

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

**RESPONSES TO QUESTIONS FROM SHAREHOLDERS FOR THE ANNUAL
GENERAL MEETING (“AGM”) ON 28 APRIL 2022**

The Board of Directors (the “Board”) of Jadason Enterprises Ltd (the “Company”, and together with its subsidiaries, the “Group”) would like to thank shareholders for submitting their questions in advance of the AGM.

The Board wishes to provide the following information in response to the questions:

Question 1

Cost of sales increased far higher than revenue. And administrative expenses remained at elevated levels relative to the Company’s profitability. Please explain these 2 points.

Remuneration of 2 executive directors is more than \$1 million (page 26 of Annual Report). Why are they drawing such high fixed salaries despite massive losses in the Company’s operations? Can the Board Chairperson and Chairperson of the Remuneration Committee explain this?

Can Management explain what they are doing actively to stem the losses?

Company’s response:

As explained in the announcement of the Group’s full year results on 28 February 2022 and in page 6 of the Annual Report, there were changes in the sales mix of the Group for the financial year ended 31 December 2021 (“FY2021”). Compared with FY2020, revenue of the Group’s ‘Equipment and Supplies’ business segment increased from \$22.5 million to \$30.4 million, whilst revenue of the ‘Manufacturing and Support Services’ business segment decreased from \$18.6 million to \$12.4 million. Hence, for FY2021, revenue of the ‘Equipment and Supplies’ business segment and ‘Manufacturing and Support Services’ business segment was 71% (FY2020: 55%) and 29% (FY2020: 45%) of total revenue respectively. This change in sales mix contributed to a considerable increase in the cost of sales. Additionally, as explained, absorption of overhead and margin were negatively impacted at the ‘Manufacturing and Support Services’ business segment in FY2021 due to the under-utilisation of capacity.

The Group’s administrative expenses in FY2021 amounted to \$8.4 million, compared with \$9.9 million in FY2018. Overall, there has been a decrease in the Group’s administrative expenses in the last few years. However, since FY2018, the trade tensions between the US and China has affected the businesses of some of our customers and

these in turn have caused our revenue to decrease at a faster rate. As mentioned previously and in the Annual Report, managing cost, reviewing and right-sizing our operations will be a key initiative of the Group.

Page 26 of the Annual Report showed the directors' remuneration in bands of \$250,000. As disclosed in page 87 of the Annual Report, the remuneration of the 2 executive directors amounted to \$774,000 for FY2021.

To improve the operating performance, the Group will review and right-size its operations, including the implementation of measures to reduce manpower costs. The Group also aims to diversify its customers portfolio and broaden its product range for growth. Please also refer to page 5 of the Annual Report for more information.

Question 2

Why have directors' fees increased from \$150,000? Should it not be cut given the Company's massive losses? Can the Board comment?

Company's response:

The directors' fees for FY2021 were \$175,000, compared with \$150,000 for FY2020. The increase was due to the appointment of Mr. Teng Cheong Kwee as independent non-executive director of the Company on 1 July 2021, as mentioned in pages 3, 13, 18, 22, 23 and 109 of the Annual Report.

Additionally, as mentioned in pages 3, 22 and 103 of the Annual Report, Mr. Teo Kiang Kok will retire at the forthcoming AGM of the Company as non-executive director.

Question 3

The Company has lost \$28 million in the past five years and is facing a very competitive landscape in the PCB business. Can the Company accelerate its plans to diversify or even sell away its China operations to preserve shareholder value, to stem losses? Can Management and Board comment?

Company's response:

As mentioned above and in page 5 of the Annual Report, reviewing and right-sizing our operations will be a key initiative of the Group. As part of this process, certain businesses, product lines, or equipment may be disposed of by the Group. We will continue to work on initiatives to increase the efficiency and productivity at our factories. The Group also aims to diversify its customers portfolio and broaden its product range for growth.

By Order of the Board

Fung Chi Wai
Chief Executive Officer
22 April 2022