off	–	14
- Write-back of allowance for inventories obsolescence	(399)	(169)
- Allowance for inventories obsolescence	124	1,570

The write-back of allowance for inventories obsolescence was made as the related inventories were either utilised or sold above their carrying amounts.

15. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade receivables	14,495	17,094	1,675	1,609
Less: Allowance for expected credit losses	(683)	(683)	(30)	(30)
	13,812	16,411	1,645	1,579
Bills receivables	6,706	4,722	–	–
Trade amount due from subsidiaries	–	–	–	4
Non-trade amount due from subsidiaries	–	–	3,674	8,128
Less: Allowance for impairment loss on amount due from subsidiaries	–	–	(3,653)	(7,926)
Deposits	98	174	40	43
Others	429	497	–	14
Total trade and other receivables	21,045	21,804	1,706	1,842
Add: Cash and cash equivalents (Note 16)	15,353	11,233	2,384	810
Total financial assets carried at amortised cost	36,398	33,037	4,090	2,652

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Included in trade receivables are unbilled sales amounting to $5,636,000 (2019: $7,855,000).

Bills receivables have an average maturity period of 60 to 180 days.

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand in cash.

During the financial year, the Company reviewed the recoverability of the amounts owing by subsidiaries and noted that the unfavorable market conditions in the PCB market continued to affect the revenue, profitability and prospect of the subsidiaries. The review led to the recognition of an impairment loss of $297,000 (2019: $99,000) on the amounts owing by the subsidiaries to the Company. The amount of $4,570,000 (2019: $Nil) written off during the financial year against the allowance for impairment loss on amounts due from subsidiaries was related to a subsidiary which has applied for striking off.

The movements of the allowance for impairment loss on amounts due from subsidiaries are as follows:

	Company	
	2020	2019
	$'000	$'000
At 1 January	7,926	7,827
Receivables written off as uncollectible	(4,570)	–
Loss allowance recognised during the financial year	297	99
At 31 December	3,653	7,926

15. Trade and other receivables (Continued)

The movement in allowance for expected credit losses of trade receivables based on lifetime ECL are as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
At 1 January	683	578	30	26
Loss allowance recognised during the financial year	–	105	–	4
At 31 December	683	683	30	30

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Singapore Dollar	501	317	352	305
United States Dollar	2,137	1,519	1,335	1,246
Japanese Yen	73	256	–	277
Euro	86	803	9	5
Hong Kong Dollar	1,354	131	–	–
Renminbi	16,565	18,430	–	–
Malaysian Ringgit	74	80	–	–
Others	255	268	10	9
	21,045	21,804	1,706	1,842

16. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash at banks and on hand	15,353	10,425	2,384	810
Bank deposits	–	808	–	–
	15,353	11,233	2,384	810

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.001% to 1.40% (2019: 0.001% to 1.00%) per annum.

Bank deposits with financial institutions earn interest at Nil% (2019: 1.90%) per annum.

16. Cash and cash equivalents (Continued)

Cash and cash equivalents of the Group and Company are denominated in the following currencies:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Singapore Dollar	1,760	171	1,760	146
United States Dollar	1,074	1,803	453	513
Japanese Yen	3,106	322	5	29
Euro	209	328	49	10
Hong Kong Dollar	184	463	2	2
Renminbi	8,552	7,764	70	67
Malaysian Ringgit	123	133	–	–
Others	345	249	45	43
	15,353	11,233	2,384	810

17. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade payables				
- third parties	9,181	7,461	1,588	1,772
- subsidiaries	–	–	345	360
Advances from customers	1,733	241	7	19
Non-trade amount due to subsidiaries	–	–	6,895	5,274
Other payables	1,092	926	50	74
Accrued operating expenses	1,634	1,991	416	440
Total trade and other payables	13,640	10,619	9,301	7,939
Add:				
Trust receipts (Note 18)	1,746	2,114	1,746	1,480
Bank borrowings (Note 19)	2,000	1,000	2,000	1,000
Less:				
Advances from customers	(1,733)	(241)	(7)	(19)
Financial liabilities carried at amortised cost	15,653	13,492	13,040	10,400

Trade payables are unsecured, non-interest bearing and are normally settled on 60 days' credit terms.

Non-trade amounts due to subsidiaries are unsecured, interest-free, repayable on demand and to be settled in cash.

Advances from customers relate to cash deposit received in advance from customers before delivery of goods.

17. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Singapore Dollar	537	540	1,400	851
United States Dollar	1,659	1,943	6,014	5,277
Japanese Yen	4,918	416	365	358
Euro	292	60	127	37
Hong Kong Dollar	165	387	1,167	1,183
Renminbi	5,882	7,133	53	50
Malaysian Ringgit	72	45	–	–
Others	115	95	175	183
	13,640	10,619	9,301	7,939

18. Trust receipts

Trust receipts have a maturity period of 120 days (2019: 43 to 120 days) with interest rates of between 2.97% to 3.00% (2019: 4.15% to 4.34%) per annum.

Trust receipts are denominated in the following currencies:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
United States Dollar	1,746	1,480	1,746	1,480
Euro	–	634	–	–
	1,746	2,114	1,746	1,480

19. Bank borrowings

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current				
Unsecured				
Term loan I	–	1,000	–	1,000
Term loan II	83	–	83	–
	83	1,000	83	1,000
Non-current				
Unsecured				
Term loan II	1,917	–	1,917	–
	2,000	1,000	2,000	1,000

19. Bank borrowings (Continued)

Term loan I was unsecured and bore interest at 3.39% (2019: 4.38%) per annum. It was fully settled during the financial year ended 31 December 2020.

The Group and the Company had drawn down term loan II amounted to $2.0 million in October 2020. It is repayable over 48 months commencing from November 2021 and the loan interest is charged at 3% per annum.

The fair value of the Group and the Company's bank borrowings approximate their carrying amounts as they are at market lending rates for similar types of lending or borrowing at the end of the reporting period.

Bank borrowings are denominated in Singapore Dollar.

20. Provision for long service payment

Provision for long service payment for eligible employees of subsidiaries has been made in the financial statements pursuant to the requirements under the Employment Ordinance in Hong Kong.

	Group	
	2020	**2019**
	$'000	**$'000**
At beginning of financial year	161	162
Currency translation adjustment	(2)	(1)
At end of financial year	159	161

21. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2020		**2019**	
	Number of shares		**Number of shares**	
	'000	**$'000**	**'000**	**$'000**
Issued and fully paid:				
Balance at beginning and end of financial year	726,065	50,197	726,065	50,197

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

21. Share capital and treasury shares (Continued)

(b) Treasury shares

	Group and Company			
	2020		2019	
	Number of shares '000	$'000	Number of shares '000	$'000
Balance at beginning and end of financial year	(3,670)	(307)	(3,670)	(307)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

22. Reserves

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Employee share option reserve	–	–	–	–
Foreign currency translation reserve	(3,773)	(4,849)	(87)	(81)
Reserve and enterprise expansion funds	5,711	5,711	–	–
Accumulated losses	(21,890)	(17,814)	(40,733)	(23,493)
	(19,952)	(16,952)	(40,820)	(23,574)

(a) Employee share option reserve

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 January	–	1,280	–	1,280
Expiry of share options	–	(1,280)	–	(1,280)
At 31 December	–	–	–	–

The employee share option reserve represented the expense on equity settled share options granted to employees after 22 November 2002. The reserve was made up of the cumulative value of services received from employees recorded on grant of equity-settled share options. All outstanding employee share options lapsed in 2019 and the reserve was transferred to accumulated losses.

22. Reserves (Continued)

(b) Foreign currency translation reserve

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
At 1 January	(4,849)	(3,923)	(81)	(81)
Exchange differences on translating foreign operations	1,076	(926)	(6)	–
At 31 December	(3,773)	(4,849)	(87)	(81)

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Reserve and enterprise expansion funds

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
At 1 January and 31 December	5,711	5,711	–	–

Under the accounting principles and relevant financial regulations of The People's Republic of China ("PRC"), certain subsidiary companies are required to set aside a reserve fund and an enterprise expansion fund ("Reserve and Enterprise Expansion Funds") by way of appropriations from their profits. The appropriations to these funds are determined by the subsidiaries' Board of Directors and must be made before distribution of dividends. The relevant PRC subsidiaries have to appropriate at least 10% of their net profit after taxation determined according to their statutory financial statements to the reserve fund and enterprise expansion fund until the funds reach 50% of their registered capital. These funds are not distributable in the form of cash dividends. Utilisation of funds is governed and restricted by the relevant PRC laws and regulations.

23. Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and the Company with their related parties during the financial year:

	Company	
	2020	2019
	$'000	$'000
Purchase of goods from subsidiaries	20	35
Sales of goods to subsidiaries	21	7
Advances from a subsidiary	1,944	1,743
Advances to a subsidiary	110	100

23. Significant related party transactions (Continued)

The outstanding balances as at 31 December 2020 and 2019 in respect of the above transactions with related parties are disclosed in Notes 15 and 17 to the financial statements. There are no outstanding balances with key management personnel.

Key management personnel are Directors of the Company, Directors of the subsidiaries and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly.

The remuneration of Directors and other key management personnel of the Group and the Company during the financial years ended 31 December 2020 and 31 December 2019 were as follows:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Short-term employment benefits	1,158	1,121	649	621
Defined contribution plans	35	40	29	33
	1,193	1,161	678	654
Comprise amounts paid to:				
Directors of the Group	771	763	256	256
Other key management personnel	422	398	422	398
	1,193	1,161	678	654

24. Commitments and contingencies

	Company	
	2020	2019
	$'000	$'000
Guarantees provided in respect of credit facilities for:		
Subsidiary - unsecured	–	634

In the previous financial year, the Company had committed to provide financial support for certain subsidiaries to enable them to operate as going concerns for at least 12 months from the financial year-end.

25. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has the following reportable operating segments:

- Equipment and supplies

  Equipment and supplies includes provision of equipment and supplies to the printed circuit board ("PCB") industry.

- Manufacturing and support services

  Manufacturing and support services includes the provision of equipment after-sales support and services, PCB drilling services and PCB mass lamination services in China.

25. Segment information (Continued)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices, if any, between operating segments are in a manner similar to transactions with third parties.

	Equipment and supplies $'000	Manufacturing and support services $'000	Total $'000
2020			
Revenue			
- External sales	23,949	17,137	41,086
Total	23,949	17,137	41,086
Results			
Adjusted EBITDA*	279	1,601	1,880
Interest income	15	37	52
Depreciation of property, plant and equipment	(36)	(991)	(1,027)
Depreciation of right-of-use assets	(186)	(2,553)	(2,739)
Amortisation of right-of-use assets - land use rights	–	(17)	(17)
Impairment loss on property, plant and equipment	(46)	(1,098)	(1,144)
Operating profit/(loss)	26	(3,021)	(2,995)
Interest expense	(100)	(808)	(908)
Loss before income tax	(74)	(3,829)	(3,903)
Income tax expense	(1)	(172)	(173)
Loss for the financial year	(75)	(4,001)	(4,076)
Assets/Liabilities			
Segment assets	14,222	46,158	60,380
Segment liabilities	13,260	17,182	30,442
Other segment information			
Purchase of property, plant and equipment	80	185	265
Addition of right-of-use assets	608	–	608
Other non-cash items:			
Write-back of allowance for inventories obsolescence	(3)	(396)	(399)
Allowance for inventories obsolescence	7	117	124
Amortisation of right-of-use assets - land use rights	–	17	17

* Adjusted EBITDA - Earnings before interest, taxation, depreciation, amortisation and impairment loss on property, plant and equipment.

25. Segment information (Continued)

Transfer prices, if any, between operating segments are in a manner similar to transactions with third parties. (Continued)

	Equipment and supplies $'000	Manufacturing and support services $'000	Total $'000
2019			
Revenue			
- External sales	20,191	24,061	44,252
Total	20,191	24,061	44,252
Results			
Adjusted EBITDA*	(1,394)	(2,359)	(3,753)
Interest income	23	50	73
Depreciation of property, plant and equipment	(51)	(1,740)	(1,791)
Depreciation of right-of-use assets	(206)	(2,792)	(2,998)
Amortisation of right-of-use assets - land use rights	–	(17)	(17)
Impairment loss on property, plant and equipment	–	(5,382)	(5,382)
Operating loss	(1,628)	(12,240)	(13,868)
Interest expense	(134)	(929)	(1,063)
Loss before income tax	(1,762)	(13,169)	(14,931)
Income tax expense	(1)	(72)	(73)
Loss for the financial year	(1,763)	(13,241)	(15,004)
Assets/Liabilities			
Segment assets	9,264	51,765	61,029
Segment liabilities	7,686	20,405	28,091
Other segment information			
Purchase of property, plant and equipment	6	568	574
Addition of right-of-use assets	192	45	237
Other non-cash items:			
Write-back of allowance for inventories obsolescence	(2)	(167)	(169)
Allowance for inventories obsolescence	–	1,570	1,570
Inventories written off	–	14	14
Amortisation of right-of-use assets - land use rights	–	17	17
Impairment loss on financial assets	72	33	105

* Adjusted EBITDA - Earnings before interest, taxation, depreciation, amortisation and impairment loss on property, plant and equipment.

25. Segment information (Continued)

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Singapore	6,999	6,531	523	124
The People's Republic of China including Hong Kong	31,697	33,463	19,573	22,977
Others	2,390	4,258	315	642
	41,086	44,252	20,411	23,743

Non-current assets information presented above consist of property, plant and equipment, land use rights and right-of-use assets as presented in the consolidated statement of financial position.

Revenue of approximately $15,515,000 (2019: $19,380,000) are derived from two (2019: two) external customers. These revenues are attributable to equipment and supplies segment and manufacturing and support services segment of $3,178,000 and $12,337,000 respectively (2019: manufacturing and support services of $19,380,000).

26. Financial instruments, financial risks and capital management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the respective heads of subsidiaries, Chief Executive Officer and Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which they manage and measure the risks.

26.1 Credit risk

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals. Customers are also assessed based on their historical payment records. Where necessary, customers may be requested to provide advance payments before goods are delivered.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risks. The Group and the Company do not hold any collateral.

The Group's and the Company's major classes of financial assets are trade and other receivables and cash and cash equivalents.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

26. Financial instruments, financial risks and capital management (Continued)

26.1 Credit risk (Continued)

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

The Group determines that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Cash and cash equivalents

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Group and the Company held cash and cash equivalents of $15,353,000 and $2,384,000 respectively as at 31 December 2020 (2019: $11,233,000 and $810,000). The cash and cash equivalents are held with banks and financial institutions with high credit rating. Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that their cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2020 and 31 December 2019 are determined as follows. The expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

26. Financial instruments, financial risks and capital management (Continued)

26.1 Credit risk (Continued)

Trade receivables (Continued)

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix, grouped by geographical region:

The People's Republic of China including Hong Kong:

	Current $'000	More than 30 days past due $'000	More than 60 days past due $'000	More than 90 days past due $'000	More than 180 days past due $'000	Total $'000
31 December 2020						
Gross carrying amount	11,146	201	260	430	408	12,445
Allowance for expected credit losses	(238)	(5)	(3)	(1)	(92)	(339)
Credit impaired	–	–	–	–	(304)	(304)
	10,908	196	257	429	12	11,802
31 December 2019						
Gross carrying amount	14,141	278	196	72	440	15,127
Allowance for expected credit losses	(238)	(5)	(3)	(1)	(92)	(339)
Credit impaired	–	–	–	–	(304)	(304)
	13,903	273	193	71	44	14,484

Singapore and other geographical areas:

	Current $'000	More than 30 days past due $'000	More than 60 days past due $'000	More than 90 days past due $'000	More than 180 days past due $'000	Total $'000
31 December 2020						
Gross carrying amount	1,555	319	131	19	26	2,050
Allowance for expected credit losses	(25)	(6)	(2)	(1)	(6)	(40)
	1,530	313	129	18	20	2,010
31 December 2019						
Gross carrying amount	1,472	326	106	53	10	1,967
Allowance for expected credit losses	(25)	(6)	(2)	(1)	(6)	(40)
	1,447	320	104	52	4	1,927

Information regarding allowance for expected credit losses movement of trade receivables are disclosed in Note 15 to the financial statements.

During the financial year, the Group wrote off $26,000 (2019: $Nil) of trade receivables which are more than 365 days past due as the Group does not expect to receive future cash flows from these debtors, and there are no recoveries from collection of cash flows previously written off.

26. Financial instruments, financial risks and capital management (Continued)

26.1 Credit risk (Continued)

Trade receivables (Continued)

There is no allowance for credit losses arising from the bills receivables of approximately $6,706,000 (2019: $4,722,000) as at 31 December 2020 as there is no recent history of default and are held with banks and financial institutions with high credit rating.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2020		2019	
	$'000	% of total	$'000	% of total
By country				
Singapore	1,421	10%	1,275	8%
The People's Republic of China including Hong Kong	11,802	86%	14,484	88%
Malaysia	295	2%	334	2%
Other countries	294	2%	318	2%
	13,812	100%	16,411	100%
By industry sector				
Equipment and supplies	6,339	46%	4,496	27%
Manufacturing and support services	7,473	54%	11,915	73%
	13,812	100%	16,411	100%

At the end of the reporting period, 51% (2019: 63%) of the Group's trade receivables were due from two (2019: two) major customer groups who are located in China.

26.2 Liquidity risk

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

The Group monitors its operating cash flows and finances its operations using a combination of borrowings and internal working capital. Adequate credit lines are maintained to ensure that necessary liquidity is available when required.

26. Financial instruments, financial risks and capital management (Continued)

26.2 Liquidity risk (Continued)

Contractual maturity analysis

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to pay.

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Group				
31 December 2020				
Financial liabilities				
Trade and other payables	11,907	–	–	11,907
Trust receipts	1,746	–	–	1,746
Lease liabilities	3,303	11,659	1,075	16,037
Bank borrowings	139	2,036	–	2,175
Total undiscounted financial liabilities	17,095	13,695	1,075	31,865
31 December 2019				
Financial liabilities				
Trade and other payables	10,378	–	–	10,378
Trust receipts	2,114	–	–	2,114
Lease liabilities	3,076	11,802	1,799	16,677
Bank borrowings	1,040	–	–	1,040
Total undiscounted financial liabilities	16,608	11,802	1,799	30,209
Company				
31 December 2020				
Financial liabilities				
Trade and other payables	9,294	–	–	9,294
Trust receipts	1,746	–	–	1,746
Lease liabilities	170	412	–	582
Bank borrowings	139	2,036	–	2,175
Total undiscounted financial liabilities	11,349	2,448	–	13,797
Financial corporate guarantee	–	–	–	–

26. Financial instruments, financial risks and capital management (Continued)

26.2 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Company				
31 December 2019				
Financial liabilities				
Trade and other payables	7,920	–	–	7,920
Trust receipts	1,480	–	–	1,480
Lease liabilities	78	8	–	86
Bank borrowings	1,040	–	–	1,040
Total undiscounted financial liabilities	10,518	8	–	10,526
Financial corporate guarantee	634	–	–	634

The earliest period that the guarantee could be called is within one year from each reporting date. Based on expectations as at 31 December 2019, the Company considered that it was more likely that no amount would be payable under the arrangement. The financial guarantees had not been recognised in the financial statements of the Group as the Directors did not consider it probable that a claim would be made against the Group under the guarantees.

26.3 Foreign currency risk

Currency risk arises from transactions denominated in currencies other than the functional currencies of the entities within the Group and the Company. The currencies that give rise to this risk are primarily United States dollar and Japanese yen.

The Group and the Company monitor their foreign currency exchange risks closely and maintain funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in a currency that is not the entity's functional currency.

It is not the Group's and the Company's policy to take speculative positions in foreign currencies.

26. Financial instruments, financial risks and capital management (Continued)

26.3 Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The Group's and the Company's exposure to foreign currency risk is mainly in United States dollar and Japanese yen.

The following table details the Group's and Company's sensitivity to a 4% (2019: 4%) change in United States dollar and Japanese yen against the functional currencies respectively. The sensitivity analysis assumes an instantaneous 4% (2019: 4%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items are included in the analysis.

	Loss after tax	
	2020	**2019**
	$'000	**$'000**
Group		
United States dollar		
- Strengthens against functional currencies*	(8)	(4)
- Weakens against functional currencies*	8	4
Japanese yen		
- Strengthens against functional currencies#	(71)	5
- Weakens against functional currencies#	71	(5)
Company		
United States dollar		
- Strengthens against Singapore dollar	(239)	(199)
- Weakens against Singapore dollar	239	199
Japanese yen		
- Strengthens against Singapore dollar	(14)	(2)
- Weakens against Singapore dollar	14	2

* Primarily Singapore dollar and Hong Kong dollar

\# Primarily Hong Kong dollar

26.4 Capital management

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The Group and the Company manage their capital structure which consist of equity attributable to owners of the Company, comprising issued share capital, treasury shares and reserves as disclosed in Notes 21 and 22 to the financial statements and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

26. Financial instruments, financial risks and capital management (Continued)

26.4 Capital management (Continued)

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2020 and 31 December 2019.

As disclosed in Note 22 to the financial statements, certain subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2020 and 31 December 2019.

27. Fair value of financial instruments

The Group and the Company categorised fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used in making the measurements as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability.

The classification of an item into above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfer of items between levels are recognised in the period they occur.

The carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their respective fair values as at the end of the reporting period due to the relative short-term maturities of these financial instruments, except as disclosed in Note 19 to the financial statements.

28. Impact of novel coronavirus on the Group's operations

The COVID-19 pandemic has severely affected many parts of the world and caused national lockdowns, massive disruptions to economic activities including logistics, travel restrictions and other movement control measures. During the financial year, factories across China have extended their closures after the Lunar New Year holidays, following directives from Chinese authorities. With the transportation of goods hampered, travelling restrictions and containment measures in place, manufacturing activities and the demand for goods and services were impacted. Subsequently, the production and operations of the subsidiaries have gradually resumed.

In view of the national-wide vaccination programme implemented or to be implemented by countries, gradual relaxation of cross-border government control and re-opening of national border may bring the supply and demand back to pre-COVID-19 level. However, it is still difficult to accurately predict how the COVID-19 pandemic will continue to impact the Group's markets and business. The Group will continue to rationalise, streamline its core businesses and improve productivity to meet the challenging market conditions.

STATISTICS OF SHAREHOLDINGS

As at 19 March 2021

CLASS OF SHARES	**:**	**ORDINARY SHARES**
Voting rights	:	One vote per share
Number of ordinary shares (excluding treasury shares)	:	722,395,000

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	500	15.00	488,000	0.07
1,001 - 10,000	1,019	30.56	6,074,900	0.84
10,001 - 1,000,000	1,774	53.21	196,454,689	27.19
1,000,001 and above	41	1.23	519,377,411	71.90
Total	**3,334**	**100.00**	**722,395,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

As shown in the Register of Members and CDP Register

No.	Name	Number of Shares	%
1.	HO QUEENY	211,000,000	29.21
2.	LIAW HIN HAO	66,300,000	9.18
3.	DBS NOMINEES (PRIVATE) LIMITED	64,196,900	8.89
4.	FUNG CHI WAI	32,700,000	4.53
5.	CITIBANK NOMINEES SINGAPORE PTE LTD	29,015,000	4.02
6.	RAFFLES NOMINEES (PTE.) LIMITED	11,090,600	1.54
7.	YEO SENG BUCK	10,000,000	1.38
8.	HUI MIN LINNA	8,380,000	1.16
9.	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,602,900	1.05
10.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	5,612,700	0.78
11.	OCBC SECURITIES PRIVATE LIMITED	5,511,011	0.76
12.	XAYABOUOSOU KHONESAVANE	5,151,000	0.71
13.	PHILLIP SECURITIES PTE LTD	4,405,700	0.61
14.	UNION TOOL CO.	4,000,000	0.55
15.	HSBC (SINGAPORE) NOMINEES PTE LTD	3,656,000	0.51
16.	TAN ENG CHUA EDWIN	3,345,500	0.46
17.	IFAST FINANCIAL PTE. LTD.	3,308,500	0.46
18.	LIM TIONG CHUAN	3,100,000	0.43
19.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,994,100	0.41
20.	LIEW SEUK ENG	2,537,700	0.35
	Total	**483,907,611**	**66.99**

SUBSTANTIAL SHAREHOLDERS

Name	Direct interest	Deemed interest	Total interest	%
Queeny Ho	211,000,000	25,000,000*	236,000,000	32.67%
Liaw Hin Hao	66,300,000	–	66,300,000	9.18%

* In the name of nominees.

PUBLIC SHAREHOLDINGS

Based on information available to the Company as at 19 March 2021, approximately 51.29% of the issued ordinary shares of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

ORDINARY SHARES HELD IN TREASURY ("TREASURY SHARES") AND SUBSIDIARY HOLDINGS

Voting rights: None
Number of Treasury Shares: 3,670,000 Treasury Shares
Number of Subsidiary Holdings: Nil
Percentage of this holding against total number of issued shares excluding treasury shares: 0.51%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Jadason Enterprises Ltd (the "**Company**") will be held by way of electronic means on Friday, 30 April 2021 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Fung Chi Wai as Director of the Company retiring pursuant to Rule 720(5) of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**").

   Mr Fung Chi Wai will, upon his re-election as Director of the Company, remain as the Managing Director and Chief Executive Officer of the Company and will be considered non-independent. Please refer to page 107 to page 112 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST. **(Resolution 2)**

3. To re-elect Mr Chua Keng Hiang as Director of the Company retiring pursuant to Regulation 89 of the Constitution of the Company.

   Mr Chua Keng Hiang will, upon his re-election as Director of the Company, remain as the Non-Executive and Lead Independent Director, the Chairman of the Audit Committee, a member of the Nominating Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to page 107 to page 112 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST. **(Resolution 3)**

4. Contingent upon the passing of Ordinary Resolution 3 and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Shareholders to approve the continued appointment of Mr Chua Keng Hiang as an Independent Director, and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM from the aforesaid approval.
   [See Explanatory Note (i)] **(Resolution 4)**

5. Contingent upon the passing of Ordinary Resolution 4 and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Shareholders, excluding the directors, the chief executive officer and their associates, to approve the continued appointment of Mr Chua Keng Hiang as an Independent Director, and that upon due approval, the approval shall remain in force until the earlier of: (a) the retirement or resignation of the Director; or (b) the conclusion of the third AGM from the aforesaid approval. **(Resolution 5)**
   [See Explanatory Note (i)]

6. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. To approve the payment of Directors' fees of S$150,000 for the financial year ended 31 December 2020 (previous year: S$150,000). **(Resolution 7)**
   [See Explanatory Note (ii)]

9. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under subparagraph (1) above, the total number of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with 9(2)(a) or 9(2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of the Share Issue Mandate.

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. **(Resolution 8)**

[See Explanatory Note (iii)]

10. **Renewal of Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as ascertained as at the date of AGM of the Company) at the price of up to but not exceeding the Maximum Price as defined in the appendix "Renewal of Share Buyback Mandate" attached to this Notice of AGM ("**Appendix**"), in accordance with the "Terms of the Share Buyback Mandate" set out in the Appendix and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 9)**

By Order of the Board

Tan Kok Yong
Secretary
Singapore, 15 April 2021

Explanatory Notes:

(i) Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Mr Chua Keng Hiang, having served on the Board for more than nine (9) years from the date of his first appointment, will not be considered as an Independent Director on 1 January 2022 unless his appointment as an Independent Director is approved in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their associates. The Company is seeking at this AGM to obtain the required approval in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their associates prior to 1 January 2022 as required for his continued appointment as an Independent Director. Resolutions 4 and 5, if passed, will enable Mr Chua Keng Hiang to continue his appointment as an Independent Director (unless the appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and Provision 2.1 of the Code of Corporate Governance 2018 and the approval shall remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company following the passing of these resolutions. Resolution 5 is conditional upon Resolution 4 being duly approved, else the aforesaid director will be designated as Non-Independent Director with effect from the date of the AGM and the Company will consider other alternative including refreshment of the Board.

(ii) The Company is seeking approval from the shareholders to approve the payment of Directors' fees of S$150,000 to Non-Executive Directors in accordance with the Constitution of the Company as a special business.

(iii) The Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) The Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors of the Company effective until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Appendix. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2020 are set out in greater detail in the Appendix.

Notes:

General

1. This AGM is being convened and will be held by way of electronic means pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM and appendix to this Notice of AGM - Appendix, the Proxy Form and the Annual Report FY2020 will not be sent to members. Instead, these documents will be published on the Company's website at the URL www.jadason.com and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live-audio only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in this Notice of AGM.

3. Due to the current COVID-19 restriction orders in Singapore, a member is encouraged to attend the AGM via live webcast of the AGM ("**Live Webcast**"). Shareholders will be able to participate at the AGM by:

   (i) watching or listening to the AGM proceedings via Live Webcast;

   (ii) submitting questions in advance of the AGM; and/or

   (iii) voting by proxy at the AGM.

   Please see below for these alternative arrangements.

Registration process for participation in the AGM via Live Webcast

4. Shareholders who wish to participate in the AGM proceedings through the Live Webcast via their mobile phones, tablets or computers must register for an account at https://conveneagm.sg/jadasonagm2021 by 11.00 a.m. on 28 April 2021 (the "**Registration Deadline**") to enable the Company to verify their status as shareholders.

5. Following the verification, authenticated shareholders will receive an email by 11.00 a.m. on 29 April 2021, and will be able to access the Live Webcast using the account created during the registration.

6. Shareholders who register by the Registration Deadline but do not receive an email response to access the Live Webcast may contact the Share Registrar on 29 April 2021 for assistance at shareregistry@incorp.asia, with the full name of the shareholder and his/her/its identification number.

7. Persons who hold shares through relevant intermediaries (as defined in section 181 of the Companies Act, Chapter 50 of Singapore), including CPF and SRS investors, and who wish to participate in the AGM by:

   (a) observing and/or listening to the AGM proceedings via Live Webcast;

   (b) submitting questions in advance of the AGM; and/or

   (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM.

   should contact the relevant intermediary (which would include, in the case of CPF and SRS investors their respective CPF Agent Banks and SRS Operators) through which they hold such shares and to submit their votes as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

Submission of questions prior to the AGM

8. Shareholders will not be able to ask questions during the Live Webcast. Shareholders may submit their questions relating to the items on the agenda of the AGM in advance by digital submission at https://conveneagm.sg/jadasonagm2021 or by post to the Registered Office of the Company at 3 Kaki Bukit Crescent, #03-01 Singapore 416237 and attention to the Company Secretary, **no later than 23 April 2021 at 11.00 a.m.** Please provide your full name as per CDP/CPF/SRS/Scrip-based account records, NRIC/Passport No./Company Registration No., contact number, current address, email address and number of shares held during submission for verification purpose.

9. The Company will endeavour to address the substantial and relevant queries from shareholders prior to or during the AGM. The Company is unable to take on questions through the Live Webcast proceedings. The minutes of the AGM, including the responses from the Board and management, to substantial and relevant questions from shareholders will be published on the SGXNet and the Company's website within one (1) month after the conclusion of the AGM.

Voting by Proxy

10. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may appoint the Chairman of the Meeting as his/her/its proxy, to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) is/are advised to specify his/her/its votes for the respective resolutions in the instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**"). The accompanying Proxy Form for the AGM will not be sent to members, but will be made available on the Company's website at the URL www.jadason.com and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

11. A Member of the Company (including a Relevant Intermediary*) entitled to vote at the AGM may appoint the Chairman of the Meeting to act as proxy and direct the vote at the AGM.

12. The instrument appointing the Chairman of the Meeting as proxy must be deposited at the Registered Office of the Company at 3 Kaki Bukit Crescent, #03-01 Singapore 416237 or submitted digitally to https://conveneagm.sg/jadasonagm2021, **not later than 11.00 a.m. on 28 April 2021**, being forty-eight (48) hours before the time appointed for holding the AGM.

13. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

14. CPF or SRS Investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM.

15. Please note that shareholder WILL NOT be able to vote through the Live Webcast and CAN ONLY VOTE WITH THEIR PROXY FORMS which are required to be submitted in accordance with the foregoing paragraphs.

16. The Annual Report FY2020, Notice of AGM and Proxy Form may be accessed on the Company's website at the URL www.jadason.com and are also made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Personal data privacy:

By pre-registering for the Live Webcast, submitting an instrument appointing the Chairman of the AGM as the proxy to attend and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

IMPORTANT REMINDER: Due to the current COVID-19 situation in Singapore, the Company may be required to change its AGM arrangements at short notice. Shareholders should check the SGX website at the URL https://www.sgx.com/securities/company-announcements for the latest updates on the status of the AGM, if any.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Fung Chi Wai and Mr Chua Keng Hiang are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 30 April 2021 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of director	**Mr Fung Chi Wai**	**Mr Chua Keng Hiang**
Date of Appointment	10 August 2000	16 June 2000
Date of last re-appointment	29 April 2019	26 April 2018
Age	63	66
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and has reviewed and considered the skill, experience, knowledge and suitability of Mr Fung Chi Wai for re-appointment as Director and Chief Executive Officer of the Company. The Board has concluded that Mr Fung possesses the skill, experience and knowledge to manage the Group effectively.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee and has reviewed and considered the skill, experience, contribution of guidance and time to the Board's deliberation, and suitability of Mr Chua Keng Hiang for re-appointment as non-Executive Director of the Company. The Board has concluded that Mr Chua possesses the skill, experience and knowledge to make constructive contributions to management discussions.
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for setting business directions, strategies and operational aspects of the Group's activities.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer	• Non-Executive and Lead Independent Director • Chairman of Audit Committee • Member of Nominating Committee • Member of Remuneration Committee
Professional Qualifications	Not applicable.	• Bachelor of Accountancy (Honours) • ACCA • Member of the Institute of Singapore Chartered Accountants • Fellow member of the Association of Chartered Certified Accountants (UK)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of director	Mr Fung Chi Wai	Mr Chua Keng Hiang
Working experience and occupation(s) during the past 10 years	Has more than 30 years of experience in the printed circuit board business. Chief Executive Officer of Jadason Enterprises Ltd.	Has more than 30 years of experience in public accounting, corporate finance and management. Practicing accountant. Director of: ● Jadason Enterprises Ltd ● CF Consulting Pte Ltd ● Abacus Equity Pte Ltd Partner of: ● KK Chua & Co Was Director of: ● Memtech International Ltd ● Ocean Sky International Limited
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 32,700,000; See also page 36.	Direct interest: 8,500,000; See also page 36.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years):	Nil	● Memtech International Ltd (Director) ● Ocean Sky International Limited (Director)
Present:	Nil	● CF Consulting Pte Ltd (Director) ● Abacus Equity Pte Ltd (Director) ● KK Chua & Co (Partner)

Name of director	Mr Fung Chi Wai	Mr Chua Keng Hiang
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of director	Mr Fung Chi Wai	Mr Chua Keng Hiang
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

Name of director	Mr Fung Chi Wai	Mr Chua Keng Hiang
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	Yes In 1996, whilst involved in the management of a company in China, there was an investigation on the company pertaining to import related matters. No charges were brought against the company as the incident was caused by the misrepresentations of the company's import agent.

Name of director	Mr Fung Chi Wai	Mr Chua Keng Hiang
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable.	Not applicable.

JADASON ENTERPRISES LTD
Company Registration No. 199003898K
(Incorporated in Singapore)

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investors**") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)
being a member/members of Jadason Enterprises Ltd (the "**Company**"), hereby appoint:

	Proportion of Shareholdings	
	No. of Shares	%
Chairman of the Meeting		

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held by way of electronic means on Friday, 30 April 2021 at 11.00 a.m. and at any adjournment thereof. *I/We direct the Chairman of the Meeting to vote for, against or to abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the Chairman of the Meeting will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	No. of votes 'For'#	No. of votes 'Against'#	No. of votes 'Abstain'#
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2	Re-election of Mr Fung Chi Wai as a Director			
3	Re-election of Mr Chua Keng Hiang as a Director			
4	Approval of Mr Chua Keng Hiang's continued appointment as an Independent Director by shareholders			
5	Approval of Mr Chua Keng Hiang's continued appointment as an Independent Director by shareholders (excluding the directors, the chief executive officer and their associates)			
6	Appointment of Messrs BDO LLP as the Auditors of the Company and authorisation for Directors to fix their remuneration			
7	Approval of Directors' fees amounting to S$150,000			
8	Authority to issue shares			
9	Renewal of Share Buyback Mandate			

 # If you wish to exercise all your votes 'For', 'Against' or to 'Abstain' from voting, please indicate with a tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing the Chairman of the Meeting not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this ________ day of __________________ 2021

Total Number of Ordinary Shares Held:

____
Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

***Delete where inapplicable**

IMPORTANT: PLEASE READ THE NOTES ON THE REVERSE PAGE

Notes:

Due to the current COVID-19 situation in Singapore, the Company is taking the relevant steps in accordance with the guidelines and measures announced by the government agencies to minimise the risk of spread of COVID-19. The Company may be required to change its Meeting arrangements at short notice. Shareholders are advised to check on the SGXNet at http://www.sgx.com/securities/company-announcements and the Company's website at www.jadason.com for any latest updates on changes, if any.

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument shall be deemed to relate to all the Shares held by you.

2. **In light of the current COVID-19 measures in Singapore, members are encouraged to attend the Meeting via webcast. A member of the Company (including a Relevant Intermediary*) entitled to vote at the Meeting must appoint the Chairman of the Meeting to act as proxy and vote on his/her/its behalf at the Meeting.**

3. The instrument appointing the Chairman of the Meeting as the proxy must be deposited at the registered office of the Company at 3 Kaki Bukit Crescent #03-01, Singapore 416237 or submit digitally to https://conveneagm.sg/jadasonagm2021 by no later than 11.00 a.m. on 28 April 2021, being forty-eight (48) hours before the time appointed for the Meeting.

4. The instrument appointing the Chairman of the Meeting as the proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

5. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) and wishes to appoint the Chairman of the Meeting as his/her proxy should approach his/her respective CPF/SRS Approved Nominees (CPF Agent Banks or SRS Operators) to submit his/her votes at least seven (7) working days before the Meeting.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as the proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2021.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as the proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as the proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as the proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Jadason Enterprises Ltd

Registration No. 199003898K

No.3 Kaki Bukit Crescent #03-01

Singapore 416237

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