

EUROSPORTS  
GLOBAL

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A N N U A L R E P O R T 2 0 1 8  
E X C E L L E N C E





Lamborghini / Aventador S Coupé

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This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this document.

This document has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The contact person for the Sponsor is Mr Eric Wong, Director, Investment Banking, Singapore.

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# CORPORATE PROFILE

In Singapore, our Group is the authorised dealer for Lamborghini automobiles and the exclusive distributor of Alfa Romeo automobiles. We also carry other high-end automobile brands including Pagani as well as customised automobiles supplied by Touring Superleggera.

In addition to new ultra-luxury automobiles and luxury automobiles, EuroSports operates an automobile leasing business and retails pre-owned automobiles. Our after-sales services include sales of automobile parts and accessories and we operate the only authorised service centre in Singapore for all the automobile brands we carry.

The Group also has other supplementary revenue streams including the exclusive distributorship of the deLaCour brand of watches in Singapore, Malaysia and Indonesia. It also operates a supercar membership club under its wholly-owned subsidiary, Ultimate Drive EuroSports Pte. Ltd..

The Group's long-term goal is to continue diversifying into other businesses in the luxury segment in order to leverage on our established pool of high net worth customers.

EuroSports Global Limited (“EuroSports”, or together with its subsidiaries, the “Group”) is a leading luxury lifestyle company in Singapore specialising in the business of distribution of ultra-luxury automobiles and luxury automobiles and the provision of after-sales services.

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Lamborghini / Huracán Performante



# OUR BRANDS AND VALUES

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## OUR VALUES

We place great emphasis on understanding the needs of our customers and providing them with the quality service standards they expect.

## OUR MOTTO

Our Motto is “**Walk in as a Customer, Walk out as a Friend**” and this encompasses the values and philosophy by which we operate.

We aim to provide personalised and attentive customer service, from the purchasing stage to the post-purchasing stage.

### AUTOMOBILES



### AUTOMOTIVE EXPERIENCES



**ULTIMATE DRIVE**  
TAKE ON A SUPERCAR

**AUTOINC**  
EUROSPORTS

**Exquisite  
Marques**  
[WWW.EXQUISITEMARQUES.COM.SG](http://WWW.EXQUISITEMARQUES.COM.SG)

### LUXURY WATCHES

**deLaCour**  
GENÈVE

# CORPORATE STRUCTURE

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## EuroSports Auto Pte Ltd

Trading and distribution of automobiles and automobile related parts and accessories

100%

## EuroAutomobile Pte. Ltd.

Trading and distribution of automobiles and automobile related parts and accessories

100%

## EuroSports Technologies Pte. Ltd.

Developing innovative new technologies, services and solutions for e-vehicles

100%

## deLaCour Asia Pacific Pte. Ltd.

Trading and distribution of watches and related accessories

100%

## Ultimate Drive EuroSports Pte. Ltd.

Membership fee-based supercar club and short term rental of premium sports cars

100%

## AutoInc EuroSports Pte. Ltd.

Trading of pre-owned sports and luxury automobiles

60%

## Prosper Auto Pte. Ltd.

Trading and distribution of automobiles and automobile related parts and accessories

51%

## Exquisite Marques Holding Pte. Ltd.

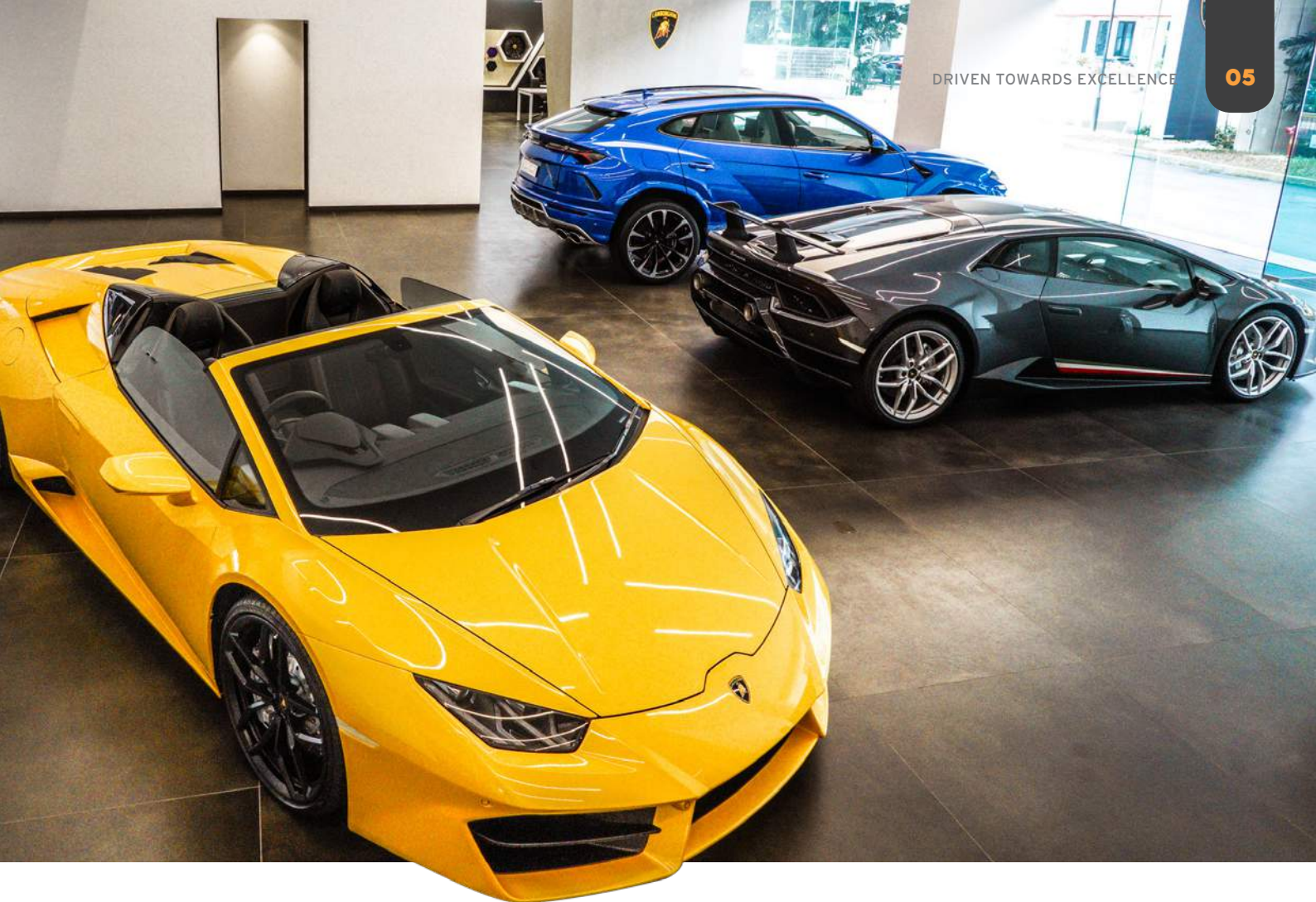
One-stop shop automobile service and enhancement centre for premium and other luxury car brands

49%

# MAGNIFYING OUR PRESENCE

In June 2018, EuroSports Global opened its new headquarters and showroom at Leng Kee Road.





Located at the luxury car belt of Leng Kee Road, it bears the twin honours of being our largest showroom since our incorporation and one of the latest cutting-edge showrooms in Singapore to date.

The 530m<sup>2</sup> facility's interiors were fitted with the all new Automobili Lamborghini corporate identity and it is one of the first worldwide to carry the new identity. Characterised by polygons, sharp hexagon forms, raw surfaces and a diffusion light of colour, Lamborghini Singapore will deliver a new chapter of customer experience.

The state-of-the-art showroom seeks to immerse customers in the world of Lamborghini with a fully equipped client lounge that includes a virtual car configuration system and Ad Personam experiential areas to guide customers through the process of customising their dream cars according to personal preferences for both interior and exterior finishes.

It also houses the Group's Alfa Romeo showroom.

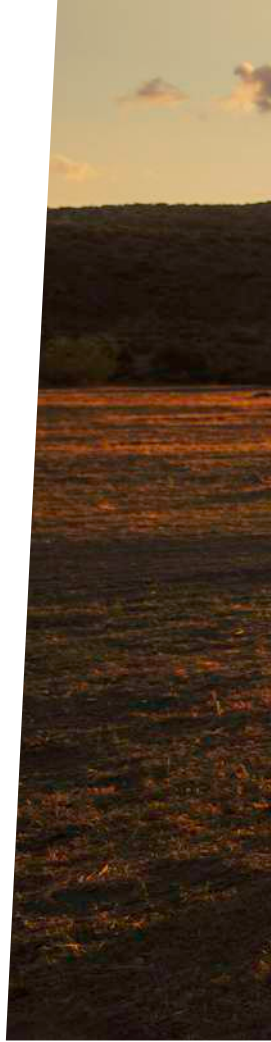


# MAKING AN ENTRANCE

December 2017 marked the arrival of a new game-changing SUV model in Asia-Pacific.

The unveiling of the Lamborghini Urus created great excitement not only among fans of the Lamborghini brand but also among SUV enthusiasts. Touted by Automobili Lamborghini S.p.A. as “the world’s first Super Sport Utility Vehicle”, Urus’ distinctive silhouette with a dynamic flying coupé line shows its super sports origins, while its outstanding proportions convey strength, solidity and safety. In **December 2017**, Singapore was chosen for the Asia-Pacific premiere of the Lamborghini Urus. The event marketed the Urus for the first time outside Italy, just a week after the global premiere at Lamborghini headquarters in Sant’Agata.

An up-close experience with the Urus is now possible at our new showroom at 24 Leng Kee Road.



Lamborghini / URUS

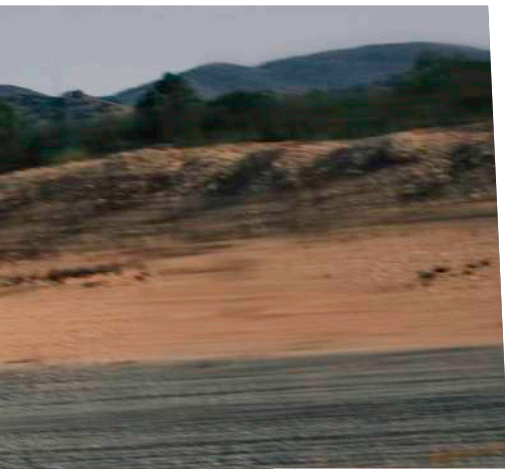






## **A super sports car soul and the functionality typical for an SUV**

Introducing the Lamborghini Urus, the world's first Super Sport Utility Vehicle. Identifiable as an authentic Lamborghini with its unmistakable DNA, Urus is at the same time a groundbreaking car: the extreme dimensions, the pure Lamborghini design and the outstanding performance make it absolutely unique.



# MARKING A NEW RENAISSANCE

Making its mark in 2017 in the mid-size luxury car category is the Alfa Romeo Giulia sedan.

This new model has brought about the renaissance of the Alfa Romeo brand in Singapore with its high performance, elegant look and superior handling.

The All-New Alfa Romeo Giulia Quadrifoglio represents more than just the most powerful Alfa Romeo sports car ever created for road use. It represents a convergence of engineering and emotion that can only belong to a brand as fabled as Alfa Romeo.

Here's to a sports badge born 108 years ago that still stands for something totally original today: a passion for motoring unlike any other. Visceral. Energetic. Technological. Crafted.



Alfa Romeo / Giulia Quadrifoglio





## A new chapter in Alfa Romeo's history

Since its foundation, Alfa Romeo has taken a unique and original approach to creating cars, striving for a point of convergence between style and passion. Blending iconic Italian design, cutting-edge technology and a bold dynamic spirit to continually inspire authentic emotions. Now there is a new chapter in the Brand's history.



# CORPORATE MILESTONES

## 1998

EuroSports Auto was incorporated and started distributing Lotus automobiles

## 1999

Launched Lotus showroom and service centre

## 2001

- Started distribution of Lamborghini automobiles
- Launched Lamborghini showroom and service centre

## 2002

- Formally entered into an agreement with the Lamborghini manufacturer to secure the Lamborghini dealership in Singapore
- Established Massa Auto (S) Pte. Ltd. (now known as EuroAutomobile) for the purpose of securing the Alfa Romeo distributorship

## 2003

Acquired premises at 30 Teban Gardens Crescent and established showrooms and service centres

## 2008

Awarded "Best Sales Performance 2008" by the Lamborghini manufacturer

## 2011

Marked the 10th anniversary of Lamborghini dealership

## 2012

Secured the following dealership/distributorship:

- deLaCour brand of watches, jewellery and accessories (exclusive distributorship) in Singapore, Malaysia, Indonesia, Thailand and Brunei
- Pagani automobiles (exclusive dealership) in Singapore and Malaysia
- Touring Superleggera automobiles (exclusive distributorship) in Singapore, Malaysia, Brunei, Indonesia and PRC (non-exclusive distributorship in PRC)

## 2014

- Successfully launched our IPO on 17 January 2014
- Successfully completed the Sales and Leaseback Arrangement regarding our premises at 30 Teban Gardens Crescent on 17 March 2014
- Acquired a 60% stake in a new subsidiary specialising in the trading of pre-owned sports and luxury automobiles in August 2014 and renamed it AutoInc EuroSports Pte. Ltd.
- Set up boutique to retail deLaCour watches at Wisma Atria and launched Lamborghini Huracán model

**2004**

- Secured the Alfa Romeo distributorship in Singapore and launched showroom and service centre
- Expanded and refurbished Lamborghini showroom and service centre in anticipation of a growth in sales of Lamborghini automobiles

**2005**

Awarded "Certificate of Achievement for the 2005 Results Obtained in Sales and Service" by the Lamborghini manufacturer

**2007**

Celebrated the delivery of the 100th Lamborghini in Singapore

**2015**

Set up new Lamborghini display and retail store at Suntec City Mall and launched a variant of the Lamborghini Huracán model

**2016**

Incorporated Ultimate Drive EuroSports Pte. Ltd., a new motoring product catering to supercar enthusiasts

**2017**

- Regional launch of Lamborghini's first SUV model "Urus"
- Launch and resurgence of Alfa Romeo's new "Giulia" models
- A wholly-owned subsidiary, Spania GTA Asia Pacific Private Ltd., has changed its name to Eurosports Technologies Pte. Ltd. and its business activities to developing innovative new technologies, services and solutions for vehicles
- Incorporated Prosper Auto Pte. Ltd. for the purpose of distribution of automobiles and related products overseas
- Purchase of "Exquisite Marques", a one-stop shop automobile service and enhancement centre for premium and other luxury car brands
- Launched 2 new Lamborghini models - Huracan Performante & Aventador S

**2018**

**Opening of EuroSports' new headquarters and new showroom for Lamborghini and Alfa Romeo**

# JOINT LETTER TO OUR SHAREHOLDERS

## DEAR SHAREHOLDERS,

We are pleased to present you with our annual report for the financial year ended 31 March 2018 ("FY2018").

Despite the challenging environment for automobile distributors as a result of the small but mature Singapore market, the Group achieved healthy double-digit growth in sales over the previous corresponding financial year ("FY2017"). We hope to ride on this momentum to drive further revenue expansion in the financial year ending 31 March 2019 ("FY2019").

We ended FY2018 with an 18.5% increase in revenue to S\$62.08 million, while gross profit came in 81.6% higher at S\$9.97 million. The higher sales coupled with our cost containment initiatives enabled us to halve our losses from FY2017 to S\$3.97 million.

In FY2018, we also enjoyed a higher gross profit margin, which rose 5.6% year-on-year to 16.1%. This can be attributed to a decrease in sales of used automobiles, which customarily have lower margins, and also because the majority of pre-owned Lamborghini automobiles sold had been impaired according to market price in FY2017.

The Group is optimistic that some of the new business developments we had announced in FY2018 will enable us to improve our bottom line further in FY2019.



**ANDY GOH**  
Executive Director  
and Deputy CEO

**MELVIN GOH**  
Executive Chairman  
and CEO





### CORPORATE UPDATES

Our first Lamborghini Sport Utility Vehicle (“SUV”) model, the “Urus”, was launched regionally in December 2017. We have seen healthy interest and pre-bookings in the Urus since its launch and are very encouraged by customers’ response and feedback on the vehicle. Indeed, it will open up a segment of customers who are new to the brand but who are attracted to this competitively-priced ultra-luxury SUV model. We are optimistic that these customers will become loyal followers of the brand once they have experienced the state-of-the-art features and performance that the Lamborghini brand is famed for and EuroSports’ own bespoke after-sales services.

Besides the Lamborghini brand, we had also experienced a brand resurgence with our other Italian marque, Alfa Romeo. In FY2017, there were challenges in obtaining vehicle stocks due to supply chain and pricing issues but all that have been resolved. Since the launch of the new “Giulia”, this model has been well received globally.

We will continue to cultivate interest in these two models through our marketing efforts and customer engagement activities.

To further elevate the visibility of both the Lamborghini and Alfa Romeo brands in Singapore and to serve our customers better, we opened our latest showroom in June 2018.

Located in the automobile-belt of Leng Kee Road, which is known as the go-to destination for luxury

cars, the showroom spans over 530m<sup>2</sup> and seeks to give new customers a taste of what to expect from

our highly acclaimed brands and to give existing customers more reason to expand their car collections. This new showroom replaces our old showroom in Teban Gardens and also our showroom at Suntec City, which will be closed upon the expiry of lease.

In September 2017, we announced the appointment of Mr Joel Chang as the Chief Operating Officer of our wholly-owned subsidiary, Eurosports Technologies Pte. Ltd., which is primarily involved in the business of developing innovative new technologies, services and solutions with a focus on e-vehicles. He will be responsible for its operations, strategic growth and business development.

Meanwhile, we are reviewing our luxury watch distribution business.

### BUSINESS OUTLOOK AND STRATEGIES

The Group expects the next 12 months to remain challenging due to the nature of the Singapore market. Automobile ownership remains highly regulated in Singapore and market demand can

“ We are excited about our new location which is along the automotive belt of Singapore as we believe it will bring us greater visibility. ”



Lamborghini / Huracán Performante Spyder

be adversely influenced by policies that affect the affordability of automobile ownership such as an increase in vehicle registration fees and financing restrictions.

Moving forward, we will continue to explore opportunities to grow our business. Our strategy is to extend our distribution network for our existing products locally and into other emerging markets in the region. We will also look into acquiring existing distributorships or dealerships for more luxury products to expand our portfolio as well as seek out strategic alliances or joint ventures that we believe will complement our existing or future businesses.

### SUSTAINABILITY MATTERS

With the SGX-ST making it compulsory for all listed

companies to publish an annual sustainability report with effect from on or after 31 December 2017, EuroSports is pleased to include as part of this Annual Report, our first Sustainability Report, which is prepared in accordance with the latest GRI Standards - Core Option. In this report, we seek to provide insights into the way we manage our material environmental, social and governance (“ESG”) impacts.

The report reaffirms our commitment to conducting and growing our business responsibly and sustainably. Going forward, we will endeavour to integrate the material ESG issues into our business strategy to deliver long-term value to our stakeholders.

We will be working towards setting targets and



deLaCour Watch / Saqra Monotourbillon



“ We will continue to explore opportunities to grow our business. Our strategy is to extend our distribution network for our existing products locally and into other emerging markets in the region. ”

Lamborghini / Aventador S Coupé



establishing mechanisms to review, track and continuously improve our ESG performance.

#### APPRECIATION

In closing, we would like to thank our Principals for their continued support and understanding of the unique challenges we face as luxury car distributors in Singapore. We appreciate their willingness to work with us to achieve mutually beneficial outcomes.

We would also like to thank all shareholders for their faith in the growth and future of our business.

Special thanks to our staff for upholding the high standards expected of the brands we serve and for their dedication to going beyond the call of duty to

cultivate strong customer relationships, which is so important in our business.

In closing, we want to thank our fellow Board of Directors for their contribution and we look forward to their ongoing guidance in the year ahead.

We remain committed to our vision to be a luxury lifestyle company offering bespoke products and services and we will work hard towards this goal.

**MELVIN GOH**

Executive Chairman and Chief Executive Officer

**ANDY GOH**

Executive Director and Deputy CEO

# BOARD OF DIRECTORS

## MELVIN GOH

Executive Chairman and CEO

Mr Melvin Goh is one of the co-founders of the Group. He was appointed to the Board as Executive Chairman on 12 December 2012 in addition to his role as CEO and re-elected at the last Annual General Meeting on 28 July 2017. He is responsible for overall management, formulating the Group's strategic focus and direction, developing and maintaining relationships with the suppliers and customers as well as overseeing the Group's general operations. Prior to the establishment of the Group's wholly-owned subsidiary, EuroSports Auto, he was already engaged in the automobile industry, working as the Managing Director in Gay Hin Enterprise, the family-owned business that sold pre-owned automobiles. He has substantial senior management experience and more than 33 years of experience and industry knowledge of the automobile industry.



## ANDY GOH

Executive Director and Deputy CEO

Mr Andy Goh is the other co-founder of the Group. He was appointed to the Board as Executive Director on 12 December 2012 in addition to his role as Deputy CEO. He assists the CEO in all matters relating to general management and administration. Prior to the establishment of the Group's wholly-owned subsidiary, EuroSports Auto, he was already engaged in the automobile industry, working as the Executive Director in Gay Hin Enterprise, the family-owned business that sold pre-owned automobiles. He has more than 32 years of experience and industry knowledge of the automobile industry.

## NG TIAK SOON

### Lead Independent Director

Mr Ng Tiak Soon was appointed as the Group's Lead Independent Director on 29 November 2013. He has more than 33 years of experience in the audit, commercial and industrial sectors. He retired as Senior Partner from Ernst & Young LLP in June 2005. While at Ernst & Young, he held various positions including Head of Banking, Head of an audit group, Partner-in-Charge of audit quality review and Chief Financial Officer. He is a non-practicing member of the Institute of Singapore Chartered Accountants, a member of the Association of Chartered Certified Accountants, United Kingdom as well as a member of the Singapore Institute of Directors. He is currently an Independent Director of 800 Super Holdings Limited and Parkson Retail Asia Limited, listed on the Catalist and the Mainboard of the SGX-ST respectively. He is also an Independent Director of Kinergy Corporation Ltd, a company incorporated in Singapore, which is seeking a listing on the Mainboard of the Stock Exchange of Hong Kong Limited.



## CALVIN TAN SIOK SING

### Independent Director

Mr Calvin Tan Siok Sing was appointed as the Group's Independent Director on 29 November 2013 and re-elected at the last Annual General Meeting on 28 July 2017. He is currently the Managing Director of Ironman Minerals & Ores Pte Ltd, an energy resources and minerals trading company. He has more than 21 years of experience in the financial industry. Between 1985 and 2008, he held the position of Executive Director in three companies including Tsang and Ong Stockbrokers Pte Ltd (later restructured as Sun Yuan Holdings Pte Ltd) (1985 to 2003), Ei-Nets Ltd (subsequently known as E3 Holdings Ltd) and Regalindo Resources Pte Ltd (2005 to 2008). He is currently a Director of two other SGX-ST listed companies namely Dukang Distillers Holdings Limited and QingMei Group Holdings Limited.



## LIM KIM QUEE

### Independent Director

Mr Lim Kim Quee was appointed as the Group's Independent Director on 29 November 2013. He has more than 32 years of experience in the corporate banking industry. He started his career in DBS Group as a Project Analyst before moving on to various other positions, including Vice-President of Corporate Banking Division, General Manager of the New York Agency, General Manager of the Tokyo branch, the Managing Director of International Department and the CEO of DBS Bank Philippines Inc.. He left DBS Group and retired as the Managing Director of Corporate Credit Division in December 2008. He was a Director of two companies listed on the SGX-ST, namely Engro Corporation Limited and NatSteel Ltd (now known as NSL Ltd.). He obtained a Bachelor of Social Science (Honours) from the National University of Singapore in 1976.



# EXECUTIVE TEAM

## YANG EE

### Group Financial Controller

Yang Ee joined the Group in September 2015 as Group Financial Controller. He is mainly responsible for the overall management of the Group's financial reporting, internal controls, accounting processes and treasury matters. Yang Ee has over 22 years of experience in the accounting industry and has relevant exposure in corporate and operation finance, budget, SGX reporting, internal controls and treasury matters. Before joining the Group, Yang Ee was the Group Financial Controller of Lumina Looque International Pte Ltd since April 2008. Between March 2006 and March 2008, he was Assistant Corporate Advisory Director and Group Financial Controller of Nippcraft Limited. Prior to that, he had built up experience in group operation finance, budget and internal controls, holding positions such as the Financial Controller of Oswin Technology Pte Ltd from 2005 to March 2006 and Finance Manager of manufacturing companies listed in Singapore from 1995 to 2005. From 1992 to 1995, Yang Ee was an audit senior, responsible for external audits, at Ernst & Young Singapore. Yang Ee graduated with a Bachelor of Accountancy from the National University of Singapore in July 1992 and later obtained a Certified Public Accountant certification from the Institute of Certified Public Accountants of Singapore in 17th July 1995.

## TAN JUN WEI

### Director, Operations, Strategy & Business Development

Tan Jun Wei joined the Group in April 2016 as Director of Operations, Strategy and Business Development. Besides being in charge of overall operations, he is also responsible for strategic growth and business development for the Group and its subsidiaries. Prior to his appointment, Jun Wei worked in investment banking, focusing on capital fund raising and mergers and acquisitions. He had worked in various financial institutions

including Religare Capital Markets Corporate Finance, Overseas-Chinese Banking Corporation and Maybank Kim Eng Corporate Finance. Jun Wei graduated with a Bachelor of Commerce from the University of Queensland.

## GOH KIM SIEW

### Director, System & Business Development

Goh Kim Siew joined the Group in March 2016 as Director of System and Business Development in charge of overseeing the IT systems for the Group and to explore the use of technology systems throughout the Group. He also heads the Group's Ultimate Drive EuroSports Pte. Ltd. business unit. Kim Siew started his career as an Automation Systems Manager in FairChild Semiconductor followed by Seagate. Since then, he has developed and sold several e-commerce ventures. His latest project prior to joining EuroSports was Brickfree.com, which provided strategic online marketing technologies to customers. Among his many projects, he is most well-known for CalendarOne.com, which is an Internet events calendar that won several awards including the Singapore National IT Award for Most Innovative Service organised by the Infocomm Development Authority (previously National Computer Board). It was also named Top 10 start-ups in the E50 Enterprise Award in 2000. He holds a Bachelor of Science in Computer Science from the University of New Brunswick.

## ROY NG WOON PIEOW

### Director, Sales & Customer Service

Roy Ng Woon Pieow joined the Group in July 2016 as Director of Sales and Customer Service. Having worked in the motoring industry for over 13 years, Roy has extensive knowledge in consumer behaviour and is responsible for the strategic leadership of the sales department. In addition, he plays a crucial role in leading his team in ensuring quality customer

service and experience across the brands under the EuroSports family. Prior to joining the Group, Roy was a Sales Executive in Komocco Motors, before joining Ital Auto Pte Ltd as a Sales Manager. Roy holds a Diploma in Electrical Engineering from Ngee Ann Polytechnic Singapore.

## EYU SOON FATT

### Director, Technical Support

Eyu Soon Fatt joined the Group in March 1999 as a Service Centre Supervisor and is currently our Director of Technical Support. He is primarily responsible for overseeing the technical and after-sales services operations and handling technical, warranty and homologation issues. He worked as a Service Centre Supervisor in M1 Motors Works Sdn Bhd from February 1987 to February 1993. He subsequently worked as a Senior Technician in Performance Motors Pte Ltd, from March 1993 to March 1996, and in Stuttgart Auto Pte Ltd, from May 1996 to January 1999 where he was responsible for handling the technical and services issues related to luxury automobiles.

## ALEXANDER SCHUCHERT

### Director, Marketing & Communications

Alexander Schuchert joined the Group in February 2018 as Director of Marketing and Communications. A native of Germany, he has 12 years of experience in the automotive industry in his home country and in the Asia-Pacific region. He has worked at premium automotive brands including BMW, Porsche and now Lamborghini in various capacities such as marketing as well as sales at both the retail and whole sale level in Germany and abroad. Prior to joining our Group, Alexander was Regional Sales Manager of Porsche Asia Pacific from 2015 to 2017 where he was responsible for 12 countries in the region. Between 2006 and 2012, he was with the BMW Group in Frankfurt where he was responsible for customer and fleet sales and account management of new and existing customers followed by Hannover where he headed the new car sales department for BMW and MINI until 2015.

## BENJAMIN TAN

### Executive Director, AutoInc EuroSports

Benjamin Tan joined the Group as Executive Director of AutoInc EuroSports, when the Group acquired 60% of this subsidiary in 2014. He began his career as a derivatives trader with Credit Agricole in 1994 and two years later headed a team of 14 traders. He was subsequently appointed Head of Marketing Asia in 2002. In 2004, Benjamin founded AutoInc Sports, a luxury and performance automotive brokerage, with one employee in a 200 square feet office. Under his management, AutoInc Sports went on to acquire various detailing and motorsports enterprises to become a major player in the industry before it became a part of EuroSports in 2014. Today, Benjamin continues to manage all three aspects of the business namely the luxury and performance automotive brokerage, Singapore's finest auto detailing studio and the country's biggest go-karting dealership, service provider and racing team. He now also heads the Group's newly added automobile workshop business under the "Exquisite Marques" brand.

## JOEL CHANG

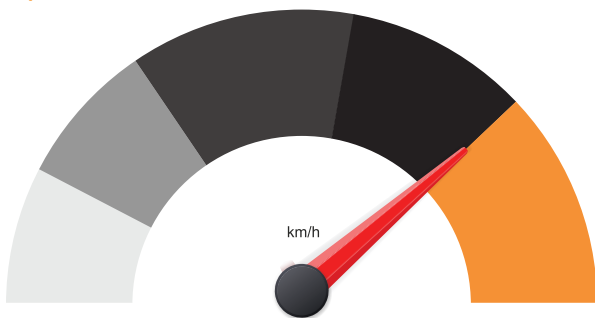
### Chief Operating Officer, Eurosports Technologies

Joel Chang joined the Group in October 2017 as Chief Operating Officer of a wholly-owned subsidiary, Eurosports Technologies. He is responsible for its operations, strategic growth and business development. Joel has 12 years of experience in the automotive dealership industry having helmed regional BMW dealer group, Munich Automobiles Pte Ltd, as Group CEO until June 2016 where he was in charge of the management of its retail, after-sales and finance operations in Singapore and Mainland China. He has also been directly involved in setting up new dealerships in Singapore and in the north and south of China as well as negotiating mergers and acquisition deals and conducting due diligence for existing dealerships in China. Joel has a degree in Liberal Arts and Sciences from the University of Melbourne.

# FINANCIAL HIGHLIGHTS

## REVENUE

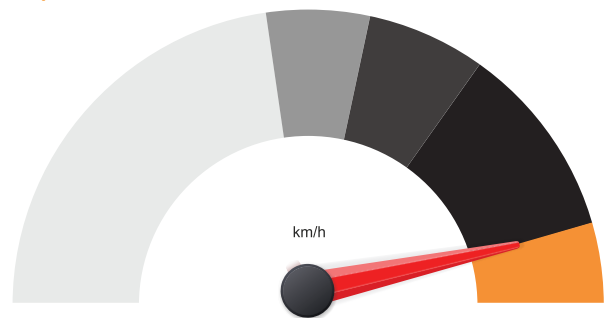
\$ Million



FY2018	62.1	FY2015	40.4
FY2017	52.4	FY2014	39.8
FY2016	63.5		

## NETT PROFIT / (LOSS)

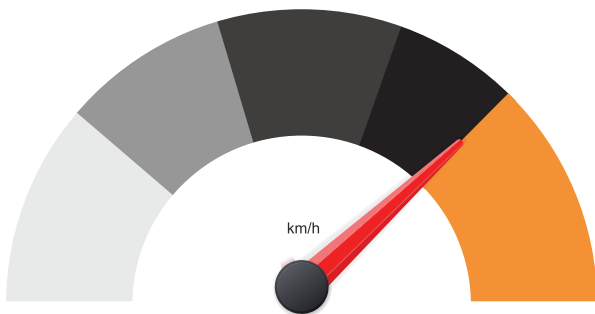
\$ Million



FY2018	(4.0)	FY2015	(4.0)
FY2017	(7.9)	FY2014	17.0
FY2016	(4.5)		

## GROSS PROFIT

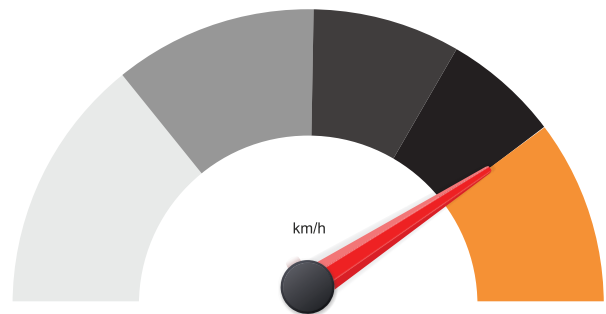
\$ Million



FY2018	10.0	FY2015	7.4
FY2017	5.5	FY2014	8.8
FY2016	8.1		

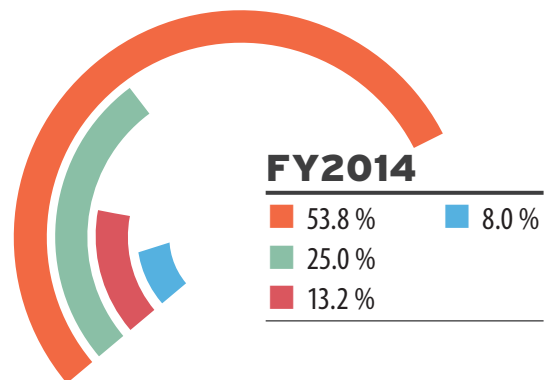
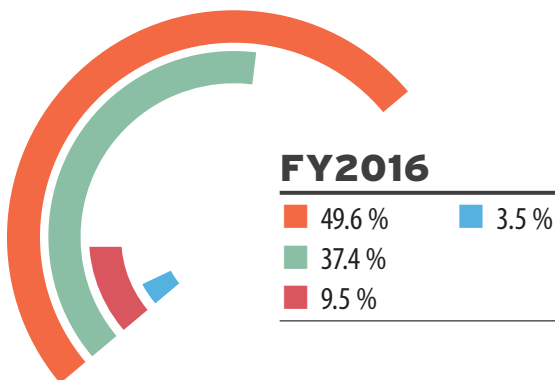
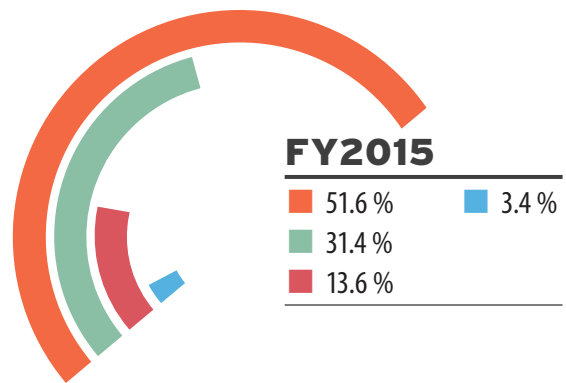
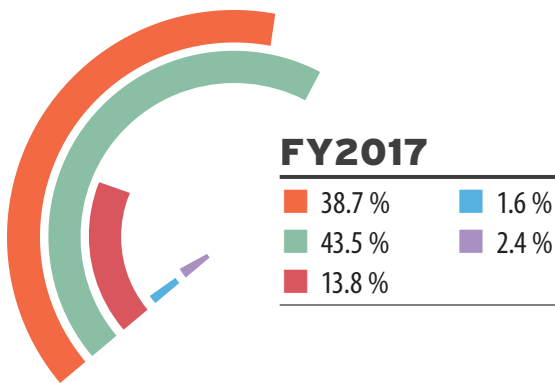
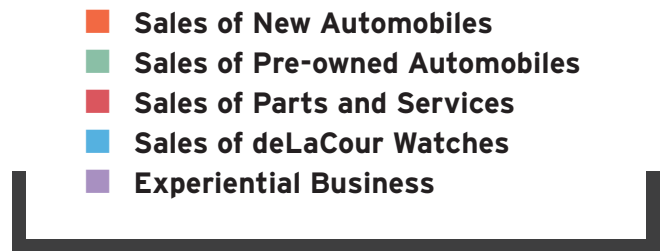
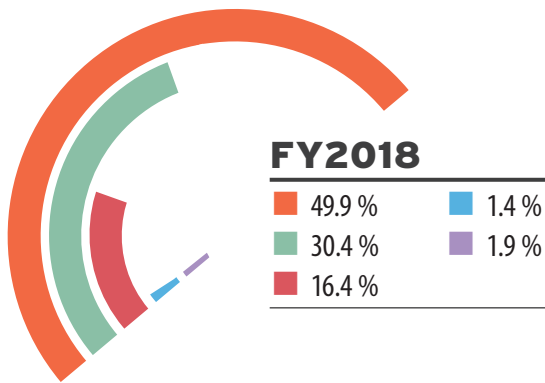
## GROSS PROFIT MARGIN

% Percent



FY2018	16.1	FY2015	18.2
FY2017	10.5	FY2014	22.2
FY2016	12.8		

# REVENUE CONTRIBUTION BY SEGMENT



# OPERATING AND FINANCIAL REVIEW



## FINANCIAL PERFORMANCE

### REVENUE

Revenue achieved by the Group increased by approximately S\$9.68 million or 18.5%, from S\$52.40 million in FY2017 to S\$62.08 million in FY2018 mainly contributed by more new Lamborghini automobiles sold.

### COST OF SALES

Cost of sales increased by approximately S\$5.21 million or 11.1%, from S\$46.91 million in FY2017 to S\$52.12 million in FY2018, which was in line with the increase in revenue.

### GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit increased by approximately S\$4.48 million or 81.6% from S\$5.49 million in FY2017 to S\$9.97 million in FY2018, while gross profit margin increased by 5.6%, from 10.5% in FY2017 to 16.1% in FY2018.

The higher margin was mainly due to:

- (a) Decrease in sales of used automobiles with lower margins; and
- (b) Majority of used Lamborghini automobiles sold had been impaired according to market price in FY2017.

### OTHER INCOME

Other income increased by approximately S\$0.83 million or 9.6%, from S\$8.61 million in FY2017 to S\$9.44 million in FY2018. The increase was mainly due to:

- (a) Increase in rental income of S\$0.52 million;
- (b) Increase in other income from forfeited non-refundable deposit of S\$0.48 million; and offset against
- (c) Decrease in commission income of S\$0.18 million.







Lamborghini / Aventador S Roadster



Lamborghini / Huracán RWD Spyder



Alfa Romeo / Giulietta Veloce

**OTHER (CHARGES) CREDITS, NET**

Other charges increased by approximately S\$0.71 million or 118.3%, from S\$0.60 million in FY2017 to S\$1.31 million in FY2018, mainly due to:

- (a) Impairment loss on assets held for sale of S\$1.30 million in FY2018; and offset against
- (b) Decrease in plant and equipment written off of S\$0.14 million; and
- (c) Goodwill written off in FY2017 of S\$0.39 million.

**MARKETING AND DISTRIBUTION EXPENSES**

Marketing and distribution expenses decreased by approximately S\$0.34 million or 12.9%, from S\$2.59 million in FY2017 to S\$2.25 million in FY2018, which was in line with the group's cost-cutting measures.



Lamborghini / Aventador S Coupé



Alfa Romeo / 4C



Lamborghini / Aventador S Coupé

### ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately S\$1.72 million or 10.0%, from S\$17.20 million in FY2017 to S\$18.92 million in FY2018.

The increase was mainly due to:

- (a) Increase in rental expense of S\$1.16 million mainly due to additional rental as a result of acquisition of Exquisite Marques Holding Pte. Ltd. and rental for new offices, showrooms and workshops at 24 Leng Kee Road;
- (b) Increase in staff cost of S\$0.09 million; and
- (c) Increase in depreciation of S\$0.34 million mainly due to additions of motor vehicles.

### FINANCE COSTS

Finance costs decreased by approximately S\$0.66 million or 42.3%, from S\$1.56 million in FY2017 to S\$0.90 million in FY2018, mainly due to lower interest rate for long-term loan.

## FINANCIAL POSITION

### NON-CURRENT ASSETS

Non-current assets decreased by S\$15.92 million, from S\$27.73 million as at 31 March 2017 to S\$11.81 million as at 31 March 2018, mainly due to reclassification of leasehold properties to assets held for sale.

On 11 May 2018, a subsidiary, Eurosports Auto Pte Ltd, has entered into an agreement to divest the above assets, which is subjected to shareholders' approval.



Alfa Romeo / Giulia

### CURRENT ASSETS

Current assets increased by S\$7.89 million, from S\$45.47 million as at 31 March 2017 to S\$53.36 million as at 31 March 2018. This was mainly due to:

- (a) Reclassification of leasehold properties to assets held for sale of S\$15.19 million; and offset against
- (b) Decrease in inventories of new automobiles and pre-owned automobiles of S\$7.37 million.

### EQUITY

Equity comprises share capital, retained earnings/accumulated losses and non-controlling interest. The decrease in equity of S\$3.72 million was due to loss attributable to owners of the parent for the year of S\$3.90 million and increase in non-controlling interest of S\$0.18 million arising from

- (a) Share of non-controlling interest losses of S\$0.06 million; and offset against
- (b) Capital contribution by non-controlling interest of S\$0.24 million.





Lamborghini / Aventador S Roadster

### NON-CURRENT LIABILITES

Non-current liabilities decreased by S\$12.67 million, from S\$20.38 million as at 31 March 2017 to S\$7.71 million as at 31 March 2018. The decrease was mainly due to:

- (a) Decrease in non-current financial liabilities of S\$9.49 million arising mainly from reclassification of term loan to finance leasehold properties to current liabilities; and
- (b) Decrease in non-current other liabilities of S\$3.18 million. Non-current other liabilities comprises mainly the long-term portion of the deferred income recognised under the sales and leaseback arrangement.

### CURRENT LIABILITES

Current liabilities increased by S\$8.36 million, from S\$40.29 million as at 31 March 2017 to S\$48.64 million as at 31 March 2018 mainly due to:

- (a) Increase in trade and other payables of S\$3.69 million mainly due to increase in purchases of automobiles at year end;
- (b) Reclassification of non-current term loan to finance leasehold properties to current liabilities of S\$8.62 million; and offset against
- (c) Decrease in current other financial liabilities of S\$2.26 million mainly due to decrease in short-term bank facilities; and
- (d) Decrease in current other liabilities of S\$1.70 million mainly due to decrease in deposits from overseas dealers.



deLaCour Watch / Bichrono Tech

### CASH FLOW

The Group generated net cash from operating activities of S\$7.50 million. Net cash used in investing activities amounted to S\$2.52 million mainly due to addition and alteration works of new premises. The Group also used net cash of S\$7.25 million in financing activities primarily for the payment of bank loans and finance leases. As a result, the Group recorded a net decrease in cash and cash equivalents of S\$2.26 million.

### UPDATES ON USE OF NET PROCEEDS

Of the S\$8.46 million of net proceeds raised from its IPO on 17 January 2014, the following table shows how the proceeds have been utilised as at 31 March 2018:

Use of Net Proceeds	Amount allocated as stated in the Offer Document (S\$' million)	Amount utilised as at 31 March 2018 (S\$' million)	Balance of net proceeds as at 31 March 2018 (S\$' million)
Expansion of our operations locally and in other markets and diversification into other luxury lifestyle business	6.00	4.56 <sup>(1)</sup>	1.44
General working capital	2.46	2.46 <sup>(2)</sup>	-
<b>Total</b>	<b>8.46</b>	<b>7.02</b>	<b>1.44</b>

**Notes:**

(1) Amount utilised as at 31 March 2016 was S\$1.50 million. An amount of S\$2.50 million was utilised on 24 May 2016 for Ultimate Drive EuroSports Pte. Ltd. An amount of S\$0.30 million was utilised on 23 February 2017 to fund the Shareholder Loan provided by Autoinc EuroSports Pte. Ltd. to Exquisite Marques Holding Pte. Ltd. for the Business Transfer. An amount of S\$0.26 million was utilised on 11 October 2017 to fund the subscription of new shares in Prosper Auto Pte. Ltd.

(2) The amount of S\$2.46 million deployed for general working capital includes the purchase of inventories and operating expenses.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Melvin Goh

Executive Chairman and CEO

### Andy Goh

Executive Director and Deputy CEO

### Ng Tiak Soon

Non-Executive and  
Lead Independent Director

### Tan Siok Sing

Non-Executive Independent Director

### Lim Kim Quee

Non-Executive Independent Director

## AUDIT COMMITTEE

**Ng Tiak Soon** (Chairman)

**Tan Siok Sing**

**Lim Kim Quee**

## NOMINATING COMMITTEE

**Tan Siok Sing** (Chairman)

**Ng Tiak Soon**

**Lim Kim Quee**

## REMUNERATION COMMITTEE

**Lim Kim Quee** (Chairman)

**Ng Tiak Soon**

**Tan Siok Sing**

## JOINT COMPANY SECRETARIES

**Yang Ee, CA** (Singapore)

**Loh Lee Eng, ACIS**

## REGISTERED OFFICE

24 Leng Kee Road

#01-03

Singapore 159096

Tel: (65) 6565 5995

Fax: (65) 6567 5515

## AUDITORS

### RSM Chio Lim LLP

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

Partner-in-charge: **Eu Chee Wei David**

(a member of the Institute of Singapore Chartered Accountants)

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

### Tricor Barbinder Share Registration Services

(A division of Tricor Singapore Pte Ltd)

80 Robinson Road

#02-00

Singapore 068898

## PRINCIPAL BANKERS

### United Overseas Bank Limited

80 Raffles Place

UOB Plaza

Singapore 048624

### Malayan Banking Berhad

2 Battery Road

Maybank Tower

Singapore 049907

### CIMB Bank Berhad (Singapore Branch)

50 Raffles Place

#09-01

Singapore Land Tower

Singapore 048623

## INVESTOR RELATIONS

**Email:** [ir@eurosportsglobal.com](mailto:ir@eurosportsglobal.com)

# S U S T A I N A B I L I T Y

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## ABOUT THIS REPORT

The 2018 Sustainability Report is EuroSports Global Limited's ("EuroSports") first annual sustainability report. This report outlines EuroSports' performance relating to material Environmental, Social and Governance ("ESG") factors.

### Reporting Period and Scope

The ESG performance data provided in this report is for the financial year ended 31 March 2018 and covers the Group's business operations in Singapore.

### Reporting Framework

This report has been prepared in accordance with the GRI standards: Core option. Global Reporting Initiative's GRI Standards is the most widely used framework for sustainability reporting. A GRI Index included at the end of the report indicates the location of the relevant disclosures. The report complies with the SGX-ST Listing Rules (711A and 711B) and the SGX Sustainability Reporting Guide.

### Reporting Process

Using the GRI Standards (GRI 101: Foundation and GRI 102: General Disclosures), we have identified EuroSports' material economic, environmental and social impacts. We have used the topic-specific GRI Standards to select the most relevant disclosures for this report.

### Report Content and Quality

GRI's principles of stakeholder inclusiveness, sustainability context, materiality, and completeness have been applied to determine the content of this report. GRI's principles of accuracy, balance, clarity, comparability, reliability and timeliness have been used to help stakeholders assess our sustainability performance.

To ensure accuracy and consistency, ESG data provided in the report has been extracted from internal information systems and records.

### Restatements

As this is our first sustainability report, restatements do not apply.

### Assurance

We did not seek external assurance for this sustainability report. We have relied on internal verification to ensure the accuracy of data. Our ESG performance is reported in good faith and to the best of our knowledge.

### Availability

This report, published as a part of our Annual Report, is available in printed version as well as in PDF form for download on our website at [www.eurosportsauto.com.sg](http://www.eurosportsauto.com.sg)

### Feedback

We welcome stakeholders' input on this report at [sustainability@eurosportsauto.com.sg](mailto:sustainability@eurosportsauto.com.sg)



# ESG PERFORMANCE SUMMARY

ESG FACTORS	FY2018	FY2017	FY2016
<b>ENVIRONMENTAL</b>			
Total electricity consumption (kWh)	1,076,665	1,150,140	1,273,988
Energy intensity from electricity use (kWh/m <sup>2</sup> )	87.3	93.3	103.3
Total energy consumption (GJ) <sup>1</sup>	4,540	4,707	4,586
CO <sub>2</sub> emissions (tCO <sub>2</sub> ) <sup>2</sup>	501	526	541
<b>SOCIAL</b>			
<b>Employees</b>			
Total number of full-time employees	103	89	64
New hires	44	50	39
Female employees	26.2%	22.5%	29.7%
Employee turnover	29.0%	28.0%	47.0%
<b>FINANCIAL (\$000)</b>			
Revenue	62,083	52,403	63,531
Gross profit	9,968	5,494	8,128
Loss net of tax	(3,967)	(7,919)	(4,602)
Total employee benefits expense	6,787	6,802	6,834
Total income tax expense	None	103	188
Dividends to shareholders	None	None	None
<b>Notes</b>			
1. Energy intensity attributable to purchased electricity			
2. Includes Scope-1 and Scope-2 emissions.			

## OUR APPROACH TO SUSTAINABILITY

Our sustainability objective is to address the economic, environmental, social and governance impacts, risks and opportunities stemming from our business activities to support long-term value creation for our stakeholders and shareholders. We are committed to monitoring our performance relating to material sustainability issues and make efforts for continuous improvement.

### Governance

At EuroSports, the Board provides the strategic direction and oversight for the management of sustainability issues. A sustainability management committee headed by the Chief Executive Officer is responsible for developing and implementing sustainability policies and programmes. A sustainability reporting team has the responsibility to monitor, collect and verify the sustainability performance data.

### Board Statement

The Board considers sustainability issues, risks and opportunities as part of strategy formulation. The Board has determined the material ESG factors covered in this report. The Board provides oversight of the management and monitoring of these material ESG factors, through periodic review of the Group's sustainability performance. The Board has ultimate responsibility for the sustainability report as required by the SGX-ST guidelines on sustainability reporting.

# STAKEHOLDERS

We actively engage with our stakeholders to nurture a long-term relationship. As an authorised dealer of new luxury and ultra-luxury automobiles, EuroSports has built its business by cultivating trusted relationships with customers, business partners and other stakeholders in Singapore as well as overseas who are crucial for the sustainable growth of our business. Our other business areas that include automobile leasing and retailing of pre-owned cars and automobile servicing operations rely on customers' trust and support by our business partners and suppliers underlined by our high quality standards.

At the heart of our engagement lies our resolve to create and drive value for our customers, people, shareholders and stakeholders. We focus on those stakeholders who are affected by our operations or have the potential to impact our business through their opinions and actions. Our primary stakeholders include customers, business partners, employees, government agencies, media and the community. The frequency of our engagement with most stakeholders is ongoing or need-based.

Proactive interactions with our stakeholders help us understand their expectations from EuroSports. The insight gained from our conversations with our stakeholders allows us to improve our product offerings and services continuously.

Our significant stakeholders, how we engage with them and address their expectations is described below.

Stakeholders	Stakeholders' Expectations	How We Engage
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Comprehensive product information including features and specifications</li> <li>• Test drive opportunity</li> <li>• Timely delivery of cars in pristine condition, free from defects or problems</li> <li>• Prompt resolution of complaints</li> <li>• Prompt, reliable and high-quality after-sales service</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive product information including features and specifications</li> <li>• Test drive opportunity</li> <li>• Timely delivery of cars in pristine condition, free from defects or problems</li> <li>• Prompt resolution of complaints</li> <li>• Prompt, reliable and high-quality after-sales service</li> </ul>
<b>Business Partners</b> – Vehicle Manufacturers or Original Equipment Manufacturers (OEMs)	<ul style="list-style-type: none"> <li>• Long-term partnership</li> <li>• Financial resilience</li> <li>• Logistics capabilities</li> <li>• Sustainable growth in business</li> <li>• An experienced management team and service professionals</li> <li>• Management reputation</li> <li>• Capabilities to deliver the brand promise</li> </ul>	<ul style="list-style-type: none"> <li>• Regular visits and meetings</li> <li>• Product launches and promotions</li> <li>• Trade shows</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Competitive wages and benefits</li> <li>• Learning and development opportunities</li> <li>• Respect and recognition</li> <li>• Workplace safety, health and well-being</li> <li>• Job satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings and briefings</li> <li>• Product training</li> <li>• Performance appraisal</li> </ul>

# STAKEHOLDERS

Stakeholders	Stakeholders' Expectations	How We Engage
<b>Government &amp; Regulators</b>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory filings</li> <li>Responding to requests for information</li> <li>Inspections and audits</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Support for social causes</li> <li>Responsible corporate citizen</li> </ul>	<ul style="list-style-type: none"> <li>Charity and fundraising events</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Timely information about new product launches and key developments</li> <li>Exclusive interviews and briefings</li> </ul>	<ul style="list-style-type: none"> <li>Interviews</li> <li>Trade shows</li> <li>Press releases</li> </ul>
<b>Investors and Shareholders</b>	<ul style="list-style-type: none"> <li>Good governance</li> <li>Sustainable business growth</li> <li>Consistent dividends</li> <li>Disclosure and transparency</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Dedicated Investor Relations page on the website</li> <li>Important announcements, including financial performance on the website</li> </ul>

## Membership of Associations

EuroSports actively participates and supports several trade and industry associations. Some of our association memberships include:

- Motor Traders Association of Singapore
- Hire Purchase Finance and Leasing Association of Singapore
- Singapore Commercial Credit Bureau

# MATERIALITY

We define our material issues as those topics that reflect the most significant economic, environmental and social impacts of our business activities and the needs of our stakeholders. Our sustainability approach is to address the material impacts of our business operations to create long-term value for our stakeholders. Our material sustainability issues capture what matters and where it matters.

We have applied the GRI Standards to carry out our first materiality assessment to identify and prioritised the most important sustainability topics for reporting. The materiality assessment was conducted with help from an external sustainability expert through a series of engagement sessions with internal stakeholders including the senior management executives. A careful examination of various aspects our business was carried out to identify the impacts resulting from our business activities. We have made use of a wide range of insights and inputs in determining our material issues including the legislation, sustainability trends in the luxury car dealership industry, stakeholders' views and expectations and risks and opportunities.

The Board subsequently has reviewed, determined and approved the material factors for reporting.

## Goals and Targets

The ESG performance data presented in this report establishes the baseline for our material issues. The baseline data will help us to develop specific targets in the coming years.

## Material Topics and Their Boundary

A summary of EuroSports' ESG impacts, where the impacts occur, our involvement with these impacts and our management approach is presented in the table below. An indirect involvement indicates that the impacts arise outside of EuroSports such as in the value chain where we may have limited or no control.

Material Factors	Where the Impacts Occur	Our Involvement	Management Approach and Goals
<b>Environment</b>			
Energy Consumption	Electricity used in offices, showrooms and workshops, and fuel consumption in cars for our experiential business operations which engage in short-term rental of premium sports cars and membership fee based supercar club.	Direct	Minimise energy consumption where possible.
Waste and Effluent	Waste, wastewater and waste generated as a result of automobile servicing operations in our workshops.	Direct	Reduce waste and effluent, ensure safe disposal of waste.
Water	Water is used for automobile washing and servicing in workshops.	Direct	Conserve and save water where possible.
Greenhouse Gas Emissions	Our carbon emissions result from the use of electricity and fuel.	Direct	Minimise carbon footprint through energy efficiency.

# MATERIALITY

Material Factors	Where the Impacts Occur	Our Involvement	Management Approach and Goals
Environmental Compliance	Our automobile servicing workshops are subject to local environmental regulations particularly with regard to waste, wastewater and waste generated as a result of the servicing operations	Direct	Ensure compliance with environmental rules and regulations.
<b>People</b>			
Attracting and developing talent	EuroSports Group	Direct	<p>Attract and retain the best talent to provide high-quality service to customers.</p> <p>Provide ongoing training opportunities for personal and professional development.</p>
Occupational Health and Safety	Showrooms, Workshops and Offices	Direct	Implement systems and processes to ensure safe work practices.
<b>Communities</b>			
Local communities	EuroSports Group	Indirect	Support community initiatives through charitable giving and fundraising.
<b>Economic</b>			
Economic Performance	EuroSports Group	Direct	Ensure long-term value creation and positive economic contribution.
Anti-corruption	EuroSports Group	Direct	Maintain zero-tolerance for corruption.

# CUSTOMERS

**Our Motto is “Walk in as a Customer, Walk out as a Friend.”**

EuroSports has established a distinct customer journey over the years. Our customers are individuals with distinctive lifestyle needs. Our priority is to offer our customers and business partners impeccable experience around our products and services. Our approach is to build long-term relationships with our customers and to meet high quality standards. We actively engage our customers before, during and after the purchase, in line with the motto “walk in as a customer, walk out as a friend”.

Ongoing market research, feedback and interaction help us to understand the needs of our customers as well as future potential customers. We provide outstanding quality service standards to meet and over achieve expectations.

## Customer Experience

Customer experience is our top priority and one of our core values. We actively engage with our customers and customer satisfaction comes in line with staff satisfaction. We execute internal training sessions and create development plans to educate our staff and sales team with customer approach in the handling of customer needs.

We treat our customers as friends and nurture the relationship via ongoing engagement through customised and individual loyalty programs, e.g. flowers for family weddings and cakes or tarts for birthdays. In collaboration with our brand partner Lamborghini, we have implemented a Customer Contact Program that includes three exclusive giftings to be handed over to the customers at different phases of their purchasing experience until the day the new car is delivered.

We regularly invite our customers for friendly sessions over meals, launch events and to attend our social events in co-operation with our co-branding partners. We support the Lamborghini Club in organising overseas driving events and in exchange, the Club supports us as a dealer with regard to brand awareness and image campaigns. We also support the independent Alfa Romeo Club in Singapore.

Our frequent engagement with customers also provides friendly opportunities to our customers to raise any concerns or complaints they may have with regard to the cars they have purchased from us. We frequently conduct customer satisfaction surveys after every workshop or purchase showroom visit. Customer complaints are attended to by senior management executives and grievances are redressed promptly. This feedback helps us to further individualise their customer journey and to improve our standards.

## Professional Standards

We uphold highest trade standards by maintaining complete transparency in all transactions with customers and partners across our businesses in line with our high compliance standards.

## Customer Privacy

We are committed to protecting our customers’ privacy in line with Singapore’s Personal Data Protection Act. We have implemented measures to safeguard customers’ personal data. The protection of personal customer data is of utmost importance to us. There were no incidents of breaches of customer privacy and losses of customer data in the reported period.

## ENVIRONMENT

**EuroSports is committed to minimising its environmental footprint to contribute towards a sustainable future.**

EuroSports' primary environmental impacts stem from electricity, water and fuel. Electricity is used for lighting and airconditioning of our offices and showrooms. Electricity is also used in our automobile servicing workshops for lighting as well as to operate equipment. Fuel is consumed in vehicles used in our leasing business. We periodically review our approach and processes to ensure compliance with environmental regulations.

### Energy

Our energy consumption mainly results from the electricity used in our showrooms, servicing workshops and offices. We also use fuel in the cars we provide on rental which is part of our experiential business segment. Our approach is to minimise energy use.

In late 2017, we moved our operations from Teban Gardens to our premises at Leng Kee Road which houses our showrooms, offices and service centres. Our premises are fitted with energy-saving LED lights and motion sensors to turn off lights in the areas not in use. Our employees have adopted energy-saving habits that include switching off the lights, airconditioning and other equipment when not in use.

Ultra-luxury cars do consume more fuel to deliver the performance desired by customers. As a distributor, we do not have any control over fuel efficiency of vehicles.

### Waste

Waste – hazardous as well as non-hazardous – is mainly generated from our car servicing, maintenance and repair operations. Liquid waste from car workshop activities includes engine oil, transmission fluid, power steering fluid, brake fluid, antifreeze, solvents, degreasers, cleaning solutions and sludges and paints. Other waste material includes worn-out parts, batteries, tires, used oil filters and soiled rags and towels.

We comply with applicable environmental regulations and dispose of waste in accordance with local laws. Decommissioned batteries and tires are returned to their respective dealers for safe disposal.

### Water

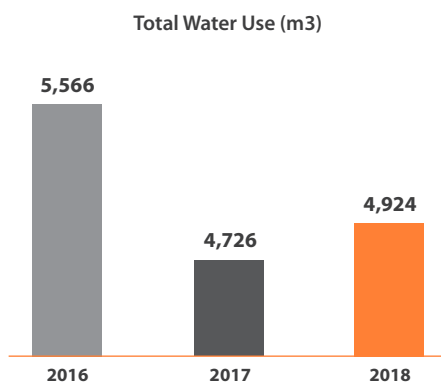
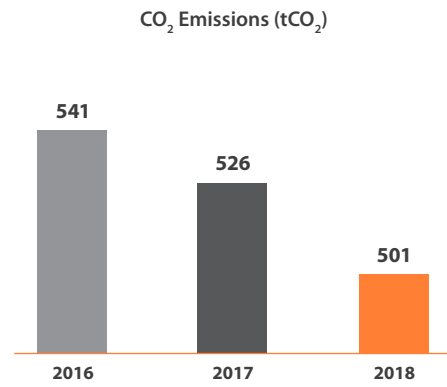
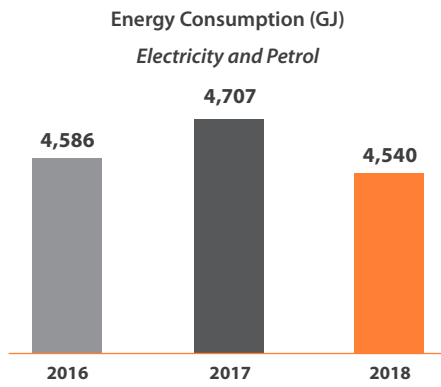
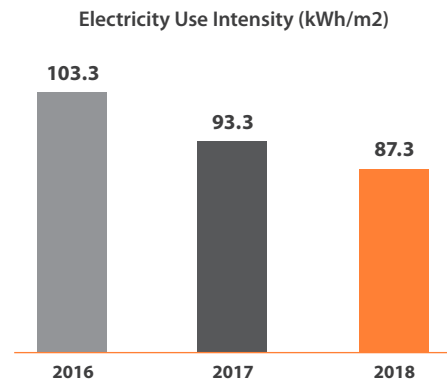
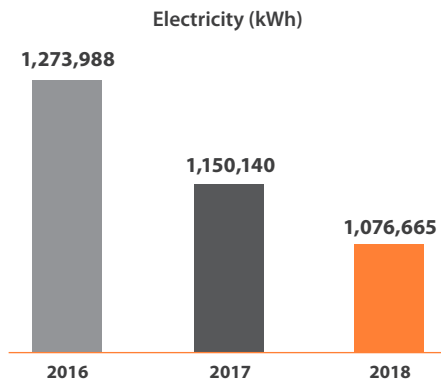
Our water use relates to car grooming and servicing activities. We monitor our water consumption and make conservation efforts where possible.

### Paper

We make efforts to minimise the use of paper in our offices. For example, we rely on technology for routine communications that also saves paper.



# OUR ENVIRONMENTAL PERFORMANCE



# PEOPLE

**We are focused on building and retaining a team of talented people who are passionate about driving positive customer experience.**

At EuroSports, we are a team of dedicated people with expertise in selling ultra-luxury automobiles and lifestyle products, and providing after-sales services. Our success depends on our people's commitment to delivering highest levels of service to our customers and building long-term trusted relationships. Our human resource policies are aimed at providing a conducive working environment and focus on our employees' overall well-being.

Our priorities include hiring, developing and retaining the best talent by providing an empowering and friendly work culture.

We employed full-time 103 people as at 31 March 2018, up from 89 employees in the preceding year. We did not have part-time or temporary employees. Women represented 26.2% of our team. We hired 44 new employees during the financial year which included 12 women.

## Health and Safety

We have put in place measures to minimise safety and health risks at workplace including accidents and occupational diseases. Fire safety and evacuation drills are regularly conducted to ensure emergency preparedness. In our workshops, employees are required to follow safety procedures and are provided with the necessary personal protective equipment.

Our Workplace Safety and Health Committee, headed by Deputy CEO, regularly reviews our safety and health policies and procedures.

There were no reportable incidents of injuries or occupational diseases in the reported period.

## Training

Professional development of our employees is crucial to us. We provide regular product and job training and briefings to our employees.

## Employee Engagement

We maintain a trusted and friendly work environment by encouraging teamwork and promoting open communication between team members and supervisors. Employees have unrestricted access to senior management to bring up any issues of concern or offer suggestions.

We also get together to celebrate various festivals such as Christmas and Chinese New Year.

## Fair Employment

We support fair and inclusive employment practices. Our hiring is based on the experience required for jobs. Our policy prohibits discrimination in employment. There were no incidents of discrimination in the reported period.

## Freedom of Association

We respect the right of our employees to freedom of association. Our employees are currently not part of any collective bargaining agreement.

## Performance Management

We have an objective performance appraisal policy and all permanent employees participate in periodic performance assessment. Through regular performance discussions, we also identify development needs of our employees.

# PEOPLE

We are focused on building and retaining a team of talented people who are passionate about driving positive customer experience.

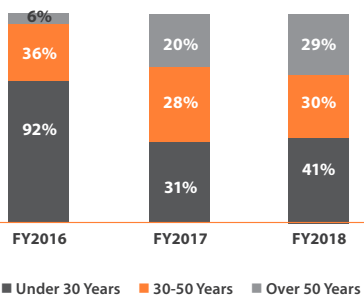
## Turnover

Our approach is to build and retain a high-performance team. We closely monitor employee turnover to improve our retention strategies.

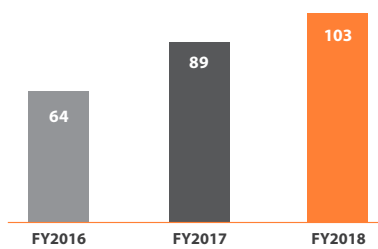
In the past two years, our turnover was lower than the national average for the Retail Trade sector (source: Labour Market Survey, Manpower Research and Statistics Department, Ministry of Manpower). In FY2018, the number of employees who left was 30 including five female employees. The turnover rate for the same year was 29% against the national average of 42% for the sector.

## Employee Data Charts

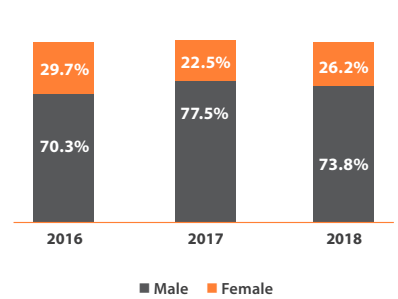
Employee Turnover by Age Group



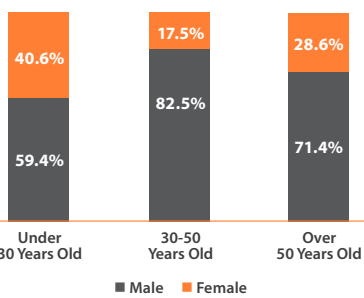
Number of Full-Time Employees



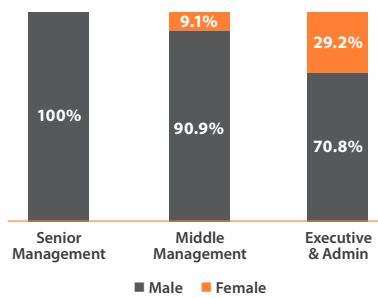
Gender Diversity



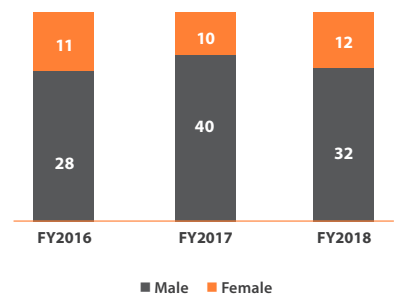
Age and Gender Diversity



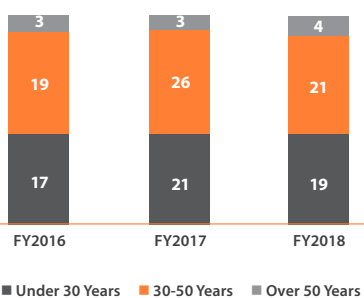
Employees by Employment Category



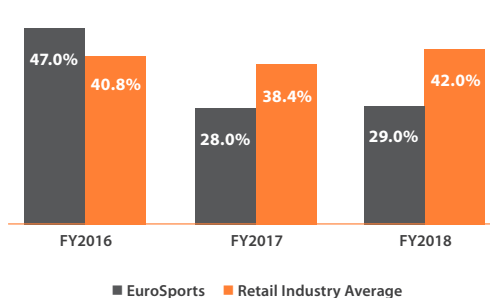
New Hires



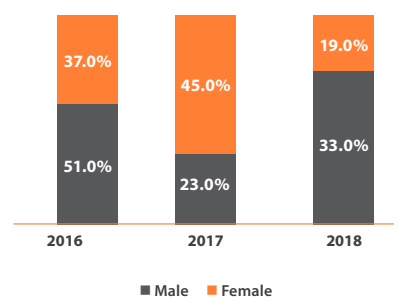
New Hires by Age Group



Employee Turnover



Employee Turnover by Gender



## COMMUNITY

**Eurosports actively supports community programmes.**

Our approach is to be a responsible corporate citizen and contribute to community initiatives.

The Group also ropes in its high net worth customers to join in its community efforts, which include two annual events that it holds to raise funds for the needy.

We continued to sponsor and organised the Punggol Charity Drive in FY2018. This fund-raising event saw Lamborghini owners treating underprivileged children living in Punggol to a spin in their luxurious marques. The charity drive raised funds for needy children living in Punggol as well as for the building of the Punggol Centre Community Centre.

In another initiative, a fleet of Lamborghini supercars drove brain tumour survivor kids in style from Suntec City Convention Hall to River Valley through Marina Boulevard before heading back to the starting point, in a bid to spread the awareness about brain tumours.

### **Student Attachment Programme**

The Group has partnered with Ngee Ann Polytechnic since 2014 to provide practical learning to mechanical engineering students. Under the initiative, we host two final year students from the Mechanical Engineering faculty every year to intern at our facilities for six months. The students learn about the technical aspects of vehicles working with our experienced technicians. The students' performance is also assessed by their teachers who visit the facility every month.

# ECONOMIC PERFORMANCE

**EuroSports is committed to creating sustainable value for our shareholders and stakeholders.**

As a company listed on the Singapore Exchange ("SGX-ST") we comprehensively report on our financial performance which is provided in the Annual Report sections of this report.

## **Anti-Corruption**

EuroSports is committed to operating our business with integrity and by adhering to ethical business principles. We maintain zero-tolerance for bribery, fraud and corruption.

There were no incidents of corruption in the reported period.

## **Tax Contribution**

Due to premium pricing, the luxury and ultra-luxury cars we sell generate higher tax revenue for the government. For example, the new vehicles sold by us contributed approximately \$13.5 million in various taxes and levies in FY2018 to the government.

## **Suppliers**

The vehicles sold by us are supplied by our OEM brand partners. Our other significant purchases from suppliers include body components, undercarriage components, engine parts, batteries, oil and lubricants. We focus on procurement efficiency and nurturing a reliable supply chain.

# GRI CONTENT INDEX

GRI Content Index "in accordance" - Core		
GRI Standard	Disclosure	Page Number(s) and/or URL(s)
<b>GRI 101: Foundation 2016</b> (GRI 101 does not include any standards)		
<b>General Disclosures</b>		
<b>GRI 102: General Disclosures 2016</b>	<b>Organisational Profile</b>	
	102-1 Name of the organisation	EuroSports Global Limited
	102-2 Activities, brands, products, and services	2-3
	102-3 Location of headquarters	Singapore
	102-4 Location of operations	4-5
	102-5 Ownership and legal form	138-139
	102-6 Markets served	2-3
	102-7 Scale of the organisation	20-21, 31, 40-41
	102-8 Information on employees and other workers	40-41
	102-9 Supply chain	43
	102-10 Significant changes to the organisation and its supply chain	Not applicable as this is our first report
	102-11 Precautionary Principle or approach	35, 38
	102-12 External initiatives	30
	102-13 Membership of associations	34
	<b>Strategy</b>	
	102-14 Statement from senior decision-maker	12-15
	<b>Ethics and Integrity</b>	
	102-16 Values, principles, standards, and norms of behaviour	2
	<b>Governance</b>	
	102-18 Governance structure	50-74
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<b>Reporting Practice</b>		
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102-46 Defining report content and topic Boundaries	30	
102-47 List of material topics	35-36	
102-48 Restatements of information	30	
102-49 Changes in reporting	Not applicable as this is the first report	
102-50 Reporting period	30	

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	102-54 Claims of reporting in accordance with the GRI Standards	30
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Anti-corruption		
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# CORPORATE GOVERNANCE

EuroSports Global Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is committed to maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2012 (the “**Code**”) which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) listing rules.

In line with the commitment by the Company to maintaining a high standard of corporate governance, the Company will continually review its corporate governance processes to strive to fully comply with the Code. The Board of Directors (the “**Board**”) is pleased to report compliance of the Company with the Code where applicable except otherwise stated.

## (A) BOARD MATTERS

### THE BOARD’S CONDUCT OF ITS AFFAIRS

**Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.**

The Board’s primary role is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group.

The Board is also responsible for the following corporate matters:

- Review the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices;
- Set the Group’s strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- Oversee the process of evaluation on the adequacy of internal controls, financial reporting and compliance;
- Oversee the adequacy and effectiveness of the Group’s risk management framework and policies;
- Review the remuneration policies and guidelines for the Board and management;
- Review the performance of management and oversee the succession planning of senior management;
- Set the Group’s values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met;
- Ensure that the Group and the management comply with laws, regulations, policies, directives, guidelines and internal code of conduct; and
- Consider sustainability issues, e.g. environmental, social and governance factors, as part of the strategic formulation.

# CORPORATE GOVERNANCE

All Directors exercise due diligence and independent judgement, and make decisions objectively in the best interest of the Group. At the date of this report, the members of the Board and their membership on the Board committees of the Company are as follows:

Director	Board Appointment	Audit Committee	Nominating Committee	Remuneration Committee
Melvin Goh	Executive Chairman and Chief Executive Officer (“CEO”)	–	–	–
Andy Goh	Executive Director and Deputy CEO	–	–	–
Lim Kim Quee	Non-Executive and Independent Director	Member	Member	Chairman
Ng Tiak Soon	Non-Executive and Lead Independent Director	Chairman	Member	Member
Tan Siok Sing	Non-Executive and Independent Director	Member	Chairman	Member

## Delegation by the Board

The Board has delegated certain functions to various Board committees, namely the Audit Committee, Nominating Committee and Remuneration Committee. Each of the Board committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these Board committees have the authority to examine particular issues and will report back to the Board with their decisions and/ or recommendations, the ultimate responsibility on all matters lies with the Board.

## Key features of board processes

The dates of Board and Board committee meetings, as well as the Company’s Annual General Meeting (the “AGM”), are scheduled in advance at the beginning of each calendar year. To assist directors in planning their attendance, the Company Secretary consults every director before fixing the dates of these meetings. The Board conducts regular scheduled meetings at least twice a year and as warranted by particular circumstances. Ad hoc meetings are also convened to deliberate on urgent substantive matters. Telephone attendance or by means of similar communication equipment at Board and Board committee meetings are allowed under the Company’s Constitution.

# CORPORATE GOVERNANCE

## Directors' attendance at Board and Board committee meetings

The details of the number of Board and Board committees meetings held in the financial year ended 31 March 2018 ("FY2018"), as well as the attendance of each Director at those meetings, are disclosed as below:

	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Melvin Goh	4	4	4*	4*	2*	2*	2*	2*
Andy Goh	4	4	4*	4*	2*	2*	2*	2*
Lim Kim Quee	4	4	4	4	2	2	2	2
Ng Tiak Soon	4	4	4	4	2	2	2	2
Tan Siok Sing	4	4	4	4	2	2	2	2

**Note:**

(\*) Attended as invitees

### Board approval

The Group has adopted and documented internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved for the Board approval are:

- Matters involving a conflict of interest for a substantial shareholder or a Director;
- Material acquisition and disposal of property, plant and equipment of S\$2 million and above;
- Corporate restructuring;
- Share issuances, interim dividends and other returns to shareholders;
- Interested person transactions; and
- Any investment or divestment exceeding S\$1 million in transaction value.

Apart from the matters that are reserved for the Board's approval, the Board approves the following:

- Strategies and objectives of the Group;
- Annual budgets and business plans;
- Announcements of half-year and full year financial statements;
- Releases of annual reports;
- Convening of shareholders' meetings; and
- Commitments to terms loans and lines of credits from banks and financial institutions.

# CORPORATE GOVERNANCE

## Training of Directors

The Company has an open policy for professional training for all Directors. The Company encourages Directors to attend the relevant courses and training programmes and the cost incurred will be borne by the Company.

The Company will regularly organise internal trainings for the Directors, which include technical training on the Company's products.

## Induction, briefings, updates to Directors in FY2018

A formal letter of appointment is provided to every new Director. The formal letter of appointment indicates the time commitment required and the roles and responsibilities of Directors.

All new Directors were given appropriate briefings when they were first appointed to the Board. All new Directors appointed to the Board were briefed to ensure that they are familiar with the Company's business, operation, governance practice and regulatory requirements. The Directors are provided with continuing briefings from time to time and are kept updated on relevant laws and regulations, including Directors' duties and responsibilities, corporate governance and developing trends, insider trading and financial reporting standards so as to enable them to properly discharge their duties as members of the Board or Board committees. In addition, the external auditors briefed the Directors at least annually to keep the Directors abreast of changes to accounting standards and issues which have a direct impact on financial statements or when necessary when these changes may be significant and/or substantial. To keep the Directors abreast of industry trends and issues, press releases which were relevant to the Group's business are circulated to the Directors.

The Directors can request for further explanations, briefings or information on any aspect of the Company's operation or business issues from the management.

## **BOARD COMPOSITION AND GUIDANCE**

**Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from the Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

### Board size and board composition

The present Board comprises five members. There is strong and independent element on the Board. Of the five members, three are Non-Executive Independent Directors.

On an annual basis, the Nominating Committee reviews the size and composition of the Board and Board committees and the skills and core competencies of their members to ensure an appropriate balance of skills and experience. These competencies include accounting and finance, banking, business acumen, customer based knowledge, familiarity with regulatory requirements, industry knowledge, risk management knowledge, management experience, and strategic planning experience.

## CORPORATE GOVERNANCE

The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's business, the Board believes that the current composition and size provide sufficient diversity without interfering with efficient decision-making.

As and when required, the Non-Executive and Independent Directors will hold meetings without the presence of management and the Executive Directors, in order to facilitate a more effective check on the management and/or the Executive Directors.

### **Directors' independence review**

Directors who have no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in the best interests of the Group, is considered to be independent.

The Nominating Committee is tasked to determine on an annual basis, and as and when the circumstances require, whether or not a Director is independent, bearing in mind the Guidelines 2.3 and 2.4 set forth in the Code.

Annually, each Director is required to complete a Director's Declaration of Independence ("**Declaration**") to confirm his independence. The Declaration is drawn up based on the guidelines provided in the Code. Thereafter, the Nominating Committee reviews the Declaration completed by each Director, assesses the independence of the Directors and recommends its assessment to the Board.

The Nominating Committee has affirmed that Mr. Ng Tiak Soon, Mr. Lim Kim Quee and Mr. Tan Siok Sing are Independent Directors. None of the Independent Directors has served on the Board beyond nine years from their respective date of appointment. Guideline 2.4 of the Code is therefore not applicable to the Board.

### **Directors' time commitments and multiple directorships**

All Directors are required to declare their board appointments. The Nominating Committee has reviewed and is satisfied that each Director is able to devote sufficient time and attention to the affairs of the Company to adequately discharge his duties as a Director of the Company.



# CORPORATE GOVERNANCE

The key information on the Directors is set out below:

Name of Director	Appointment	Date of Appointment / Last Re-appointment	Directorships in other listed companies		Due for Re-appointment at the AGM
			Current	For the past 3 years	
Melvin Goh	Chairman and CEO	12 December 2012 / 28 July 2017	Nil	Nil	NA
Andy Goh	Deputy CEO	12 December 2012 / 28 July 2015	Nil	Nil	Retirement by Rotation (Article 113)
Lim Kim Quee	Independent Director	29 November 2013 / 28 July 2016	Nil	Nil	NA
Ng Tiak Soon	Lead Independent Director	29 November 2013 / 28 July 2016	800 Super Holdings Limited Parkson Retail Asia Limited	MDR Limited	Retirement by Rotation (Article 113)
Tan Siok Sing	Independent Director	29 November 2013 / 28 July 2017	Dukang Distillers Holdings Limited QingMei Group Holdings Limited	Changtian Plastic & Chemical Limited Li Heng Chemical Fibre Technologies Limited	NA

The Nominating Committee has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. Key information about the Board members, including their principal commitments are set out on pages 16 and 17 of this annual report.

The Nominating Committee views that the effectiveness of each Director is best assessed by a qualitative assessment of the Director's contributions, as well as taking into account each Director's listed company board directorships, and any other relevant time commitments. While having a numerical limit on the number of directorships may be considered by some other companies to be suitable for their circumstances, at present, the Board considers the former to be more effective for its purposes. The Company also does not wish to omit from considering outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board.

The Nominating Committee views that it would not be appropriate to set a limit on the number of directorships that a Director may hold because Directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities. It is for each Director to personally determine the demands of his competing directorships and obligations and assess the number of directorships they could hold and serve effectively.

For now, the Nominating Committee believes that its qualitative assessment and the existing practice, which require each Director to confirm annually to the Nominating Committee, his ability to devote sufficient time and attention to the Company's affairs, having regard to his other commitments, are effective.

Currently, there is an informal succession plan put in place by the Executive Chairman and CEO. Going forward and at the relevant time, the Nominating Committee will look into a formal succession plan in close consultation with the Executive Chairman and CEO.

# CORPORATE GOVERNANCE

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.**

Mr. Melvin Goh is the Chairman of the Board and the CEO. He assumes the following responsibilities:

- (a) Lead the Board to ensure its effectiveness on all aspects of its role;
- (b) Set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) Promote a culture of openness and debate at the Board;
- (d) Ensure that the Directors receive complete, adequate and timely information;
- (e) Ensure effective communication with shareholders;
- (f) Encourage constructive relations within the Board and between the Board and management;
- (g) Promote high standards of corporate governance;
- (h) Run the day-to-day business of the Group;
- (i) Ensure implementation of policies and strategies across the Group as set by the Board;
- (j) Lead the management team;
- (k) Assess the risk and opportunities for the growth of its business;
- (l) Review the performance of its existing business; and
- (m) Enhance the long-term shareholders' value of the Company.

The Board has not adopted the recommendation of the Code to have separate directors appointed as the Chairman and the CEO. This is because the Board is of the view that there is already sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board as well as the contributions made by each member at meetings which relate to the affairs and operations of the Group. The Board is satisfied that one person is able to effectively discharge the duties of both positions.

The Board has appointed Mr. Ng Tiak Soon as the Lead Independent Director. Shareholders with concerns may contact him directly, when contact through the normal channels to the Executive Chairman and CEO and/ or the Group Financial Controller ("GFC") has failed to provide satisfactory resolution, or when such contact is inappropriate.

All the Board committees are chaired by Independent Directors and more than half of the Board consists of Independent Directors.

# CORPORATE GOVERNANCE

## BOARD MEMBERSHIP

**Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.**

The Nominating Committee comprises Mr. Tan Siok Sing, Mr. Ng Tiak Soon and Mr. Lim Kim Quee, all of whom are Non-Executive Independent Directors. Mr. Tan Siok Sing is the Chairman of the Nominating Committee.

The Nominating Committee, which has written terms of reference, is responsible for making recommendations to the Board on all appointments and re-appointments. The key terms of reference of the Nominating Committee, include, amongst others, the following:

- (a) Make recommendations to the Board relating to:
  - the review of Board succession plans for Directors, in particular, for the Chairman of the Board and the CEO;
  - the development of a process for evaluation of the performance of the Board, its Board committees and Directors;
  - the review of training and professional development programs for the members of the Board; and
  - the appointment and re-appointment of Directors (including alternate Directors, if applicable).
- (b) Review and approve employment of related persons to Directors, executive officers or controlling shareholders and the proposed terms of their employment;
- (c) Review the process of re-nominations of Directors who are retiring by rotation for re-election by shareholders, to have regard to the Directors' contributions and performances (e.g. attendance, preparedness and participation) including, if applicable, as an Independent Director;
- (d) Decide whether a Director who has multiple board representations is able to and has been adequately carrying out his duties as a Director, having taking into account the Director's number of listed company board representation and other principal commitments;
- (e) Determine annually whether a Director is independent and provide its views to the Board for the Board's consideration;
- (f) Review the Board's structure, size, composition and balance and make recommendations to the Board if necessary, and ensure there is strong and independent element on the Board;
- (g) Establish procedures for evaluation of the Board's performance; and assess, on an annual basis, the effectiveness of the Board as a whole and contributions by each individual Director to the effectiveness of the Board;
- (h) Decide how the Board's performance is to be evaluated; propose objective performance criteria which shall be approved by the Board; and address how the Board has enhanced long-term shareholder value;
- (i) Identify gaps in the mix of skills, experience and other qualities required in an effective Board and nominate or recommend suitable candidates to fill these gaps; and
- (j) Ensure that all new members of the Board undergo an appropriate induction programme.

# CORPORATE GOVERNANCE

## **Process for selection and appointment of new directors**

The Nominating Committee leads the process of selection and appointment of new directors. The Nominating Committee has in place a formal, written procedure for making recommendation to the Board on the selection and appointment of Directors. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for the purpose of progressive renewal of the Board.

The Nominating Committee will evaluate the balance, skills, knowledge and experience of the existing Board and the requirements of the Group, in determining the role and key attributes that an incoming Director should have.

Upon endorsement by the Board of the key attributes, the Nominating Committee may:

- Advertise or use services of external advisers to facilitate a search;
- Approach alternative sources such as the Singapore Institute of Directors; and/ or
- Consider candidates from a wide range of backgrounds from internal or external sources.

After short-listing the candidates, the Nominating Committee shall:

- Consider and interview all candidates on merit against objective criteria, taking into consideration that appointees have sufficient time availability to devote to the position; and
- Evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

Article 117 of Company's Constitution provides that the Directors shall have the power at any time to appoint additional Directors who shall hold office only until the next AGM. No new Director has been appointed in FY2018.

## **Process for re-appointment of directors**

The Nominating Committee is responsible for the re-appointment of Directors. In its deliberation on the re-appointment of existing Directors, the Nominating Committee takes into consideration the Director's contribution and performance (including his contribution and performance as an Independent Director, if applicable).

The assessment parameters 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.

All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 113 of the Company's Constitution provides that one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be subjected to re-election at the AGM.

Pursuant to the one-third rotation rule, Mr. Andy Goh and Mr. Ng Tiak Soon will retire and submit themselves for re-election at the forthcoming AGM. Each member of the Nominating Committee abstains from making any recommendations and / or participating in any deliberation of the Nominating Committee and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as Director.

# CORPORATE GOVERNANCE

## BOARD PERFORMANCE

**Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each Director to the effectiveness of the Board.**

A review of the Board's performance is conducted by the Nominating Committee. On the recommendation of the Nominating Committee, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole annually. Each Board member will be required to complete an evaluation form to be returned to the Nominating Committee Chairman for evaluation. Based on the evaluation results, the Nominating Committee Chairman will present his recommendations to the Board.

The Nominating Committee Chairman evaluates the performance and contribution of each Director on an informal basis. The Nominating Committee will, at the relevant time, look into adopting guidelines for annual assessment of the contribution of each individual Director to the effectiveness of the Board.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. When relevant, the Nominating Committee will consider such engagement.

## ACCESS TO INFORMATION

**Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to the Board Meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

The management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an on-going basis to enable them to make informed decisions to discharge their duties and responsibilities.

To allow Directors sufficient time to prepare for the meetings, Board and Board committee papers are distributed to Directors a week in advance of the meeting. Any additional material or information requested by the Directors is promptly furnished.

The management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board committee meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/ or possible and on an ongoing basis.

To facilitate direct access to the management, the Directors are also provided with the names and contact details of the management team.

The management also provides the Board with management reports. These reports include budgets, forecasts and monthly management accounts. In respect of budgets, any material variances between the projections and actual results are disclosed and explained to the Board.

# CORPORATE GOVERNANCE

## Company Secretary

The Directors have separate and independent access to the company secretary. The company secretary is responsible for, amongst others, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules and regulations, including requirements of the Companies Act and the Catalist Rules, are complied with. The company secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes.

The company secretary assists the Chairman in ensuring good information flows within the Board and its Board committees.

The company secretary attends Board and Board committee meetings and prepares minutes for the meetings and, where appropriate, provides advice, secretarial support and assistance to the Board and ensures adherence to the board procedures and relevant rules and regulations applicable to the Company. Under Article 151 of the Constitution of the Company, the company secretary may be appointed and removed by the Directors.

## Independent professional advice

The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to engage independent professional advisers, if necessary, at the Group's expense.

## **(B) REMUNERATION MATTERS**

### **PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

**Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.**

The Remuneration Committee comprises Mr. Lim Kim Quee, Mr. Tan Siok Sing and Mr. Ng Tiak Soon, all of whom are Non-Executive Independent Directors. Mr. Lim Kim Quee is the Chairman of the Remuneration Committee.

The Remuneration Committee is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel.

# CORPORATE GOVERNANCE

The members of the Remuneration Committee carried out their duties in accordance with the terms of reference which include, amongst others, the following:

- (a) Review and recommend for endorsement by the Board, a general framework of remuneration for the Board and key management personnel;
- (b) Review and recommend for endorsement by the Board, specific remuneration packages for each Director and key management personnel;
- (c) Review whether Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes;
- (d) Review annually the remuneration packages of all employees who are related to any of the Directors, controlling shareholders or the executive officers;
- (e) Ensure that the remuneration packages are comparable within the industry and with similar companies and include a performance-related element;
- (f) Ensure that there are appropriate and meaningful measures of assessing the performance of Executive Directors and key management personnel;
- (g) Ensure that the remuneration package of key executives related to Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities;
- (h) Implement and administer performance share plan and employee share option scheme in accordance with the rules of the share plan and option scheme adopted by members of the Company from time to time; and
- (i) Review the Group's obligations arising in the event of termination of the Executive Director's and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The Remuneration Committee may from time to time and where necessary seek advice from external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2018.

No Director is involved in determining his own remuneration.

## LEVEL AND MIX OF REMUNERATION

**Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company; and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.**

# CORPORATE GOVERNANCE

## DISCLOSURE ON REMUNERATION

**Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.**

In setting remuneration packages, the Remuneration Committee will take into account the pay and employment conditions within the same industry and comparable companies, as well as the Group's relative performance and the performance of individual directors.

The Non-Executive Independent Directors receive directors' fees, in accordance with their contributions, taking into account factors such as effort, time spent, responsibilities of the Directors and the need to pay competitive fees to attract, motivate and retain the Non-Executive Independent Directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM.

The Executive Directors, namely Mr. Melvin Goh and Mr. Andy Goh, are remunerated based on their service agreements with the Company as disclosed in the Company's Offer Document dated 7 January 2014 ("**Offer Document**"). Their remuneration includes fixed pay, annual wage supplement, performance bonuses, transport allowances, usage of company cars, and subscription fees for country club memberships. The service agreements are valid for an initial period of three years with effect from the date of listing, and thereafter continue from year to year unless terminated by either party giving six months prior written notice to the other party.

Key management personnel are remunerated based on their employment contracts. Their remunerations include fixed pay, annual wage supplement, performance bonuses, transport allowances and usage of company cars.

There are, at present, no provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

As disclosed in the Offer Document, the Company has in place the EuroSports Employee Share Option Scheme ("**ESOS**") and EuroSports Performance Share Plan ("**PSP**") since 29 November 2013.

The ESOS is administered by the Remuneration Committee. Options may be granted to the following groups of participants under the ESOS (a) Group employees; and (b) Group Directors (including Group Executive Directors, Group Non-Executive Directors and Independent Directors). Controlling shareholders are not eligible to participate in the ESOS. However, associates of a controlling shareholder who meet the eligibility criteria are eligible to participate in the ESOS provided that (a) the participation of; and (b) the terms of each grant and the actual number of options granted under the ESOS, to a participant who is an associate of a controlling shareholder shall be approved by our independent shareholders in separate resolutions for each such person.



# CORPORATE GOVERNANCE

Offers for the grant of options may be made at any time from time to time at the discretion of the Remuneration Committee, in accordance with the Catalist Rules. Options which are fixed at the market price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the market price may only be exercised after the second anniversary from the day of grant of the option. The ESOS shall continue in operation for a maximum of 10 years commencing on the date on which the ESOS is adopted by the Company in general meeting.

The exercise price for each option shall be determined and fixed by the Remuneration Committee at (a) a price ("**Market Price**") equal to the average of the last dealt price for the shares on Catalist for five consecutive market days immediately preceding the relevant date of grant of the relevant option; or (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Remuneration Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price.

The PSP is administered by the Remuneration Committee and shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by the Company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The total number of shares over which the Remuneration Committee may grant the options under the ESOS and the total number of shares which may be delivered pursuant to the vesting of awards under the PSP on any date, when added to the number of shares issued and issuable in respect of (i) all options granted under the ESOS; (ii) all awards granted under the PSP; and (iii) all outstanding options, shares or awards issued/issuable or granted under such other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued shares (excluding treasury shares, as defined in the Companies Act (Chapter 50) of Singapore) of the Company on the day immediately preceding the offer date of the option or from time to time.

During the reporting year, no option to take up unissued shares of the Company or its subsidiary was granted.

During the reporting year, there were no shares of the Company or its subsidiaries issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the Company or its subsidiary under option. During the reporting year, no shares were issued pursuant to the PSP.

# CORPORATE GOVERNANCE

## Remuneration of directors and the CEO

The remuneration paid to or accrued to each director for FY2018 is as follows:

	<b>Fees S\$'000</b>	<b>Salary S\$'000</b>	<b>Fixed Bonus<sup>(1)</sup> S\$'000</b>	<b>Variable or Performance Related Income / Bonus S\$'000</b>	<b>Allowances And Benefits<sup>(2)</sup> S\$'000</b>	<b>Total S\$'000</b>
Melvin Goh	-	393	96	-	62	551
Andy Goh	-	330	79	-	64	473
Lim Kim Quee	35	-	-	-	-	35
Ng Tiak Soon	50	-	-	-	-	50
Tan Siok Sing	35	-	-	-	-	35

### Notes:

- (1) The Company paid the Executive Directors three months of contractual fixed bonuses.
- (2) Allowances and benefits include transport allowances, usage of car and membership subscription.

The remuneration received by the top five key management personnel (who are not Directors or the CEO) in FY2018 is approximately S\$1.0 million, and a breakdown showing the level and mix of remuneration of each of the top five key management personnel (who are not Directors or the CEO) in bands of S\$250,000 for FY2018 are as follow:

	<b>Salary %</b>	<b>Variable or Performance Related Income / Bonus %</b>	<b>Allowances And Benefits<sup>(1)</sup> %</b>	<b>Total %</b>
<b>S\$250,000 to S\$500,000</b>				
Benjamin Solomon Tan	85	-	15	100
Tan Jun Wei	91	7	2	100
<b>Below S\$250,000</b>				
Roy Ng	65	34	1	100
Yang Ee	89	3	8	100
Goh Kim Siew	96	4	-	100

### Note:

- (1) Allowances and benefits include transport allowances, usage of car and others.

# CORPORATE GOVERNANCE

The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of remuneration of the key management personnel due to the competitiveness of the industry for key talent.

Mr Roy Ng joined as Director of Sales and Customer Service with effect on 4 July 2016.

Mr. Goh Kim Siew, brother of Mr. Melvin Goh and Mr. Andy Goh, who are the Directors of the Company, was appointed as Director – System and Business Development. His remuneration in FY2018 was in the band of between S\$100,000 to S\$150,000.

Mr. Joshua Goh Yi Shun, son of Mr. Melvin Goh and nephew of Mr. Andy Goh, who are the Directors of the Company, was appointed as Assistant Manager – Operations on 12 January 2017. His remuneration in FY2018 was in the band of between S\$50,000 to S\$100,000.

Save as disclosed, there are no employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S\$50,000 during FY2018.

## (C) ACCOUNTABILITY AND AUDIT

### ACCOUNTABILITY

**Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.**

The Board believes that it should conduct itself in ways that deliver maximum sustainable value to its shareholders. Timely releases of the Group's financial results and all significant information to shareholders, as well as the prompt fulfilment of statutory requirements, are ways to maintain shareholder's confidence and trust in the Board's capability and integrity.

Currently, the Company is required to release half year and full year results announcements pursuant to the Catalist Rules. The Board, with the assistance of the management, strives to provide a balanced and understandable assessment of the Group's performance and position. The Board also undertakes such effort with respect to other price sensitive public reports and reports to regulators, when required.

The management is responsible to the Board and the Board itself is accountable to the shareholders of the Company.

# CORPORATE GOVERNANCE

## RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

The Board reviews the adequacy and effectiveness of the Group's risk management and internal controls framework including financial, operational, information technology and compliance controls at least on an annual basis.

The Company maintains a system of internal controls for all companies within the Group, but recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute assurance to safeguard shareholders' investments and the Group's assets.

For FY2018, the Executive Chairman and CEO and the GFC have provided their confirmation that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the management, various Board committees and/or the Board, the Board, with the concurrence of the Audit Committee, is of the opinion that there are adequate and effective risk management systems and internal controls in place to address the risks relating to financial, operational, compliance and information technology controls for FY2018.

The system of internal controls and risk management established by the Company provides reasonable but no absolute assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Company is also consistently improving the Company's internal controls and to adopt the recommendations which have been highlighted by the internal and external auditors to further improve on the Company's internal controls.

In the financial year ended 31 March 2015, the Board has engaged the professional services of BDO LLP to assist the Board to determine the Company's levels of risk tolerance and risk policies. In the financial year ended 31 March 2016, the Board has appointed a Chief Risk Officer and a Risk Management Team. The Board will oversee the management in the design, implementation and monitoring of the risk management and internal control systems.

# CORPORATE GOVERNANCE

## AUDIT COMMITTEE

**Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.**

The Audit Committee comprises Mr. Ng Tiak Soon, Mr. Lim Kim Quee, and Mr. Tan Siok Sing, all of whom are Non-Executive Independent Directors. Mr. Ng Tiak Soon is the Chairman of the Audit Committee.

The members of the Audit Committee possess many years of experience in accounting, finance, banking, business and management. The Board considers that the members of the Audit Committee are appropriately qualified to discharge the responsibilities of the Audit Committee.

The members of the Audit Committee carried out their duties in accordance with the terms of reference which include, amongst others, the following:

- I. To oversee and appraise the quality of the Company's internal audit function and external auditors. In pursuance of this function, the duties of the Audit Committee shall include, amongst others, the following:
  - (a) Review the scope and results of the external audit and the independence and objectivity of the external auditors;
  - (b) Review the internal and external audit plans and the audit reports;
  - (c) Review the internal control and procedures;
  - (d) Review risk management policies and systems and potential business risk management process;
  - (e) Review the co-operation given by management to the internal and external auditors; and
  - (f) Recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors.
- II. To serve as an independent and objective party to review the financial information presented by the management to shareholders, regulators and the general public. In pursuance of this function, the duties of the Audit Committee shall include, amongst other things, the following:
  - (a) Review the Company's key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, and make the appropriate disclosure to the Board and in the Company's annual report;
  - (b) Monitor the integrity of the financial information on the relevance and consistency of the accounting standards used and to review the financial statements, significant financial reporting issues and judgements of the Company and of the Group with the management and external auditors before submission to the Board; and
  - (c) Review the half year and full year financial statements and results announcements before submission to the Board for approval.

## CORPORATE GOVERNANCE

- III. To examine the adequacy of the Company's internal controls, and evaluate adherence. In pursuance of this function, the duties of the Audit Committee, shall include, amongst others, the following:
- (a) Exercise authority to investigate any matter within its terms of reference, with full access to and co-operation by the Company's management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable the Audit Committee to discharge its functions properly;
  - (b) Review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
  - (c) Review and discuss with the auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the management's response;
  - (d) Commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations which has or is likely to have a material impact on the Company's operating results and/or financial position;
  - (e) Review policies and arrangements by which staff of the Company and any other persons may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up action;
  - (f) Review transactions (if any) falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;
  - (g) Review potential conflicts of interest (if any) and set out a framework to resolve or mitigate any potential conflicts of interests; and
  - (h) Review and approve foreign exchange hedging policies and instruments (if any) implemented by the Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures.

### **Summary of the Audit Committee's activities**

The Audit Committee will meet at least twice a year to review the announcement of the half year and full year financial results before being approved by the Board for release to the SGX-ST.

The Audit Committee met four times in FY2018. Details of members and their attendance at meetings are provided in page 52. The Executive Chairman and CEO, Executive Director and Deputy CEO, GFC and company secretary were invited to these meetings. Internal auditors and external auditors were invited to two of the above meetings as well.

# CORPORATE GOVERNANCE

For FY2018, the Audit Committee has met with external and internal auditors, without the presence of management.

The principal activities of the Audit Committee during FY2018 are summarised below:

- a. Reviewed the half year and full year financial statements and results announcements, material announcements, and all related disclosures to shareholders before submission to the Board for approval;
- b. Reviewed the audit plan and audit report of the Company's internal and external auditors and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the management to the external and internal auditors;
- c. Reviewed the annual financial statements and also discussed with the management, the GFC and the external auditors the significant accounting policies, judgement and estimate applied by the management in preparing the annual financial statements. Following the review and discussions, the Audit Committee then recommended to the Board for approval of the audited financial statements;
- d. Recommended to the Board for re-appointment of RSM Chio Lim LLP as auditors of the Company for the ensuing year;
- e. Undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them;
- f. Reviewed the nature and extent of non-audit services provided by the external auditors;
- g. Reviewed the reports and findings from the internal auditors; and
- h. Reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders.

## **External Audit Processes**

The Audit Committee manages the relationship with the Group's external auditors, on behalf of the Board. For FY2018, the Audit Committee carried out its annual assessment of the cost effectiveness of the audit process, together with the auditor's approach to audit quality and transparency. The Audit Committee concluded that the auditors demonstrated appropriate qualifications and expertise and that the audit process was effective. Therefore, the Audit Committee recommended to the Board that RSM Chio Lim LLP be re-appointed as the external auditor.

The Board accepted this recommendation and has proposed a resolution (set out on page 140) to the shareholders of the Company for the re-appointment of RSM Chio Lim LLP.

Pursuant to the Rule 713 of the Catalist Rules, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current RSM Chio Lim LLP's audit partner has been responsible for the audit of the Group since financial year ended 31 March 2017.

In appointing external auditors for the Group, the Company is in compliance with Rules 712 and 715 of the Catalist Rules.

# CORPORATE GOVERNANCE

## **Auditor Independence**

In order to maintain the independence of the external auditors, the Group has specific policy which governs the conduct of non-audit work by the external auditors. This policy prohibits the external auditors from:

- Performing services which would result in the auditing of their own work;
- Participating in activities normally undertaken by the management;
- Acting as advocate for the Group; and
- Creating a mutuality of interest between the auditors and the Group, for example being remunerated through a success fee structure.

The Audit Committee undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them. The Audit Committee received an audit report from the external auditors setting out the non-audit services provided and the fees charge for FY2018. The aggregate amount of fees paid to the external auditors for audit and non-audit services for FY2018 are as follows:

	<b>S\$'000</b>
Audit Fees	117
Non-audit Fees	37

Having undertaken a review of the non-audit services provided during the year, the Audit Committee remains confident that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services which they provide to the Group. Moreover, the Audit Committee is satisfied that these services were provided efficiently by the external auditors as a result of their existing knowledge of the business.

## **Whistle Blowing**

The Audit Committee reviewed the adequacy of the whistle blower arrangements instituted by the Group through which staff and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Group is committed to a high standard of ethical conduct and adopts a zero-tolerance approach to fraud. The Group will treat all information received confidentially and protect the identity and the interest of all whistle blowers. Anonymous disclosures will be accepted and anonymity honored. The policy is communicated via the Company's website under the "Code of Conduct and Ethics".

The Audit Committee will address the issues and concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues raised by the whistle blowers and for appropriate follow up actions.



# CORPORATE GOVERNANCE

## INTERNAL AUDIT

**Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**

The Board recognises the importance of maintaining an internal audit function to maintain a sound system of internal controls within the Group to safeguard shareholders' investments and the Group's assets. The Audit Committee has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between internal auditor, external auditor and the management. The objective of the internal audit function is to provide an independent review on the adequacy and effectiveness of the Group's internal controls and provide reasonable assurance to the Audit Committee on the Group's controls and governance processes.

The internal audit function is outsourced to BDO LLP who reports primarily to the Audit Committee. BDO LLP is an international auditing firm and they perform their work based on the BDO Global Internal Audit Methodology which is consistent with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

The Audit Committee reviews and approves the internal audit plan submitted by the internal audit function. On an on-going basis, the internal audit function reports to the Audit Committee any significant weaknesses and risks identified in the course of internal audits conducted. Recommendations to address internal control weaknesses are further reviewed by the internal audit function based on implementation dates agreed with the management.

## (D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### SHAREHOLDER RIGHTS

**Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all shareholders are treated equitably and the rights of all shareholders, including non-controlling shareholders, are protected. All the necessary disclosures required by the Catalist Rules will be made in public announcements, press releases and annual reports to shareholders. The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company strongly encourages shareholder participation during the AGM which will be held in a central location in Singapore. Shareholders are able to proactively engage the Board and the management on the Group's business activities, financial performance and other business related matters.

# CORPORATE GOVERNANCE

## COMMUNICATIONS WITH SHAREHOLDERS

**Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**

The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company values dialogue sessions with the shareholders. The Company believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders will receive the annual report and the notice of AGM. At the AGM, shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the Directors including the Chairman of the Board and respective Chairman for each of the Board committees. The external auditors are also present to assist the Directors in addressing any relevant queries from the shareholders.

Material information is disclosed in a comprehensive, accurate and timely manner via SGX-NET. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGX-NET.

In view of its financial performances, the Company is not proposing the payment of dividends for the year.

## CONDUCT OF SHAREHOLDER MEETINGS

**Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.**

The Group supports and encourages active shareholder participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGX-NET and published in local newspapers, as well as posted on the Company's website.

The Company's Constitution allows all shareholders to appoint not more than two proxies to attend general meetings and vote on their behalf. The Company's Constitution also allows investors, who holds shares through nominees such as CPF and custodian banks, to attend and vote at the general meetings without being constrained by the two-proxy rule. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The company secretary, with the assistance of his representative, prepare minutes of shareholders' meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and the management. These minutes are available to shareholders upon request.

# CORPORATE GOVERNANCE

With effect from 2015 AGM, the Company has adopted electronic poll voting by shareholders for greater transparency in the voting process. The number of votes cast for or against each resolution will be displayed immediately after the voting of each resolution. After the meeting, the results will be posted on the SGX-NET website.

## (E) ADDITIONAL INFORMATION

### Dealings in Securities

In compliance with Rule 1204(19) of the Catalist Rules, the Company has issued a directive to all Directors and employees not to deal in the Company's securities one month before the announcement of half year and full year results and ending on the date of the announcement of the relevant results. Reminders are sent via email to remind all Directors and employees. The Company has conducted staff briefing to explain the Company's policy on this matter. In addition, the Directors and employees are advised not to deal in the Company's securities on short-term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods. The Board will be kept informed when a Director trades in the Company's securities. In view of the processes in place, in the opinion of the Directors, the Company has complied with Rule 1204(19) of the Catalist Rules on dealings in securities.

### Interested Person Transactions

The Group has not obtained a general mandate from shareholders for interested person transactions. The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are carried out on an arm's length basis. There were no interested person transactions above S\$100,000 entered into by the Group since the Company is listed.

### Use of IPO Proceeds

	Amount allocated as stated in the offer document S\$' million	Amount utilised as at 31 March 2018 S\$' million	Balance of net proceeds as at 31 March 2018 S\$' million
Expansion of our operations locally and in other markets and diversification into other luxury lifestyle business	6.00	4.56 <sup>(1)</sup>	1.44
General working capital	2.46	2.46 <sup>(2)</sup>	–
<b>Total</b>	<b>8.46</b>	<b>7.02</b>	<b>1.44</b>

#### Notes:

- (1) Amount utilised as at 31 March 2016 was S\$1.5 million. An amount of S\$2.5 million was utilised on 24 May 2016 for Ultimate Drive EuroSports Pte. Ltd.. An amount of S\$0.3 million was utilised on 23 February 2017 to fund the Shareholder Loan provided by Autoinc EuroSports Pte. Ltd. to Exquisite Marques Holding Pte. Ltd. for the Business Transfer. An amount of S\$0.26 million was utilised on 11 October 2017 to fund the subscription of new shares in Prosper Auto Pte. Ltd.
- (2) The amount of S\$2.46 million deployed for general working capital includes the purchase of inventories and operating expenses.

# CORPORATE GOVERNANCE

## **Material Contracts**

Save for the following contract previously disclosed in the Offer Document, there were no other material contracts entered into by the Company and its subsidiaries involving the interest of any Director or controlling shareholders subsisting as at 31 March 2018, or if not then subsisting, entered into in FY2018:

- Service agreements of Mr. Melvin Goh and Mr. Andy Goh

## **Non-sponsor fees**

In compliance with Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's sponsor, CIMB Bank Berhad, Singapore Branch, subsequent to the Company's listing on the Catalist to the date of this report.

# STATEMENT BY DIRECTORS

Year Ended 31 March 2018

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 March 2018.

## 1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

## 2. DIRECTORS

The directors of the company in office at the date of this statement are:

Goh Kim San  
Goh Kim Hup  
Ng Tiak Soon  
Tan Siok Sing  
Lim Kim Quee

# STATEMENT BY DIRECTORS

Year Ended 31 March 2018

## 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

Name of directors and companies in which interests are held	Direct interest		Deemed interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
	Number of shares of no par value			
<u>The company – EuroSports Global Limited</u>				
Goh Kim San	75,189,200	66,829,200	40,000,000	52,409,000
Goh Kim Hup	63,815,600	59,815,600	10,500,000	14,500,000

By virtue of section 7 of the Act, Mr Goh Kim San and Mr Goh Kim Hup are deemed to have an interest in the company and in all the related body corporates of the company.

The directors' interests as at 21 April 2018 were the same as those at the end of the reporting year.

## 4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

## 5. SHARE OPTIONS AND SHARE PLAN

### EuroSports Employee Share Option Scheme ("ESOS")

The ESOS was approved pursuant to a resolution passed by the shareholders on 29 November 2013.

The ESOS is administered by the Remuneration Committee whose members are:

Lim Kim Quee	(Chairman of the Remuneration Committee, Non-Executive Independent Director)
Tan Siok Sing	(Non-Executive Independent Director)
Ng Tiak Soon	(Non-Executive and Lead Independent Director)

# STATEMENT BY DIRECTORS

Year Ended 31 March 2018

## 5. SHARE OPTIONS AND SHARE PLAN (CONT'D)

### **EuroSports Employee Share Option Scheme ("ESOS") (Cont'd)**

Subject to the absolute discretion of the Remuneration Committee, options may be granted to the following groups of participants under the ESOS:

- Group employees; and
- Group Directors (including Group Executive Directors, Group Non-Executive Directors and Independent Directors)

Controlling shareholders are not eligible to participate in the ESOS. However, associates of a controlling shareholder who meet the eligibility criteria are eligible to participate in the ESOS provided that (a) the participation of; and (b) the terms of each grant and the actual number of options granted under the ESOS, to a participant who is an associate of a controlling shareholder shall be approved by our independent shareholders in separate resolutions for each such person.

Offers for the grant of options may be made at any time from time to time at the discretion of the Remuneration Committee, in accordance with the SGX-ST Catalist Listing Manual. Options which are fixed at the market price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the market price may only be exercised after the second anniversary from the day of grant of the option. The ESOS shall continue in operation for a maximum of 10 years commencing on the date on which the ESOS is adopted by the company in general meeting.

The exercise price for each option shall be determined by the Remuneration Committee at its absolute discretion, and fixed by the Remuneration Committee at:

- a price ("**Market Price**") equal to the average of the last dealt price for the shares on Catalist for five consecutive market days immediately preceding the relevant date of grant of the relevant Option; or
- a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Remuneration Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price.

### **EuroSports Performance Share Plan ("PSP")**

The group operates a Performance Share Plan which was approved pursuant to a resolution passed by the shareholders on 29 November 2013.

The PSP is administered by the Remuneration Committee. The participants of the PSP are similar to those of the ESOS.

# STATEMENT BY DIRECTORS

Year Ended 31 March 2018

## 5. SHARE OPTIONS AND SHARE PLAN (CONT'D)

### **EuroSports Performance Share Plan ("PSP") (Cont'd)**

The PSP shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period 10 years commencing on the date on which the PSP is adopted by the company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The total number of shares over which the Remuneration Committee may grant the options under the ESOS and the total number of shares which may be delivered pursuant to the vesting of awards under the PSP on any date, when added to the number of shares issued and issuable in respect of (i) all options granted under the ESOS; (ii) all awards granted under the PSP; and (iii) all outstanding options, shares or awards issued/issuable or granted under such other share-based incentive schemes or share plans of the company, shall not exceed 15% of the total number of issued shares (excluding treasury shares, as defined in the Act) of the company on the day immediately preceding the offer date of the option or from time to time.

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

During the reporting year, no shares were issued pursuant to the PSP.

## 6. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed their willingness to accept re-appointment.



# STATEMENT BY DIRECTORS

Year Ended 31 March 2018

## 7. AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Ng Tiak Soon	Chairman of the Audit Committee, Non-Executive and Lead Independent Director
Tan Siok Sing	Non-Executive Independent Director
Lim Kim Quee	Non-Executive Independent Director

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the company.

## 8. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 March 2018.

# STATEMENT BY DIRECTORS

Year Ended 31 March 2018

## 9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 25 May 2018, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

.....  
Goh Kim San  
Director

.....  
Goh Kim Hup  
Director

2 July 2018

# INDEPENDENT AUDITOR'S REPORT

Year Ended 31 March 2018

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying financial statements of EuroSports Global Limited (the “**company**”) and its subsidiaries (the “**group**”) which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and 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 Financial Reporting Standards in Singapore (FRSs) 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 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 consolidated financial statements of the current reporting year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Assessing the net realisable of inventory

Refer to Notes 2A and 2C to the financial statements for the relevant accounting policy and key estimates used in the valuation of inventories respectively, and Note 15 for the breakdown of inventory at the reporting year end.

# INDEPENDENT AUDITOR'S REPORT

Year Ended 31 March 2018

## Key audit matters (cont'd)

### Assessing the net realisable of inventory (cont'd)

Inventories amounted to \$27,592,000, representing 42% of the group's total assets as at 31 March 2018.

Management applied judgement in determining the appropriate allowance for inventories by taking into consideration various factors, including prevailing market conditions, future demand and anticipated selling prices.

We have considered the appropriateness of management's judgements applied in calculating the value of inventory allowance, taking into consideration historical information and industry benchmarks. We verified the mechanical accuracy of the allowance by reviewing the calculation criteria and recalculating them to verify that they are in line with the group policy. We have also reviewed the aging of the inventory items and compared selected inventory's carrying value to recent sales transactions.

We have also assessed the adequacy of the disclosures made in the financial statements.

### Impairment of cost of investments and net receivables due from subsidiaries

Refer to Notes 2A and 2C for the relevant accounting policy and the critical judgements, assumptions and estimation uncertainties used in impairment assessment of cost of investments in subsidiaries and net receivables due from subsidiaries at the reporting year end. Refer to Notes 13 and 16 for the investment in subsidiaries and amount due from subsidiaries respectively.

Total cost of investment in subsidiaries amounted to \$10,708,000 and amount due from subsidiaries amounted to \$6,276,000. As these balances are significant, they are a key focus area for our audit.

For the non-performing subsidiaries or if they have significant negative equity balances, the company will have exposure to loss on cost of investments and amount due from the subsidiaries. Any impairment losses on the investments in subsidiaries and the related receivables from these subsidiaries have to be recognised in the company's separate financial statements.

Management made a comparison of carrying values of the subsidiaries with the company's share of net assets or liabilities of the subsidiaries to identify indications of impairment loss on these investments and related receivables. A total exposure of \$4,132,000 was considered. This amount comprised \$3,419,000 impairment of cost of investment in subsidiaries and \$713,000 impairment of net receivables from subsidiaries. The total impairment loss allowance for the year was \$4,132,000.

We have reviewed and considered management's assessment on the net assets or liabilities of these subsidiaries. We have also assessed management's basis to determine potential impairment in both financial and non-financial assets of these subsidiaries. We also had discussions with management on the prospects and future plans of these subsidiaries.

We have also assessed the adequacy of the disclosures made in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

Year Ended 31 March 2018

## Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report, but does not include the financial statements and our auditor's 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.

## 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 FRSs, 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.

## Auditor's 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 auditor's 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.

# INDEPENDENT AUDITOR'S REPORT

Year Ended 31 March 2018

## Auditor's responsibilities for the audit of the financial statements (cont'd)

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

- a) 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 auditor's 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 auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- e) 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.
- f) 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.

# INDEPENDENT AUDITOR'S REPORT

Year Ended 31 March 2018

## **Auditor's responsibilities for the audit of the financial statements (cont'd)**

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 auditor's 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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Eu Chee Wei David.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

2 July 2018

Engagement partner – effective from year ended 31 March 2017

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

Year Ended 31 March 2018

	Notes	Group	
		2018 \$'000	2017 \$'000
<b>Revenue</b>	5	62,083	52,403
Cost of sales		(52,115)	(46,909)
<b>Gross profit</b>		9,968	5,494
Other income	6	9,444	8,605
Interest income		2	35
Other gains	7	74	68
Marketing and distribution expenses	8	(2,254)	(2,589)
Administrative expenses	8	(18,918)	(17,201)
Other losses	7	(1,385)	(672)
Finance costs	8	(898)	(1,556)
<b>Loss before tax</b>		(3,967)	(7,816)
Income tax expense	10	-	(103)
<b>Loss, net of tax, representing total comprehensive loss</b>		(3,967)	(7,919)
<b>Loss for the year, net of tax attributable to:</b>			
Owners of the parent		(3,905)	(7,968)
Non-controlling interests		(62)	49
		(3,967)	(7,919)
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the parent		(3,905)	(7,968)
Non-controlling interests		(62)	49
		(3,967)	(7,919)
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share:</b>			
Basic and diluted	11	(1.47)	(3.01)

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



# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

	Notes	Group		Company	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	11,811	27,733	-	-
Investment in subsidiaries	13	-	-	2,097	5,261
<b>Total non-current assets</b>		11,811	27,733	2,097	5,261
<b>Current assets</b>					
Assets held for sale	14	15,186	-	-	-
Inventories	15	27,592	36,039	-	-
Trade and other receivables	16	3,727	2,936	5,196	7,227
Other assets	17	2,497	1,443	65	42
Cash and cash equivalents	18	4,357	5,055	16	62
<b>Total current assets</b>		53,359	45,473	5,277	7,331
<b>Total assets</b>		65,170	73,206	7,374	12,592
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	19	18,469	18,469	18,469	18,469
Accumulated losses		(9,885)	(5,980)	(11,203)	(6,065)
<b>Equity attributable to owners of the parent</b>		8,584	12,489	7,266	12,404
Non-controlling interests		237	54	-	-
<b>Total equity</b>		8,821	12,543	7,266	12,404
<b>Non-current liabilities</b>					
Other financial liabilities	21	4,273	13,766	-	-
Other liabilities	22	3,433	6,610	-	-
<b>Total non-current liabilities</b>		7,706	20,376	-	-
<b>Current liabilities</b>					
Liabilities in relation to assets held for sale	14	8,620	-	-	-
Trade and other payables	20	8,478	4,784	108	188
Other financial liabilities	21	13,550	15,808	-	-
Other liabilities	22	17,995	19,695	-	-
<b>Total current liabilities</b>		48,643	40,287	108	188
<b>Total liabilities</b>		56,349	60,663	108	188
<b>Total equity and liabilities</b>		65,170	73,206	7,374	12,592

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

# STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 March 2018

	Total equity \$'000	Non- controlling interests \$'000	Attributable to parent \$'000	Share capital \$'000	(Accumulated losses) Retained earnings \$'000
<b>Group:</b>					
<b>Current year:</b>					
Opening balance at 1 April 2017	12,543	54	12,489	18,469	(5,980)
<b>Movements in equity:</b>					
Total comprehensive loss for the year	(3,967)	(62)	(3,905)	-	(3,905)
Capital contribution by non-controlling interests of subsidiaries	245	245	-	-	-
<b>Closing balance at 31 March 2018</b>	<b>8,821</b>	<b>237</b>	<b>8,584</b>	<b>18,469</b>	<b>(9,885)</b>
<b>Previous year:</b>					
Opening balance at 1 April 2016	20,462	5	20,457	18,469	1,988
<b>Movements in equity:</b>					
Total comprehensive loss for the year	(7,919)	49	(7,968)	-	(7,968)
<b>Closing balance at 31 March 2017</b>	<b>12,543</b>	<b>54</b>	<b>12,489</b>	<b>18,469</b>	<b>(5,980)</b>
<b>Company:</b>					
<b>Current year:</b>					
Opening balance at 1 April 2017			12,404	18,469	(6,065)
<b>Movements in equity:</b>					
Total comprehensive loss for the year			(5,138)	-	(5,138)
<b>Closing balance at 31 March 2018</b>			<b>7,266</b>	<b>18,469</b>	<b>(11,203)</b>
<b>Previous year:</b>					
Opening balance at 1 April 2016			17,853	18,469	(616)
<b>Movements in equity:</b>					
Total comprehensive loss for the year			(5,449)	-	(5,449)
<b>Closing balance at 31 March 2017</b>			<b>12,404</b>	<b>18,469</b>	<b>(6,065)</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 March 2018

	Group	
	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(3,967)	(7,816)
Adjustments for:		
Deferred income	(3,333)	(3,333)
Depreciation of property, plant and equipment	2,742	2,405
Amortisation of other assets	40	236
Gain on disposal of property, plant and equipment	(22)	(27)
Property, plant and equipment written off	-	144
Impairment loss on goodwill	-	385
Impairment loss on assets held for sale	1,301	-
Interest income	(2)	(35)
Interest expense	898	1,556
Operating cash flows before changes in working capital	(2,343)	(6,485)
Inventories	9,581	16,660
Trade and other receivables	(791)	295
Other assets	(1,094)	2,357
Other liabilities	(1,544)	2,926
Trade and other payables	3,694	100
Net cash flows from operations	7,503	15,853
Income taxes paid	-	(242)
<b>Net cash flows from operating activities</b>	<b>7,503</b>	<b>15,611</b>
<b>Cash flows from investing activities</b>		
Net cash used in acquisitions of subsidiaries	-	(803)
Purchase of property, plant and equipment (Notes 12 and 18B)	(2,807)	(469)
Disposal of property, plant and equipment	290	213
Interest received	2	35
<b>Net cash flows used in investing activities</b>	<b>(2,515)</b>	<b>(1,024)</b>
<b>Cash flows from financing activities</b>		
Increase of other financial liabilities	673	-
Decrease of other financial liabilities	(3,481)	(12,576)
Security deposits for bank facilities	(1,560)	-
Capital contribution by non-controlling interests of subsidiaries	245	-
Finance lease repayment	(2,225)	(2,055)
Interest paid	(898)	(1,556)
<b>Net cash flows used in financing activities</b>	<b>(7,246)</b>	<b>(16,187)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,258)</b>	<b>(1,600)</b>
Cash and cash equivalents, statement of cash flows, beginning balance	4,695	6,295
<b>Cash and cash equivalents, statement of cash flows, ending balance (Note 18A)</b>	<b>2,437</b>	<b>4,695</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 1. GENERAL

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as “**parent**”) and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are those of an investment holding company and the provision of management services. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The company is listed on Catalist which is a shares market on Singapore Exchange Securities Trading Limited.

The registered office and principal place of business is at 24 Leng Kee Road #01-03 Singapore 159096.

The group has reported loss for the year. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition the notes to the financial statements include the objectives, policies and processes for managing capital; financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. The group has considerable financial resources together with some good arrangements with a number of customers and suppliers. As a consequence, the management believes that the group is well placed to manage its business risks. After making enquiries, the management has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the management continues to adopt the going concern basis in preparing the financial statements.

### Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore (“**FRSs**”) and the related Interpretations to FRS (“**INT FRS**”) as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 1. GENERAL (CONT'D)

### **Basis of preparation of the financial statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the group's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

### **Basis of presentation**

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the group obtains control of the investee and cease when the group loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of comprehensive income is not presented.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 1. GENERAL (CONT'D)

### Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the group and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest is recognised using the effective interest method.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 2A. Significant accounting policies

#### Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The Group's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the group is contractually obliged or where there is constructive obligation based on past practice.

#### Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the group operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At the end of each reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

#### Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful life of each part of an item of these assets. The annual rates of depreciation are as follows:

Plant and equipment	–	10 to 33%
Motor vehicles	–	20%
Addition and alteration	–	20%
Construction in progress	–	Not depreciated
Leasehold property	–	Over the remaining term of lease of 40 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at the end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted. Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### Segment reporting

The group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

#### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group and the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the group controls another entity. In the company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisition during the reporting year.

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

#### Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### Inventories

Automobiles and watches held for sale are measured at the lower of cost (specific identification method) and net realisable value. Inventories other than automobiles and watches are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. 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 measured, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the group becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Financial assets (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year, there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.
4. Available-for-sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

#### Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the group becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: These liabilities are carried at amortised cost using the effective interest method.

#### Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The group's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Fair value measurement (cont'd)

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

### 2B. Other explanatory information

#### Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2B. Other explanatory information (cont'd)

#### Warranty provisions

A provision is made for the estimated cost of product warranties at the time revenue is recognised. The warranty provision is established based upon best estimates of the amounts necessary to settle future and existing claims on products sold as of the end of each reporting year. As new products incorporating complex technologies are continuously introduced, and as regulations and practices may change, changes in these estimates could result in additional allowances or changes to recorded allowances being required in future periods.

### 2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

#### Assessing the net realisable value of inventory

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note on inventories.

#### Impairment of cost of investments and net receivables due from subsidiaries

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is disclosed in Note 13 and Note 16.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

#### Useful life of property, plant and equipment

The estimates for the useful life and related depreciation charges for property, plant and equipment is based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful life are less than previously estimated life, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is \$11,811,000.

#### Impairment of property, plant and equipment

An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is \$11,811,000.

#### Allowance for doubtful trade and other receivables

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

#### Finance and operating leases

The group as lessor has certain automobiles that are under three to five years leases to lessees. Judgement is used in determining lease classification into operating leases or finance leases. The titles to the automobiles do not pass to the lessees at the end of the lease terms. The present value of the minimum lease payments is not greater than nor equal to substantially all of the fair value of the automobiles concerned. As substantially all the risks and rewards of the automobiles are with the group based on these qualitative factors the leases have been accounted as operating leases. The carrying amount of automobiles in property, plant and equipment subject to operating leases at the end of the reporting year was \$5,314,000 (2017: \$5,636,000). The operating lease income commitments are included in Note 25.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the group to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

Related companies in these financial statements include the members of the group.

The ultimate controlling parties are Mr Goh Kim San and Mr Goh Kim Hup.

### 3A. Related party transactions:

There are transactions and arrangements between the group and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and any financial guarantees if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group	
	2018 \$'000	2017 \$'000
Sale of watches to directors	-	22

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

### 3B. Key management compensation:

	Group	
	2018 \$'000	2017 \$'000
Salaries and other short-term employee benefits	1,360	1,653

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	Group	
	2018 \$'000	2017 \$'000
Remuneration of directors of the company	776	1,022
Remuneration of directors of subsidiaries	333	347
Fees to directors of the company	120	120
Other benefits	131	164

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company and group, directly or indirectly. The above amounts for key management compensation are for all the directors only.

### 3C. Other payables to related parties

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other payables to related party are as follows:

	Related party	
	2018 \$'000	2017 \$'000
<b>Group</b>		
<u>Other payables:</u>		
Balance at beginning of year	150	150
Amounts paid in and settlement of liabilities on behalf of the company	19	–
Balance at end of year (Note 20)	169	150

The related party is a director cum 40% shareholder of the subsidiary, AutoInc EuroSports Pte. Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

### 4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the group.

For management purposes the group is organised into the following major strategic operating segments that offer different products and services: (1) automobiles distribution, (2) watches business and (3) experiential business. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The principal segments and type of products and services are as follows:

- (1) Automobiles distribution business retails new luxury automobiles as well as pre-owned automobiles.
- (2) Watches business comprising trading and distribution of watches and related accessories.
- (3) Experiential business which engages in short-term rental of premium sports cars and membership fee based supercar club.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

### 4B. Profit or loss from continuing operations and reconciliation

	Group	
	2018 \$'000	2017 \$'000
<b>Revenue by segment</b>		
Automobiles distribution	60,043	50,304
Experiential business	1,192	1,248
Watches business	848	851
Total	62,083	52,403
<b>Segment result</b>		
Automobiles distribution	(2,917)	(5,999)
Experiential business	(631)	(991)
Watches business	(419)	(826)
Consolidated loss before tax	(3,967)	(7,816)
Income tax expense	–	(103)
Loss for the year	(3,967)	(7,919)

### 4C. Assets and reconciliation

	Group	
	2018 \$'000	2017 \$'000
<b>Segment assets</b>		
Automobiles distribution	58,608	65,362
Experiential business	3,380	4,677
Watches business	3,293	3,871
Elimination of inter-segment assets	(111)	(704)
Total	65,170	73,206

### 4D. Liabilities and reconciliation

	Group	
	2018 \$'000	2017 \$'000
<b>Segment liabilities</b>		
Automobiles distribution	53,636	57,343
Experiential business	4,093	4,697
Watches business	5,552	5,694
Elimination of inter-segment liabilities	(6,932)	(7,071)
Total	56,349	60,663

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

### 4E. Other material items and reconciliation

	Group	
	2018 \$'000	2017 \$'000
<b>Depreciation</b>		
Automobiles distribution	2,029	1,730
Experiential business	602	520
Watches business	111	155
Total	2,742	2,405
<b>Finance cost</b>		
Automobiles distribution	831	1,494
Experiential business	67	60
Watches business	–	2
Total	898	1,556

### 4F. Profit or loss from continuing operations and reconciliation

No geographical information is provided for revenue and non-current assets as the group's customers and the group's operations are located primarily in Singapore.

There are no customers with revenue transactions over 10% of the group's revenue.

## 5. REVENUE

	Group	
	2018 \$'000	2017 \$'000
Sales of automobiles	49,868	43,079
Experiential business	1,192	1,248
Sales of watches	848	851
Sales of parts and servicing	10,175	7,225
	62,083	52,403

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 6. OTHER INCOME

	Group	
	2018 \$'000	2017 \$'000
Commission income	1,956	2,140
Rental income	2,426	1,910
Deferred income earned (Note 22A)	3,333	3,333
Other income	1,729	1,222
	<b>9,444</b>	<b>8,605</b>

## 7. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2018 \$'000	2017 \$'000
Allowance for impairment on trade receivables (Note 16)	(67)	(141)
Bad trade debts written off	(17)	(2)
Foreign exchange adjustments gains	52	41
Gain on disposal of property, plant and equipment	22	27
Impairment loss on goodwill	–	(385)
Impairment loss on assets held for sale (Note 14)	(1,301)	–
Property, plant and equipment written off	–	(144)
Net	<b>(1,311)</b>	<b>(604)</b>
Presented in profit or loss as:		
Other gains	74	68
Other losses	(1,385)	(672)
Net	<b>(1,311)</b>	<b>(604)</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 8. MARKETING AND DISTRIBUTION EXPENSES, ADMINISTRATIVE EXPENSES AND FINANCE COSTS

The major components include the following:

	Group	
	2018 \$'000	2017 \$'000
<b>Marketing and distribution expenses</b>		
Advertising and promotions	1,253	1,497
Employee benefits expense (Note 9)	536	380
Entertainment	379	357
<b>Administrative expenses</b>		
Rental expense of premises (Note 24)	6,454	5,294
Depreciation expense (Note 12)	2,742	2,405
Employee benefits expense (Note 9)	5,991	5,899
<b>Finance costs</b>		
This is for interest expense.		

## 9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018 \$'000	2017 \$'000
Employee benefits expense	5,603	5,685
Contributions to defined contribution plan	651	596
Other benefits	533	521
Total employee benefits expense	6,787	6,802
Presented in profit or loss as:		
Cost of sales	260	523
Marketing and distribution expenses (Note 8)	536	380
Administrative expenses (Note 8)	5,991	5,899
	6,787	6,802



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 10. INCOME TAX

### 10A. Components of income tax recognised in profit or loss include:

	Group	
	2018 \$'000	2017 \$'000
Under adjustments to tax in respect of prior periods	–	103

The income tax in profit or loss varied from the income tax amount determined by applying the Singapore income tax rate of 17% (2017: 17%) to loss before income tax as a result of the following differences:

	Group	
	2018 \$'000	2017 \$'000
Loss before tax	(3,967)	(7,816)
Income tax income at the above rate	(674)	(1,329)
Income not subject to tax	(102)	(208)
Deferred tax not recognised	776	1,537
Under adjustments to tax in respect of prior periods	–	103
Total income tax expense	–	103

There are no income tax consequences of dividends to owners of the company.

The major (income) expense items not subject to tax include the following:

	Group	
	2018 \$'000	2017 \$'000
Depreciation on non-qualifying property, plant and equipment	2,357	2,135
Impairment loss on assets held for sale	1,301	–
Deferred income earned	(3,333)	(3,333)

### 10B. Deferred tax expense recognised in profit or loss includes:

	Group	
	2018 \$'000	2017 \$'000
Excess of tax values over net book value of plant and equipment	(627)	(50)
Tax loss carryforwards	(149)	(1,487)
Deferred tax not recognised	776	1,537
Total deferred tax expense recognised in profit or loss	–	–

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 10. INCOME TAX (CONT'D)

### 10C. Deferred tax balance in the statements of financial position:

	Group	
	2018 \$'000	2017 \$'000
<u>Deferred tax assets recognised in profit or loss:</u>		
Excess of book value of plant and equipment over tax values	100	(527)
Tax loss carryforwards	3,579	3,430
Deferred tax not recognised	(3,679)	(2,903)
Net	-	-

No deferred tax asset (on deductible temporary differences and unused tax losses) has been recognised in respect of the above balance.

The above deferred tax assets for the losses have not been recognised in the financial statements as there is no reasonable certainty of their realisation in the future periods. The realisation of the future income tax benefits from tax loss are available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

## 11. LOSS PER SHARE

Basic loss per share amount is calculated by dividing the loss attributable to ordinary equity holders of the company by the weighted average number of equity shares of no par value as follows:

	Group	
	2018 \$'000	2017 \$'000
Net loss attributable to ordinary equity holders of the company	(3,905)	(7,968)

	Group	
	2018 \$'000	2017 \$'000
Weighted average number of equity shares	265,000	265,000

The weighted average number of equity shares refers to shares in circulation during the reporting period. The basic loss per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. Diluted loss per share is similar to basic loss per share as there were no potential dilutive ordinary shares existing during the relevant period.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties \$'000	Construction in progress \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Addition and alteration \$'000	Total \$'000
<u>Cost:</u>						
At 1 April 2016	–	16,487	1,790	9,550	1,706	29,533
Additions	–	–	58	5,886	57	6,001
Arising from acquisition of subsidiaries (Note 23)	–	–	150	–	–	150
Write-offs	–	–	(144)	–	–	(144)
Disposals	–	–	(19)	(639)	–	(658)
Reclassification of properties	16,487	(16,487)	–	–	–	–
At 31 March 2017	16,487	–	1,835	14,797	1,763	34,882
Additions	–	–	232	844	2,499	3,575
Disposals	–	–	(2)	(371)	–	(373)
Transfer to held for sale (Note 14)	(16,487)	–	–	–	–	(16,487)
At 31 March 2018	–	–	2,065	15,270	4,262	21,597
<u>Accumulated depreciation:</u>						
At 1 April 2016	–	–	1,205	3,083	928	5,216
Depreciation for the year	–	–	270	1,843	292	2,405
Disposals	–	–	(1)	(471)	–	(472)
At 31 March 2017	–	–	1,474	4,455	1,220	7,149
Depreciation for the year	–	–	225	2,027	490	2,742
Disposals	–	–	(1)	(104)	–	(105)
At 31 March 2018	–	–	1,698	6,378	1,710	9,786
<u>Carrying value:</u>						
At 1 April 2016	–	16,487	585	6,467	778	24,317
At 31 March 2017	16,487	–	361	10,342	543	27,733
At 31 March 2018	–	–	367	8,892	2,552	11,811

### Notes:

- Depreciation expense is included under administrative expenses.
- Certain items are under finance lease agreements (see Note 21 C). The carrying amount of automobiles in plant and equipment pledged as security for the bank facilities was \$5,314,000 (2017: \$5,636,000).
- Leasehold properties includes the acquisition costs of 7 and 9 Chang Charn Road, Singapore 159638 of \$16,487,000 (2017: \$16,487,000). These properties been reclassified to assets held for sale (Note 14) following the decision by management to sell the properties.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 13. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 \$'000	2017 \$'000
Movements during the year. At cost:		
Balance at beginning of the year	5,261	7,953
Acquisitions	255	1,000
Allowance for impairment	(3,419)	(3,692)
Cost at the end of the year	2,097	5,261
Total cost comprising:		
Unquoted equity shares at cost	10,708	10,453
Allowance for impairment	(8,611)	(5,192)
	2,097	5,261
Net book value of subsidiaries	(8,868)	(2,649)
	2018 \$'000	2017 \$'000
Movements in above allowance:		
Balance at beginning of the year	5,192	1,500
Impairment loss charged to profit or loss	3,419	3,692
Balance at the end of the year	8,611	5,192

The decreasing performance of the subsidiaries were considered sufficient evidence to trigger an impairment assessment. An impairment loss of \$3,419,000 on the cost of investment of EuroSports Auto Pte Ltd was charged to profit or loss to the extent of the difference between the cost of investment and the net asset position.

The following subsidiaries are incorporated and operate in Singapore:

Name of subsidiaries	Principal activities	Cost of investment		Effective percentage of equity held by group	
		2018 \$'000	2017 \$'000	2018 %	2017 %
EuroSports Auto Pte Ltd	Distribution and retailing of imported automobiles, import of parts and accessories and repairs and servicing of automobile	1,842	5,261	100	100
EuroAutomobile Pte. Ltd.	Distribution and retailing of imported automobiles, import of parts and accessories and repairs and servicing of automobile	— <sup>(a)</sup>	— <sup>(a)</sup>	100	100
EuroSports Technologies Pte. Ltd. (formerly known as Spania GTA Asia Pacific Private Ltd.)	Developing innovative new technologies, services and solutions for e-vehicles	— <sup>(a)</sup>	— <sup>(a)</sup>	100	100
deLaCour Asia Pacific Pte. Ltd.	Trading and distribution of watches and related accessories	— <sup>(a)</sup>	— <sup>(a)</sup>	100	100

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Cost of investment		Effective percentage of equity held by group	
		2018 \$'000	2017 \$'000	2018 %	2017 %
Autolnc EuroSports Pte. Ltd.	Trading of pre-owned automobiles and provision of maintenance and grooming services for luxury automobiles	– <sup>(b)</sup>	– <sup>(b)</sup>	60	60
Ultimate Drive EuroSports Pte. Ltd.	Membership fee based supercar club and short-term rental of premium sports car	– <sup>(b)</sup>	– <sup>(b)</sup>	100	100
Prosper Auto Pte. Ltd. <sup>(d)</sup>	Distribution of automobiles, parts and accessories in Indonesia	255	–	51	–
<u>Held by Autolnc EuroSports Pte. Ltd.</u>					
Exquisite Marques Holding Pte. Ltd. <sup>(c)</sup>	One-stop shop automobile service and enhancement centre for premium and luxury car brands	– <sup>(a)</sup>	– <sup>(a)</sup>	60	60

### Notes:

- <sup>(a)</sup> The cost of investment is less than \$1,000.
- <sup>(b)</sup> The cost of investment has been fully impaired.
- <sup>(c)</sup> Although the group does not own more than half of the voting power of Exquisite Marques Holding Pte. Ltd., it is able to govern the financial and operating policies of the subsidiary by virtue of agreement with other shareholders of the subsidiary. The nature of this agreement results in the group having the power over Exquisite Marques Holding Pte. Ltd.'s variable returns. The transaction was completed on 28 February 2017. The effective beneficial interest of the group in Exquisite Marques Holding Pte. Ltd. is assessed to be 60%. Therefore, in accordance with the requirements of FRS 110, Exquisite Marques Holding Pte. Ltd. has been accounted for as a subsidiary of the group with its financial statements consolidated with those of the group.
- <sup>(d)</sup> On 19 June 2017, the group incorporated and subscribed for 51 ordinary shares for a cash consideration of \$51, representing 51% equity interest in a company, Prosper Auto Pte. Ltd. ("PA"). On 11 October 2017, PA increased its issued and paid-up share capital by way of an allotment and issuance of 500,000 new shares ("New Shares") to its existing shareholders. The company acquired 255,000 units of the New Shares for a cash consideration of \$255,000. The non-controlling interest acquired 245,000 units of the New Shares for a cash consideration of \$245,000. The total issued and paid up capital of Prosper Auto Pte. Ltd. is \$500,100 as of 31 March 2018.

All subsidiaries are audited by RSM Chio Lim LLP.

There are no subsidiaries that have non-controlling interests that are considered material to the group.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 14. ASSETS HELD FOR SALE

Leasehold properties are presented as assets held for sale following the decision of management to sell the properties before the reporting year end. On 11 May 2018, EuroSports Auto Pte Ltd has entered into an option to purchase to sell the properties (see Note 28).

The following table summarises the carrying value of the assets held for sale as at reporting date:

	<b>Group</b>
	<b>2018</b>
	<b>\$'000</b>
<b>Current Assets:</b>	
Leasehold properties at carrying amount (Note 12)	16,487
Impairment loss included in other losses in profit or loss (Note 7)	(1,301)
Net carrying amount of the assets held for sale	15,186
<b>Current Liability:</b>	
Bank loan (Note 21A)	8,620
Liability directly associated with the disposal of assets held for sale	8,620
Net assets directly associated with the disposal of assets held for sale	6,566

The group has recorded an impairment loss of \$1,301,000 after taking into account the estimated expense of \$1,314,000 which includes levy fee of \$1,000,000, property agent's commission fee of \$165,000, bank charges on early settlement of loan of \$135,000 and professional fee of \$14,000.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 15. INVENTORIES

	Group	
	2018 \$'000	2017 \$'000
Automobiles	22,286	30,477
Automobile parts and accessories	2,703	2,530
Watches	2,603	3,032
	27,592	36,039
Inventories are stated after allowance. Movements in allowance:		
Balance at beginning of the year	2,868	1,792
Charge to profit or loss included in cost of sales	666	2,144
Used	(1,507)	(1,068)
Balance at end of the year	2,027	2,868
Changes in inventories	(8,447)	(16,360)
The amount of inventories included in cost of sales	49,081	44,934
The write-downs of inventories charged to profit or loss included in cost of sales	666	2,144

Certain inventories are pledged as security for the bank facilities and finance leases (Note 21).

## 16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Trade receivables:</u>				
Outside parties	3,550	3,054	–	–
Less allowance for impairment	(454)	(435)	–	–
Net trade receivables – subtotal	3,096	2,619	–	–
<u>Other receivables:</u>				
Subsidiaries	–	–	6,276	7,594
Other receivables	631	317	–	–
Less allowance for impairment	–	–	(1,080)	(367)
Net other receivables – subtotal	631	317	5,196	7,227
Total trade and other receivables	3,727	2,936	5,196	7,227

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 16. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Movements in above allowance:</u>				
Balance at beginning of the year	435	294	367	–
Charge for trade receivables to profit or loss included in other losses (Note 7)	67	141	–	–
Charge for other receivables to profit or loss included in other losses	–	–	713	367
Bad trade debts written off	(48)	–	–	–
Balance at end of the year	454	435	1,080	367

## 17. OTHER ASSETS, CURRENT

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Current:</u>				
Deposits	2,448	1,270	10	–
Land premium (Note 17A)	–	40	–	–
Prepayments	49	133	55	42
Total	2,497	1,443	65	42

## 17A. LAND PREMIUM

	Group	
	2018 \$'000	2017 \$'000
At beginning and end of the year	1,719	1,719
<u>Accumulated amortisation:</u>		
At beginning of the year	1,679	1,443
Amortisation for the year included under administrative expenses	40	236
At the end of the year	1,719	1,679
<u>Balance to be amortised:</u>		
Not later than one year	–	40

The amount pertains to upfront land premium paid pursuant to the sale and leaseback of the properties (Note 22A). The land premium is amortised on the straight line method over the period up to 31 May 2017, the original expiry of the land lease.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not restricted in use	2,437	4,695	16	62
Security deposit for bank facilities	1,920	360	–	–
	4,357	5,055	16	62

### 18A. Cash and cash equivalents in the statement of cash flows:

	Group	
	2018 \$'000	2017 \$'000
Amount as shown above	4,357	5,055
Security deposits bank facilities	(1,920)	(360)
Cash and cash equivalents for statement of cash flows purposes at end of the year	2,437	4,695

The rates of interest for cash on interest earning balances is not significant.

The security deposits for bank facilities bear interest of 0.10% to 1.08% (2017: 0.10%) per annum for the group during the reporting year. As at 31 March 2018, the security deposits for bank facilities of \$1,920,000 (2017: \$360,000) of the group has been pledged to banks.

### 18B. Non-cash transactions:

There were acquisitions of plant and equipment and inventories with a total cost of \$768,000 (2017: \$5,532,000) and \$1,134,000 (2017: \$921,000) respectively acquired by means of finance leases.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 18C. A reconciliation of liabilities arising from financing activities:

	<b>Group Non-cash changes</b>					<b>2018 \$'000</b>
	<b>2017 \$'000</b>	<b>Cash flows \$'000</b>	<b>Acquisition <sup>(1)</sup> \$'000</b>	<b>Assets held for sale <sup>(2)</sup> \$'000</b>	<b>Other <sup>(2)</sup> \$'000</b>	
<u>Liabilities in relation to assets held for sale</u>						
- current	-	-	-	8,620	-	8,620
<u>Loans and borrowings</u>						
- current	14,251	(2,808)	-	-	324	11,767
- non-current	10,581	-	-	(8,620)	(324)	1,637
<u>Finance lease</u>						
- current	1,557	(2,225)	1,902	-	549	1,783
- non-current	3,185	-	-	-	(549)	2,636
	<u>29,574</u>	<u>(5,033)</u>	<u>1,902</u>	<u>-</u>	<u>-</u>	<u>26,443</u>

## Notes:

- (1) Acquisition of plant and equipment and inventories (Note 18B).  
 (2) Relates to reclassification of non-current portions to assets held for sale (Note 14).  
 (3) Relates to reclassification of non-current portions due to passage of time.

## 19. SHARE CAPITAL

	<b>Number of shares issued '000</b>	<b>Share Capital \$'000</b>
<u>Group and Company</u>		
<u>Ordinary shares of no par value:</u>		
Balance 1 April 2016, 31 March 2017 and 31 March 2018	<u>265,000</u>	<u>18,469</u>

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 19. SHARE CAPITAL (CONT'D)

### Capital management:

The objectives when managing capital are: to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	2018 \$'000	2017 \$'000
<b>Net debt:</b>		
All current and non-current borrowings including finance leases	26,443	29,574
Less cash and cash equivalents	(4,357)	(5,055)
Net debt	22,086	24,519
<b>Adjusted capital:</b>		
Total equity	8,821	12,543
Adjusted capital	8,821	12,543
Debt-to-adjusted capital ratio	2.50	1.95

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 19. SHARE CAPITAL (CONT'D)

### Capital management: (cont'd)

The unfavourable change as shown by the increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the unfavourable change in accumulated losses.

In order to maintain its Listing on the Catalist Board of the SGX-ST, the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year. The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

## 20. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	8,309	4,634	108	188
Trade payables – subtotal	8,309	4,634	108	188
<u>Other payables:</u>				
Related party (Note 3C)	169	150	–	–
Other payables – subtotal	169	150	–	–
Total trade and other payables	8,478	4,784	108	188

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 21. OTHER FINANCIAL LIABILITIES

	Group	
	2018 \$'000	2017 \$'000
<u>Non-current:</u>		
<u>Financial instruments with floating interest rates</u>		
Bank loans (secured) (Note 21A)	1,637	10,581
<u>Financial instruments with fixed interest rates</u>		
Finance leases (Note 21C)	2,636	3,185
Non-current, total	4,273	13,766
<u>Current:</u>		
<u>Financial instruments with floating interest rates</u>		
Bank loans (secured) (Note 21A)	3,673	4,518
Trust receipts and bills payables (secured) (Note 21B)	8,094	9,733
<u>Financial instruments with fixed interest rates</u>		
Finance leases (Note 21C)	1,783	1,557
Current, total	13,550	15,808
Total	17,823	29,574
The non-current portion is repayable as follows:		
Due within 2 to 5 years	4,273	8,090
After 5 years	–	5,676
Total non-current portion	4,273	13,766

The range of floating rate interest rates paid was as follows:

	Group	
	2018 %	2017 %
Bank loans	1.96 – 3.98	2.38 – 3.25
Trust receipts and bill payables	2.83 – 5.08	2.38 – 4.25

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 21. OTHER FINANCIAL LIABILITIES (CONT'D)

### 21A. Bank loans

The bank agreements for certain of the bank loans provide among other matters for the following:

- (a) A legal mortgage over the assets held for sale;
- (b) Corporate guarantee by the company; and
- (c) The bank loans comprise of:
  - (i) Loan repayable in 180 instalments of approximately \$76,000 from March 2013. This loan was subsequently classified as "Liabilities in relation to assets held for sale" (Note 14); and
  - (ii) Loan repayable in 36 instalments of approximately \$22,000 from November 2017.

### 21B. Trust receipts and bills payables

The credit facilities for trust receipts and bills payables provide among other matters for the following:

- (a) A fixed and floating charge over security deposits, inventories and accounts receivables; and
- (b) Corporate guarantee by the company.

The period of financing under trust receipts is 120 days inclusive of suppliers' credit. The interest is payable up to 2.25% per annum over Singapore Inter Bank Offer Rate (SIBOR) prevailing from time to time.

### 21C. Finance lease payables

Group	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2018:</u>			
Minimum lease payments payable:			
Due within one year	1,913	(130)	1,783
Due within 2 to 5 years	2,888	(252)	2,636
Total	4,801	(382)	4,419
Net book value of plant and equipment and inventories under finance leases			8,279

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 21. OTHER FINANCIAL LIABILITIES (CONT'D)

### 21C. Finance lease payables (cont'd)

Group	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2017:</u>			
Minimum lease payments payable:			
Due within one year	1,668	(111)	1,557
Due within 2 to 5 years	3,462	(277)	3,185
Total	5,130	(388)	4,742
Net book value of plant and equipment and inventories under finance leases			7,267

There are leases for certain of its plant and equipment and inventories under finance leases. The average lease term is 2 to 5 years. The average effective interest rate is about 3.95% to 4.00% (2017: 3.95% to 4.00%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets, corporate guarantee by the company and personal guarantees from the executive directors of the company.

## 22. OTHER LIABILITIES

	Group	
	2018 \$'000	2017 \$'000
<u>Non-current:</u>		
Deferred income (Note 22A)	3,200	6,533
Deferred income – others	233	77
Non-current, total	3,433	6,610
<u>Current:</u>		
Deferred income (Note 22A)	3,333	3,333
Deferred income – others	750	836
Warranty provision (Note 22B)	70	59
Deposits from customers	13,842	15,467
Current, total	17,995	19,695
Total	21,428	26,305

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 22. OTHER LIABILITIES (CONT'D)

### 22A. Deferred income

	Group	
	2018 \$'000	2017 \$'000
At beginning of the year	9,866	13,199
Credit to profit or loss included in other income (Note 6)	(3,333)	(3,333)
At end of the year	6,533	9,866
Presented in the statement of financial position as:		
Current	3,333	3,333
Non-current	3,200	6,533
	6,533	9,866

Pursuant to a conditional sale and purchase agreement dated 4 July 2012 between EuroSports Auto Pte Ltd and RBC Dexia Trust Services Singapore Limited (in its capacity as trustee of Cambridge Industrial Trust) (the "**Purchaser**"), EuroSports Auto Pte Ltd agreed to sell its leasehold interest in respect of 30 Teban Gardens Crescent Singapore 608927, comprising the land, building and all mechanical and electrical equipment installed therein, to the Purchaser for a consideration of \$41.0 million. On 17 March 2014, the sale of property was completed and EuroSports Auto Pte Ltd has leased the property from the Purchaser for six years commencing from 17 March 2014 at an average annual rent of \$3,589,000 over the lease term, with an option to renew the lease for a further term of six years. Knight Frank Pte Ltd, a firm of independent professional valuers, valued the property as at 4 July 2012 at \$21.0 million on the assumption that the 22 years lease extension from JTC has been or will be granted and the property is sold in the open market without the benefit of any leaseback agreement. The difference between the consideration of \$41.0 million and fair value of \$21.0 million is deferred and amortised over the leaseback period of six years or at an annual amount of \$3,333,000.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 22. OTHER LIABILITIES (CONT'D)

### 22B. Warranty provision

	Group	
	2018 \$'000	2017 \$'000
Balance at beginning of the year	59	53
Provision charged to profit or loss included in cost of sales	61	46
Used	(50)	(40)
Balance at end of the year	70	59

## 23. ACQUISITION OF SUBSIDIARIES

On 1 April 2016, a wholly-owned subsidiary, Ultimate Drive EuroSports Pte. Ltd. ("**UDE**") was incorporated. The principal activities of UDE are the rental and leasing of private automobiles with and without operator and trading of related merchandise.

On 24 May 2016, the group through UDE completed the acquisition of the business and assets of short-term rental of premium sportscars (for periods not exceeding two hours) with and without the provision of drivers from third party vendors. The amount paid by the group to the vendors was \$536,095 which comprised the consideration of \$503,218 and reimbursements for deposits and certain prepayments made by the vendors to the landlords in connection with certain leases of \$32,878.

The assets and liabilities acquired and goodwill arising from the completion of the acquisition are as follows:

	2017 \$'000
Plant and equipment	150
Advanced bookings cash value	(32)
	118

#### Goodwill arising on acquisition:

The goodwill arising on acquisition is as follows:

	2017 \$'000
Consideration transferred	503
Fair value of identifiable net assets acquired	(118)
Goodwill arising on acquisition	385

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 23. ACQUISITION OF SUBSIDIARIES (CONT'D)

The goodwill was tested for impairment at the end of the reporting year 2017. In view of the unfavourable market conditions and the challenging business environment, management projected a loss for financial year 2018 budget. Full impairment of the goodwill has been made and charged to statement of profit and loss in other charges in reporting year ended 2017 (see Note 7).

A subsidiary, AutoInc EuroSports Pte. Ltd. acquired a 49% equity interest in Exquisite Marques Holding Pte. Ltd. and related business for \$300,000. The group is entitled to 60% economic interest in Exquisite Marques Holding Pte. Ltd. (see Note 13).

The net assets acquired and the related fair values were as follows:

	<b>2017</b> <b>\$'000</b>
Inventories	300

Goodwill arising on acquisition:

The goodwill arising on acquisition is as follows:

	<b>2017</b> <b>\$'000</b>
Consideration transferred	300
Fair value of identifiable net assets acquired	(300)
Goodwill arising on acquisition	-

The contributions from the acquired subsidiaries for the period between date of acquisition and the statement of financial position date and had the transaction been affected at the beginning of the year were as follow:

	<b>Group</b>	
	<b>From date of acquisition in 2017 \$'000</b>	<b>For the reporting year 2017 \$'000</b>
Revenue	1,425	1,658
Loss before tax	(957)	(1,018)

There was no acquisition of subsidiary during the reporting year ended 31 March 2018.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 24. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2018 \$'000	2017 \$'000
Not later than one year	6,736	4,536
Later than one year and not later than five years	7,771	7,669
Rental expense for the year	6,454	5,294

Operating lease payments are for rentals payable for warehouses, office and showroom premises. The lease rental terms are negotiated for an average term of six years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

## 25. OPERATING LEASE INCOME COMMITMENTS - AS LESSOR

At the end of the reporting year the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2018 \$'000	2017 \$'000
Not later than one year	1,750	1,657
Later than one year and not later than five years	1,770	2,030
Rental income for the year	2,426	1,910

Operating lease income commitments are for office premises and leasing of automobiles. The lease rental income terms are negotiated for an average term of between three to five years.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

### 26A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	4,357	5,055	16	62
Loans and receivables	3,727	2,936	5,196	7,227
At end of the year	8,084	7,991	5,212	7,289
<u>Financial liabilities:</u>				
Liabilities in relation to assets held for sale at amortised cost	8,620	–	–	–
Other financial liabilities at amortised cost	17,823	29,574	–	–
Trade and other payables at amortised cost	8,478	4,784	108	188
At end of the year	34,921	34,358	108	188

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

### 26B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the group's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following good market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

### 26C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 26D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the group could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables, an on-going credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers.

Note 18 discloses the maturity of the cash and cash equivalents balances.

The group generally does not grant credit terms except for distributors of watches where an average credit term of 30 days is granted. However, the group may grant credit terms to customers on a case by case basis, depending on the contract value, relationship with the customer and payment track record of the customer. But some customers take a longer period to settle the amounts.

- (a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Trade receivables:</b>		
Less than 30 days	497	54
31 to 60 days	145	975
61 to 90 days	90	38
Over 90 days	378	710
Total	1,110	1,777

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 26D. Credit risk on financial assets (cont'd)

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group	
	2018 \$'000	2017 \$'000
<b>Trade receivables:</b>		
Over 365 days	454	435
Total	454	435

Other receivables are normally with no fixed terms and therefore there is no maturity. Trade receivable amounts that are over 365 days have been fully provided as at 31 March 2018 and 31 March 2017.

### 26E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year \$'000	2 – 5 years \$'000	After 5 years \$'000	Total \$'000
<u>2018:</u>				
Non-derivative financial liabilities:				
Trade and other payables	8,478	–	–	8,478
Liabilities in relation to assets held for sale	8,620	–	–	8,620
Gross borrowing commitments	13,801	4,555	–	18,356
At end of the year	30,899	4,555	–	35,454
<u>2017:</u>				
Non-derivative financial liabilities:				
Trade and other payables	4,784	–	–	4,784
Gross borrowing commitments	16,367	8,504	5,835	30,706
At end of the year	21,151	8,504	5,835	35,490

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 26E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Company	Less than 1 year \$'000	2 – 5 years \$'000	After 5 years \$'000	Total \$'000
<u>2018:</u>				
Non-derivative financial liabilities:				
Trade and other payables	108	–	–	108
At end of the year	108	–	–	108
<u>2017:</u>				
Non-derivative financial liabilities:				
Trade and other payables	188	–	–	188
At end of the year	188	–	–	188

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of the reporting year no claims on the financial guarantees are expected.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. Purchases of new automobiles are generally conducted on a cash on delivery basis and for purchase of new demo automobiles, a credit period of 90 days may be granted. The average credit period taken to settle purchases of automobile parts and accessories and other trade payables is about 30 days (2017: 30 days). The other payables are with short-term durations. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Financial guarantee contracts - For financial guarantee contracts the maximum earliest period in which the guarantee amount can be claimed by the other party is used. At the end of the reporting year no claims on the financial guarantees are expected to be payable. The financial guarantee contracts relates to the corporate guarantees given by the company on the banking facilities of certain subsidiaries (Note 21).

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 26E. Liquidity risk – financial liabilities maturity analysis (cont'd)

#### Bank facilities:

	Group	
	2018 \$'000	2017 \$'000
Undrawn borrowing facilities	15,538	23,065

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations.

### 26F. Interest rate risk

The interest rate risk exposure is mainly from changes in floating interest rates and it mainly concerns financial liabilities. The interest income from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments (excluding derivatives) by type of interest rate:

	Group	
	2018 \$'000	2017 \$'000
<u>Financial liabilities with interest:</u>		
Fixed rates	4,419	4,742
Floating rates	22,024	24,832
Total at end of the year	26,443	29,574
<u>Financial assets with interest:</u>		
Fixed rates	4,357	4,836

The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on pre-tax profit loss is not significant.



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

### 26G. Foreign currency risks

Analysis of amounts denominated in non-functional currencies:

Group	GBP \$'000	Euro \$'000	Total \$'000
<b>2018:</b>			
<u>Financial assets:</u>			
Cash and bank balances	13	11	24
Trade and other receivables	–	85	85
Total financial assets	13	96	109
<u>Financial liabilities:</u>			
Trade and other payables	–	(402)	(402)
Total financial liabilities	–	(402)	(402)
Net financial assets (liabilities) at end of the year	13	(306)	(293)
<b>2017:</b>			
<u>Financial assets:</u>			
Cash and bank balances	2	12	14
Trade and other receivables	871	374	1,245
Total financial assets	873	386	1,259
<u>Financial liabilities:</u>			
Trade and other payables	–	(650)	(650)
Total financial liabilities	–	(650)	(650)
Net financial assets (liabilities) at end of the year	873	(264)	609

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis: The effect on post-tax profit is not significant.

## 27. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	Company	
	2018 \$'000	2017 \$'000
Banker's guarantee in favour of suppliers of subsidiaries	30,679	33,795

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 28. EVENTS AFTER THE END OF THE REPORTING YEAR

On 11 May 2018, EuroSports Auto Pte Ltd has entered into an option to purchase for leasehold properties held for sale (see Note 14). The properties will be sold for a cash consideration of \$16,500,000. The sale is expected to be completed by 2019.

## 29. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("**INT FRS**") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendment to FRS 7: Disclosure initiative

## 30. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ADOPTION OF NEW STANDARDS

Singapore incorporated companies listed on the Singapore Exchange Securities Trading Limited are required to apply a new financial reporting framework identical to the International Financial Reporting Standards for the reporting year ending 31 December 2018 onwards.

The Group expects that the adoption of the new financial reporting framework will have no material impact on the financial statements in the period of initial application.

In addition to the adoption of the new financial reporting framework, the Group will apply the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") with effect from annual periods beginning on or after 1 January 2018.

For the future reporting periods, new and revised SFRS(I) and the related Interpretations to SFRS(I) ("**SFRS(I) INT**") applicable to the Group were issued by the Singapore Accounting Standards Council as below and these will only be effective for future reporting periods.

# NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

## 30. FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND ADOPTION OF NEW STANDARDS (CONT'D)

FRS No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 January 2018
SFRS(I) 2	Amendments to SFRS(I) 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
SFRS(I) 9	Financial Instruments Illustrative Examples Implementation Guidance Amendments to Guidance on Other Standards	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers Illustrative Examples	1 January 2018
SFRS(I) 15	Amendments to SFRS(I) 15: Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases Illustrative Examples Amendments to Guidance on Other Standards	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments Illustrative Examples	1 January 2019

Except for SFRS(I) 16 Leases, the Group expects that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes on adoption of SFRS(I) 16 are described below.

### SFRS(I) 16 Leases

SFRS(I) 16 will result in almost all leases being recognised on the statement of financial position as the distinction between operating and finance leases is removed. Under SFRS(I) 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly. The Group is assessing the potential impact of adopting this new standard on the financial statements in the period of initial application. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the financial statements until the detailed assessment is completed.

## STATISTICS OF SHAREHOLDINGS

As at 26 June 2018

NUMBER OF ISSUED SHARES (EXCLUDING OF TREASURY SHARES)	:	265,000,000
NUMBER / PERCENTAGE OF TREASURY SHARES	:	NIL
NUMBER / PERCENTAGE OF SUBSIDIARY HOLDINGS HELD	:	NIL
CLASS OF SHARES	:	ORDINARY SHARES WITH EQUAL VOTING RIGHTS

### DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% Shareholders	No. of Shares	% Shareholdings
1 - 99	0	0.00	0	0.00
100 - 1,000	41	11.17	33,800	0.01
1,001 - 10,000	162	44.14	803,800	0.31
10,001 - 1,000,000	150	40.87	15,451,600	5.83
1,000,001 and above	14	3.82	248,710,800	93.85
<b>Total</b>	<b>367</b>	<b>100.00</b>	<b>265,000,000</b>	<b>100.00</b>

### TWENTY-TWO LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	81,249,900	30.66
2	GOH KIM SAN	66,829,200	25.22
3	GOH KIM HUP	59,815,600	22.57
4	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	15,635,000	5.90
5	RAFFLES NOMINEES (PTE) LTD	6,921,000	2.61
6	YAP BOH SIM	3,600,000	1.36
7	ONG SIEW GIM	3,380,000	1.28
8	LEO CHUN KONG	2,423,800	0.91
9	UOB KAY HIAN PTE LTD	2,143,000	0.81
10	FONG CHEE YAN	1,651,600	0.62
11	PENG YANAN	1,527,000	0.58
12	OCBC SECURITIES PRIVATE LTD	1,213,700	0.46
13	BEN CHNG BENG BENG	1,200,000	0.45
14	VSTL INVESTMENT LTD	1,121,000	0.42
15	YAP MEE LEE	700,000	0.26
16	ONG TECK BENG	696,000	0.26
17	KAN CHEE GIN	680,200	0.26
18	MAYBANK KIM ENG SECURITIES PTE LTD	678,000	0.26
19	TAN KAR ENG JOEL	605,000	0.23
20	NG KIM SWEE	500,000	0.19
21	PETER TEO @ZHANG QINGYING	500,000	0.19
22	YAN KAM MING	500,000	0.19
<b>Total</b>		<b>253,570,000</b>	<b>95.69</b>

# STATISTICS OF SHAREHOLDINGS

As at 26 June 2018

## SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct Interest	%	Deemed Interest	%
1	GOH KIM SAN <sup>(1)</sup>	66,829,200	25.22	52,409,000	19.78
2	GOH KIM HUP <sup>(2)</sup>	59,815,600	22.57	14,500,000	5.47

### Notes:

- <sup>(1)</sup> Mr Goh Kim San is deemed to be interested in the following shares by virtue of Section 7 of the Companies Act, Cap. 50: -
- (a) 40,000,000 shares are held in a nominee account held by Citibank Nominees Singapore Pte Ltd.
  - (b) 299,000 shares are held by Elite Steed Limited in a nominee account held by Citibank Nominees Singapore Pte Ltd.
  - (c) 12,110,000 shares are held in a nominee account held by CGS-CIMB Securities (Singapore) Pte Ltd
- <sup>(2)</sup> Mr Goh Kim Hup is deemed to be interested in 14,500,000 shares held in a nominee account held by Citibank Nominees Singapore Pte Ltd. by virtue of Section 7 of the Companies Act, Cap. 50.

## PUBLIC FLOAT

Based on information available to the Company as at 26 June 2018, approximately 26.96% of the Company's issued ordinary shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Catalist Rule.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of EuroSports Global Limited (the “**Company**”) will be held at Arundel & Dover Room, Goodwood Park Hotel Singapore, 22 Scotts Road, Singapore 228221 on Friday, 27 July 2018 at 2.00 p.m. for the following purposes:

## AS ROUTINE BUSINESS:

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2018 and the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Mr Goh Kim Hup, being a Director retiring by rotation pursuant to Article 113 of the Constitution of the Company. [See Explanatory Note (i)] **(Resolution 2)**
3. To re-elect Mr Ng Tiak Soon, being a Director retiring by rotation pursuant to Article 113 of the Constitution of the Company. [See Explanatory Note (ii)] **(Resolution 3)**
4. To approve the payment of Directors’ fees of S\$120,000 for the financial year ending 31 March 2019, to be paid quarterly in arrears. **(Resolution 4)**
5. To re-appoint Messrs RSM Chio Lim LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
6. To transact any other routine business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS:

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

### 7. SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act, Cap. 50 (the “**Companies Act**”) and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Rules of Catalist**”) and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company (the “**Directors**”) to:

- a. (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares (collectively, “**Instruments**”),

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

# NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company shall be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:
- (1) new shares arising from the conversion or exercise of any convertible securities;
  - (2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and
  - (3) any subsequent bonus issue, consolidation or subdivision of shares;
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)]

**(Resolution 6)**

# NOTICE OF ANNUAL GENERAL MEETING

## 8. PROPOSED RENEWAL OF SHARE PURCHASE MANDATE

That:-

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) on-market purchase(s) on the SGX-ST; and/or
- (ii) off-market purchase(s) effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Rules of Catalist,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by shareholders in general meeting;



# NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

**“Maximum Percentage”** means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

**“Maximum Price”** in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an off-market purchase of a Share, 120% of the Average Closing Price of the Shares;

**“Average Closing Price”** means the average of the closing market prices of a Share over the last five (5) market days on which the Shares are transacted on the Catalist immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the Rules of Catalist, for any corporation action that occurs after the relevant five-day period; and

**“date of the making of the offer”** means the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating therein the relevant terms of the equal access scheme for effecting the off-market purchase;

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iv)]

**(Resolution 7)**

## 9. EUROSPTS PERFORMANCE SHARE PLAN

That the Directors of the Company be and are hereby authorised to offer and grant awards in accordance with the provisions of the EuroSports Performance Share Plan (the **“Performance Share Plan”**) and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan, provided that the aggregate number of shares to be issued pursuant to the Performance Share Plan and any other share-based incentive schemes of the Company shall not exceed fifteen per cent (15%) of the total number of shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company from time to time.

[See Explanatory Note (v)]

**(Resolution 8)**

# NOTICE OF ANNUAL GENERAL MEETING

## 10. EUROSPORTS EMPLOYEE SHARE OPTION SCHEME

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the EuroSports Employee Share Option Scheme (the “**Scheme**”) and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme and any other share-based incentive schemes of the Company shall not exceed fifteen per cent (15%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury shares of the Company from time to time.

[See Explanatory Note (vi)]

**(Resolution 9)**

By Order of the Board

Loh Lee Eng  
Joint Company Secretary  
Singapore  
11 July 2018

### Notes:

1. Save as provided in the Constitution, a member (other than a Relevant Intermediary\*) entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
3. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
4. The instrument appointing a proxy or proxies, duly executed must be deposited at the Registered Office of the Company at 24 Leng Kee Road, #01-03, Singapore 159096 not less than 48 hours before the time appointed for holding the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney duly authorised.

# NOTICE OF ANNUAL GENERAL MEETING

\* 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.

## EXPLANATORY NOTES:

- (i) Mr Goh Kim Hup, upon re-election as a Director of the Company, will remain as an Executive Director and the Deputy Chief Executive Officer of the Company.
- (ii) Mr Ng Tiak Soon, upon re-election as a Director of the Company, will remain as the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee of the Company. Mr Ng will be considered independent for the purposes of rule 704(7) of the Rules of Catalyst. Mr Ng is the Lead Independent Director.

**Resolution 6** proposed in item 7. above, if passed, is to empower the Directors to allot and issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 6 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed one hundred per cent (100%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalyst) and treasury shares of the Company, with a sub-limit of fifty per cent (50%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalyst) and treasury shares of the Company will be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalyst) and treasury shares of the Company at the time of the passing of Resolution 6, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 6, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalyst; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

- (iv) **Resolution 7** proposed in item 8. above, if passed, is to empower the Directors from the date of the above Meeting until the next Annual General Meeting to purchase or otherwise acquire issued ordinary Shares by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued Shares (excluding subsidiary holdings (as defined in the Rules of Catalyst) and treasury shares) at the Maximum Price in accordance with the terms and conditions set out in Appendix dated 11 July 2018 to this Notice of Annual General Meeting, the Companies Act and the Rules of Catalyst. Please refer to Appendix dated 11 July 2018 circulated together with the Company's Annual Report for details.

**Resolution 8** proposed in item 9. above, if passed, is to authorise the Directors to offer and grant awards in accordance with the provisions of the Performance Share Plan and to allot and issue shares thereunder.

## NOTICE OF ANNUAL GENERAL MEETING

- (vi) **Resolution 9** proposed in item 10. above, if passed, is to authorise the Directors to offer and grant options in accordance with the provisions of the Scheme and pursuant to Section 161 of the Companies Act, to allot and issue shares under the Scheme. The size of the Scheme is limited to fifteen per cent (15%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalyst) and treasury shares of the Company for the time being.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) 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.

This Notice of Annual General Meeting ("**Notice**") has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Notice.

This Notice has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Notice including the correctness of any of the statements or opinions made or reports contained in this Notice.

The contact person for the Sponsor is Mr Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01, Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.

# PROXY FORM

(Please see notes overleaf before completing this Form)

## EUROSPORTS GLOBAL LIMITED

(Incorporated in Singapore)  
(Registration No. 201230284Z)

### IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Scheme") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRA Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
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.

I/We, \_\_\_\_\_ NRIC/Passport/Company Registration No. \_\_\_\_\_  
of \_\_\_\_\_

being a member/members of EuroSports Global Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or failing him/her (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company ("Meeting") to be held at Arundel & Dover Room, Goodwood Park Hotel Singapore, 22 Scotts Road, Singapore 228221 on Friday, 27 July 2018 at 2.00 p.m. and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of Meeting in accordance with my/our directions as indicated with an "x" in the appropriate space below. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, on any matter at the Meeting or at any adjournment thereof.

No.	Resolutions relating to:	For	Against
	<b>ROUTINE BUSINESS</b>		
1	Adoption of the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2018 and the Auditors' Report thereon ( <b>Resolution 1</b> )		
2	Re-election of Mr Goh Kim Hup as a Director ( <b>Resolution 2</b> )		
3	Re-election of Mr Ng Tiak Soon as a Director ( <b>Resolution 3</b> )		
4	Approval of Directors' fees amounting to S\$120,000 for the financial year ending 31 March 2019, to be paid quarterly in arrears ( <b>Resolution 4</b> )		
5	Re-appointment of Messrs RSM Chio Lim LLP as Auditors ( <b>Resolution 5</b> )		
6	Any other business		
	<b>SPECIAL BUSINESS</b>		
7	Authority for Directors to allot and issue new shares ( <b>Resolution 6</b> )		
8	Approval of the renewal of the Share Purchase Mandate ( <b>Resolution 7</b> )		
9	Authority for Directors to offer and grant awards and to allot and issue shares in accordance with the provisions of the EuroSports Performance Share Plan ( <b>Resolution 8</b> )		
10	Authority for Directors to offer and grant options and to allot and issue shares in accordance with the provisions of the EuroSports Employee Share Option Scheme ( <b>Resolution 9</b> )		

\* Please indicate your vote "For" or "Against" with a tick (x) within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Total Number of Shares held in:	
CDP Register	
Register of Members	

\_\_\_\_\_  
Signature(s) of member(s)  
or Common Seal of Corporate Shareholder  
**IMPORTANT: PLEASE READ NOTES OVERLEAF.**



**Notes:**

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 of the Company, 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
  2. A member of the Company (other than a Relevant Intermediary\*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
  3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 24 Leng Kee Road, #01-03, Singapore 159096 not less than 48 hours before the time set for holding the Meeting.
  4. Where a member (other than a Relevant Intermediary\*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
  5. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
  6. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
  7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
  9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
- \* 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.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 July 2018.





**EUROSPORTS GLOBAL LIMITED**

24 Leng Kee Road, #01-03  
Singapore 159096

**[www.eurosportsglobal.com](http://www.eurosportsglobal.com)**

**EUROSPORTS**  
**G L O B A L**

(Incorporated in the Republic of Singapore on 12 December 2012)  
(Company Registration No.: 201230284Z)