



Jubilee Industries Holdings Ltd.
千禧业科技公司



Forging Ahead

Annual Report
2018

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd., (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

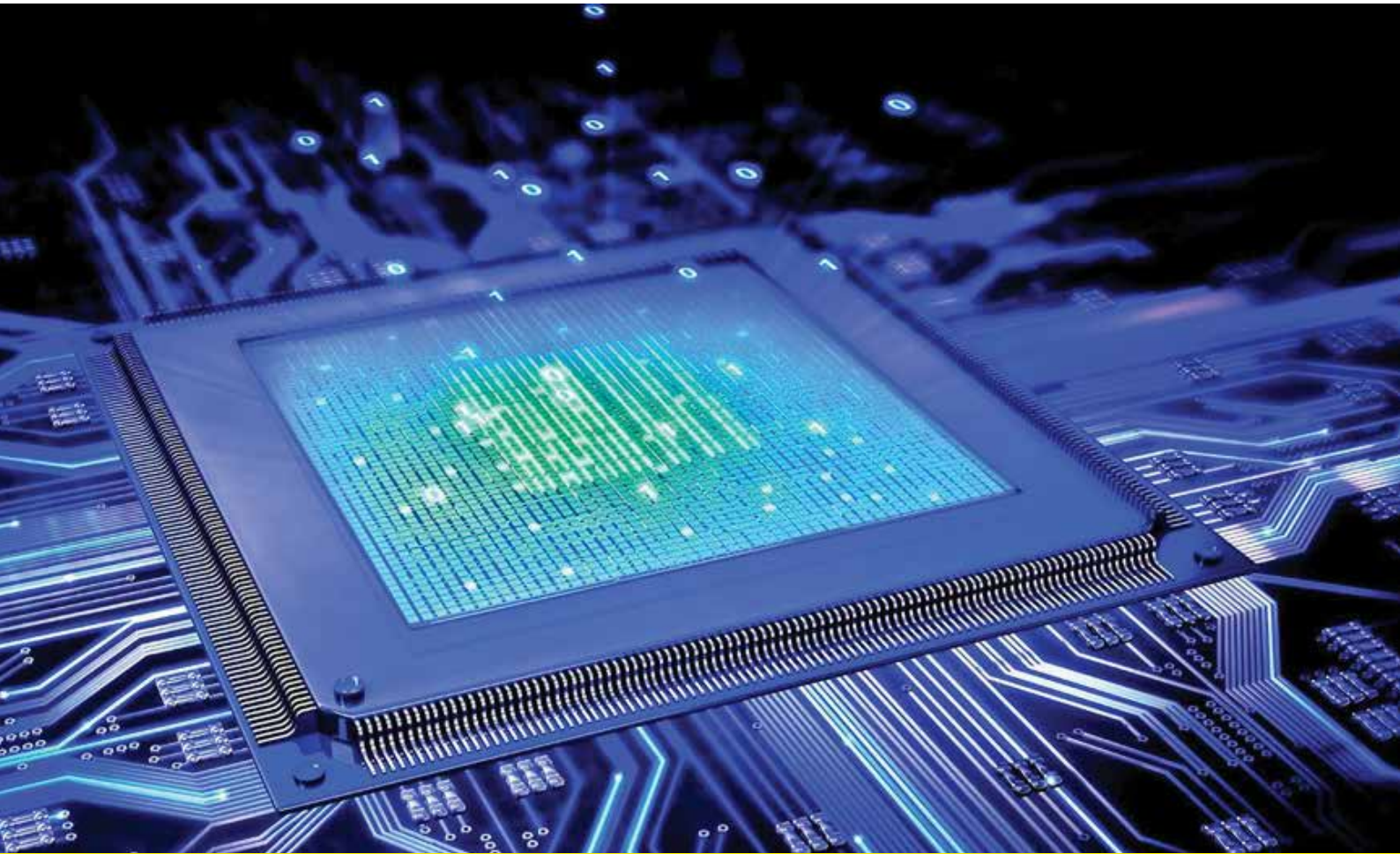
This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Shervyn Essex, Registered Professional, RHT Capital Pte. Ltd.

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Moulding a Sustainable Future

WE ARE A FULL-FLEDGED ONE-STOP PROVIDER OF ELECTRONIC COMPONENTS, PLASTIC INJECTION MOULDS AND MOULDING SOLUTIONS WITH FOCUS ON OUR CORE COMPETENCIES IN MEETING OUR CUSTOMERS' STRINGENT REQUIREMENTS FOR PRECISION AND INNOVATIVE PRODUCTS.

CORPORATE PROFILE



Established in 1993 and listed on SGX-Catalist since 10 July 2009, Jubilee Industries Holdings Ltd. ("Jubilee" or the "Company", and together with its subsidiary corporations, the "Group") is a one-stop service provider of electronic components ("EBU Segment"), mould design and fabrication ("MDF") and precision plastic injection moulding ("PPIM") (collectively, "MBU Segment"). The Group is also a manufacturer's representative for electronic products based in Singapore covering Southeast Asia. The Group provides system integration, business consultancy for turnkey electronics solutions for the Asia Pacific Rim, including value-added services for global customers in consumer electronics, computer peripherals, automotive and household appliances.

Jubilee's two main business segments are:

1. Mechanical Business Unit (MBU) – PPIM and MDF services; and
2. Electronics Business Unit (EBU) – Integrated electronic components distribution services and modular design fabrication.

Armed with our vertically-integrated capabilities and cost-efficient manufacturing locations, we provide high-quality products, driven by our core values in precision, innovation and aesthetics, to our global customers.

Headquartered in Singapore, Jubilee's production facilities span across Malaysia with plans for new facilities in Batam, Indonesia. Jubilee's products are sold to customers in the United States, the People's Republic of China, Singapore, India, Indonesia, Malaysia, Vietnam and various European countries.

MBU: MOULD DESIGN AND FABRICATION BUSINESS

We produce plastic injection moulds for consumer electronics, household appliances, automotive and computer peripherals. MDF or "tooling" involves the design and fabrication of the precision plastic

injection mould, a steel tool made up of many operating parts ("tooling inserts") assembled together, and subsequently used in PPIM or sold directly to customers. We believe that a good tool forms the heart of a good product. At Jubilee, we take pride in building a good tool from the design stage to the mould assembly. That is why we use only state-of-the-art steel cutting machines, such as the Sodick 3-axis machine. We believe that strong hardware and excellent skill sets are critical in every step to make a tool that we can be proud of.

In addition, we have the capability to fabricate precision moulds with high aesthetic value, and are one of the leaders in surface polishing. Among our key strengths is our ability to build double-colour tools, a technology we have perfected over the years. We also build complex engineering tools for some of the most stringent customers in the medical and automotive industry.

We have a dedicated team of professional program managers and designers who will study our customers' needs and part requirements, and go through a thorough design for manufacturing process before proceeding with tool fabrication.

CORPORATE PROFILE

While we possess the necessary skills and attributes to excel in the MDF segment, there is plenty of room for improvement and growth. In 2018, we have initiated new plans and strategies to take MDF to greater heights. The MDF is a niche and skill-focused segment hence substantial resources will be invested to ensure we continue to excel.

MBU: PRECISION PLASTIC INJECTION MOULDING BUSINESS

We offer a variety of PPIM services including single-shot, double-shot, vertical, insert and gas-assisted moulding. The different mouldings allow different types of precision plastic components to be produced, allowing us to produce a wide range of components for parts of our customers' finished products including mobile phones and computer peripherals.

Striving to meet our customers' high expectations has led to improvements in our manufacturing standards. Our engineers and operators are committed towards maintaining the quality of our products, ensuring that every part delivered represents our Company's signature of good quality. From injection moulding machines to quality inspection equipment, we use only the best in the market to ensure that every product piece is consistent. Through many years of cooperation, our customers have recognised Jubilee as their trusted manufacturing partner in providing quality services and reliable deliveries.

We have a wide range of machines ranging from 40 to 2,100 tonnes, ensuring that we have the right equipment to suit our customers' needs. Apart from mainstream plastic injection moulding machines, we also offer other specialty machines such as double-shot injection and vertical machines.

We offer a variety of value-added services for plastic decorative purposes such as laser etching, ultrasonic welding, heat staking, printing, polishing and sub-assembly services. These secondary processes encompass most products' engineering requirements - delivering a one-stop, vertically-integrated solution to our customers.

EBU: ELECTRONIC COMPONENTS DISTRIBUTION

Our electronic components distribution business is held under our wholly-owned subsidiary WE Components Pte. Ltd. ("WE Components"). WE Components is engaged in the distribution of electromechanical components and connectors to electronic manufacturers, including original equipment manufacturers and electronics manufacturing services providers. WE Components has a sales network of 10 regional

offices serving more than 500 customers with various programs including vendor-managed inventory, third-party logistics hubs and back-to-back deliveries.

On top of that, WE Components also provides value-added services in modular design fabrication and vendor-managed inventory ("VMI").

We represent internationally renowned principals with an extensive array of active, passive and electromechanical products. These include memory devices, radio frequency modules, power management integrated circuits, microcontrollers, transistors, MOSFETs, capacitors, inductors, resistors, crystal oscillators and connectors. In addition, we provide high-end industrial power solutions, design-in services and integration to meet customers' specific requirements.

Our main partners include big names such as SK Hynix, Samsung Electro-Mechanics Co. Ltd., Renesas and NeoPhotonics Corporation while key customers are Flextronics, Jabil, Samsung, Sanmina and Venture.

We have identified several key areas of growth for EBU, earmarking the memory market that will cater to the next generation market. Since 2017, memory companies have outperformed other semiconductor companies led by strong demand from mobile phones, data centres/storage market segments.

The global optical module market is a high-growth segment that we cannot ignore. The key growth drivers for optical module are demand for network bandwidth as mobile computing devices such as tablets, wearables and smartphones develop new capabilities.

Further demand would come from the growth of cloud computing (rising demand for data centres and consequently for optical module products) as well as upgrading of network and base stations.

CHAIRMAN'S MESSAGE



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Jubilee Industries Holdings Ltd.'s ("Jubilee" or the "Company", together with its subsidiary corporations, the "Group") latest annual report for the financial year ended 31 March 2018 ("FY2018").

FORGING AHEAD

We are pleased to report that the Group recorded continued improvement in the financial year under review, achieving a full year turnaround with a net profit of S\$0.9 million in FY2018 as compared to a net loss of S\$7.5 million in FY2017.

Jubilee's revenue rose S\$51.2 million or 47.1% from S\$108.8 million in FY2017 to S\$160.0 million in FY2018. This growth was mainly driven by Jubilee's Electronics Business Unit ("EBU") which recorded a commendable 51.2% improvement in revenue to S\$151.8 million in FY2018 as compared to S\$100.4 million in FY2017.

Underpinning the contribution to the EBU was the Electronic Components Distribution business held under Jubilee's wholly-owned subsidiary corporation, WE Components Pte. Ltd., which saw healthy sales of product lines from SK Hynix, Samsung Electro-Mechanics Co. Ltd. and NeoPhotonics Corporation. The remaining S\$8.1 million of revenue came from Jubilee's Mechanical Business Unit ("MBU"), which supports key customers such as Flextronics, Meiban, Inzign, Rosti and SICK.

The Group's gross profit more than doubled, rising from S\$3.7 million in FY2017 to S\$7.6 million in FY2018. Gross profit margin achieved by the Group also improved to 4.8%, driven by better management of direct and indirect costs as well as a strong focus on higher margin product mix.

Through the Group's prudent management, distribution and marketing expenses as well as administration expenses declined by 4.4% and 15.5% respectively, despite the significant increase in revenue.

Following the positive turnaround of results, we remain focused on pursuing higher margin products, higher volume of business and striving towards greater cost efficiencies in our operations.

BRIEF OVERVIEW OF FY2018

Throughout Jubilee's turnaround journey, the continued support and strategic involvement of the Group's controlling shareholder, Accrelist Ltd. ("Accrelist") has been a key factor behind our forward momentum and success.

Accrelist's continued support and participation in fund raising exercises have helped towards enabling Jubilee to expand further and meet the demands of an expected surge in business.

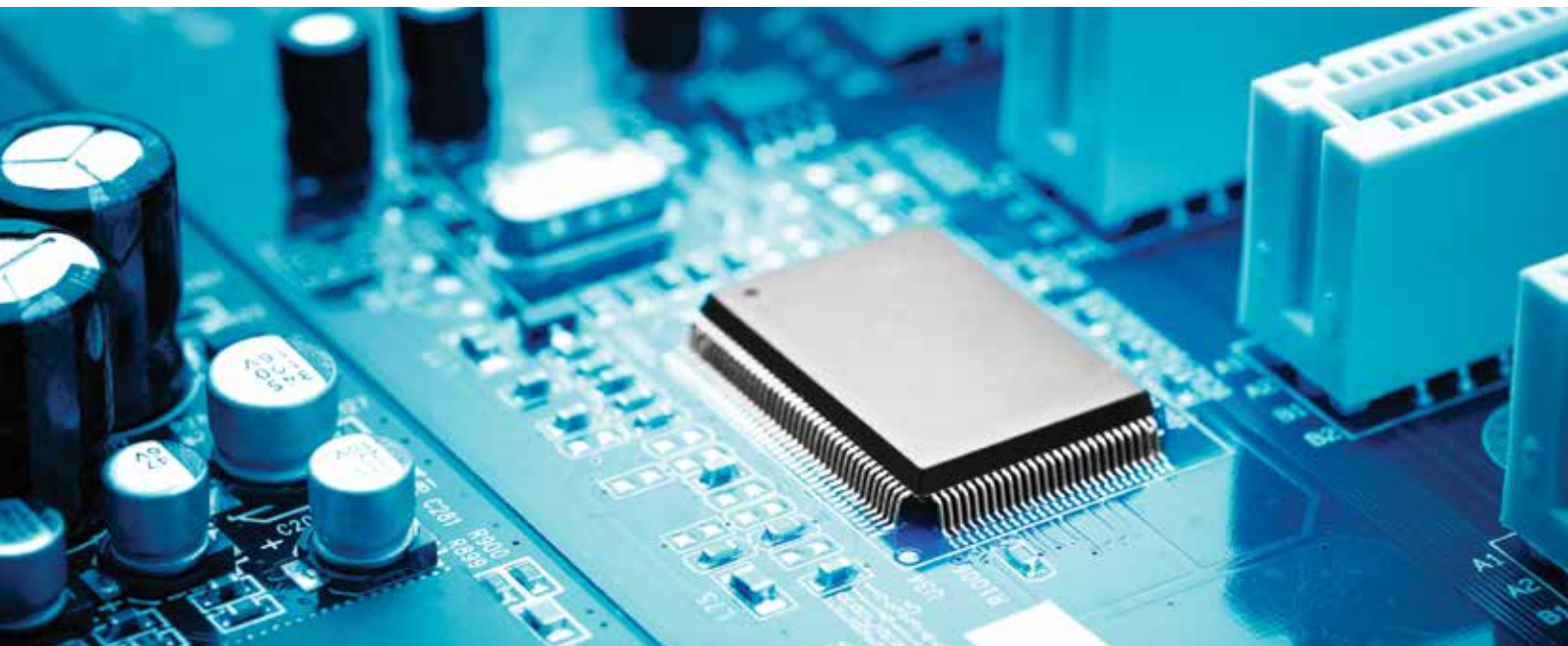
In line with the Group's growth strategy towards vertically integrating its product lines and strategic alliances, Jubilee increased its stake in EG Industries Berhad ("EG Industries") to 13.46% as at 31 March 2018. EG Industries is a leading Electronic Manufacturing Services and Vertical Integration provider for world renowned brand names of electrical and electronic products. EG Industries continues to perform well since Jubilee's initial investment and we are confident in its long-term prospects and potential for synergistic growth.

OUTLOOK AND FUTURE PLANS

The Group has been actively seeking new opportunities for expansion, with plans in place to grow through acquisitions and tap on rising demand for products.

Jubilee is set to quadruple its plastic injection moulding capacity and take on its first direct medical supplies customer through its proposed

CHAIRMAN'S MESSAGE



acquisition of Honfoong Plastic Industries Pte. Ltd. ("Honfoong"). The strategic move will add 91 plastic injection moulding machines, clean room capabilities as well as new sub-assembly and spray coating capabilities in Batam, Indonesia to the Group's existing capacity of 27 machines in its present Johor Bahru, Malaysia plant. The proposed acquisition will also give Jubilee access to new markets beyond its traditional territories of Malaysia and China.

Plans for organic growth are also underway as 32 new plastic injection moulding machines are set to be added to the Group's facilities in Johor Bahru. Together with the proposed acquisition, these moves will enable Jubilee to take on new orders and significantly increase revenue, as existing facilities are currently running at full capacity.

Jubilee will continue to focus on improving the utilisation rates of its existing machines for its Precision Plastic Injection Moulding Business under the MBU, particularly at the Group's facilities in Malaysia to achieve greater operational efficiency.

The Group's EBU will continue to work towards improving its product mix and further strengthening its current product lines to tap into the expected rise in demand for memory products and optical modules, a key focus area for the Group.

Despite the Group's continued progress and turnaround, we expect the operating environment to remain challenging going forward. We remain mindful of uncertainties in the global economic outlook, rising costs of operations, especially labour costs, and pricing pressures from customers. However, the rising demand in global electronics and semiconductor equipment markets adds to our quiet confidence

in Jubilee's long-term prospects to deliver sustainable value for our shareholders.

As part of our commitment to prudent management and efforts to mitigate a volatile operating environment, we will remain vigilant on cost and strive towards improving machine utilisation rates to help achieve cost savings as Jubilee forges ahead with its expansion plans.

A NOTE OF APPRECIATION

In closing, I would like to express my gratitude to our valued shareholders, business partners and colleagues who continue to be firm in their support for Jubilee throughout the Group's turnaround journey. Your confidence in Jubilee has been a source of strength for us as we forge ahead towards a brighter future.

Thank you

Mr Terence Tea Yeok Kian

Non-Executive Chairman

Jubilee Industries Holdings Ltd

主席献词



各位股东：

本人谨代表千禧业工艺控股公司（以下简称“千禧业”或“本集团”）为股东奉上本集团截至2018年3月31日财政年（“FY2018”）的年度报告。

向前迈进

本集团在FY2018的表现持续改善，全年转亏为盈，与FY2017的750万元净亏损相比，公司在FY2018取得90万元净利。

千禧业的FY2018收入则从FY2017的1亿零880万元增加47.1%或5,120万元至1亿6,000万元，这主要是因为其电子业务部门（EBU）的收入从FY2017的1亿零40万元增加51.2%至1亿5,180万元。

EBU的收入来源是千禧业工艺旗下负责经营电子元件分销业务的全资子公司威新电子有限公司，其客户SK海力士（SKHynix）、三星电机（Semco）和新飞通光电子技术公司（NeoPhotonics Corporation）带来的销售额都不错。另外810万元的收入来自其注塑与模具业务部门（MBU），它的主要客户为伟创力（Flextronics）、铭板集团（Meiban）、迎瑞（Inzign）、罗斯蒂（Rosti）和SICK。

本集团的FY2018毛利则从FY2017的370万元激增至760万元，毛利率也提高至4.8%，原因是收入增加、管理层较妥善地管理直接和间接成本以及主攻毛利较高的产品组合。

本集团的收入大幅增加，但开支并没有跟着增多。在本集团谨慎管理之下，分销与营销开支以及行政开支分别减少4.4%和15.5%。

随着公司转亏为盈，我们将继续专注于生产毛利较高的产品、提高业务量以及致力于提高成本效益。

FY2018整体表现

千禧业能够成功转亏为盈，营运表现不断改善，其控股股东亚联盛控股公司（Accrelist Ltd.）的持续支持和参与谋划是一大关键因素。

亚联盛持续支持并参与本集团的筹资活动，令本集团得以进一步扩充业务，以应付预计会增加的业务需求。

为了达成千禧业垂直整合生产线及策略联盟的成长策略，截至2018年3月31日，本集团已将其在马来西亚上市企业EG工业（EG Industries）的股份增加至13.46%。EG工业是一家提供电子制造服务和垂直整合的领先业者，其客户为全球知名的电器与电子产品生产商。自千禧业开始投资于EG工业以来，EG工业的表现一直都不错，我们对其长期前景有信心，并认为它能带动整体业务增长。

展望及未来计划

本集团一直积极地探寻能拓展业务的新机会，目前已制定了计划，通过收购来谋求增长，同时把握住产品需求增加所带来的商机。

千禧业计划收购Honfoong Plastic Industries私人有限公司（“Honfoong”），以使其注塑成型产能达到现有产能的四倍，同时招揽到首个直接医疗用品客户。本集团在新山的厂房目前拥有27台注塑成型机。在现有的基础上，本集团将能通过此收

主席献词



购为集团增添91台注塑成型机，以及在位于印尼巴淡岛的具有净室生产能力和新组装及喷射涂层的厂房。这个收购计划也将能令千禧业涉足马来西亚和中国以外的新市场。

本集团也计划为新山的厂房增添32台新的注塑成型机。在完成了上述收购和扩充计划后，千禧业将能够承接新订单并大幅增加收入，因为现有厂房的产能已获充份使用。

千禧业也将继续提高MBU之下精密注塑成型业务现有机器的使用率，尤其是本集团在马来西亚的厂房，从而提高营运效率。

本集团的EBU则会继续改善其产品组合，同时进一步改进其现有的产品线，因为记忆体产品和光学模组的需求预料将提高，而这是本集团所着重的主要领域。

尽管本集团转亏为盈，各项发展计划都有进展，但我们预计业界仍将充满挑战。我们仍将密切关注各项因素的变化，包括全球经济前景、营运成本的涨势（尤其是人力成本）和来自客户的定价压力。然而，基于全球电子和半导体设备市场的需求持续增加，我们因此对千禧业的长期前景颇具信心，并认为我们将能持续为股东创造价值。

管理层也将继续谨慎地管理业务，控制好成本，提高机器利用率以减低成本，确保千禧业在拓展业务的同时，能妥善地应对起伏不定的市场所带来的挑战。

鸣谢

本人要衷心感谢一直以来支持亚联盛的股东、商业伙伴和同事。你们对千禧业的信心，一直都是推动我们朝光明前程迈进的动力源泉。

谢谢

郑耀捷

千禧业工艺控股公司
非执行主席

OPERATIONS AND FINANCIAL REVIEW

In FY2018, the Group achieved a 47.1% increase in revenue from S\$108.8 million in FY2017 to S\$160.0 million in FY2018.

OPERATIONS AND FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Revenue from the Mechanical Business Unit ("MBU") decreased marginally by S\$0.2 million or 2.8% from S\$8.4 million in FY2017 to S\$8.1 million in FY2018. The decrease in revenue was primarily due to a change in business direction to subcontract tooling orders out in the Medium Density Fibreboard ("MDF") segment. Meanwhile, revenue from the Electronics Business Unit ("EBU") increased significantly from S\$100.4 million in FY2017 to S\$151.8 million due to business growth from existing product lines as well as the additional full year revenue from NeoPhotonics Corporation and Innodisk, the two new product lines added towards the end of FY2017.

The Group's cost of sales increased by approximately S\$47.3 million or 45.0% from S\$105.0 million in FY2017 to S\$152.3 million in FY2018. The increase in cost of sales was in line with the increase in revenue.

The gross profit of the Group improved by more than 100% from S\$3.7 million in FY2017 to S\$7.6 million in FY2018. EBU's gross profit increased from S\$5.3 million in FY2017 to S\$6.6 million in FY2018, while MBU recorded a gross profit of S\$1.1 million in FY2018, a significant increase from gross loss of S\$1.6 million in FY2017.

The gross profit margin of the Group improved to 4.8% in FY2018 as compared to 3.4% in FY2017. MBU's gross profit margin recorded a turnaround, increasing from a gross negative profit margin of 18.6% in FY2017 to a gross profit margin of 13.4% in FY2018 due to enhanced management of direct and indirect costs. EBU's gross profit margin declined from 5.2% in FY2017 to 4.3% in FY2018 due to the impact of fluctuating foreign exchange rates on the cost of goods sold.

For the financial year under review, the Group recorded other income and other gains totalling to S\$2.9 million as compared to total other loss (net of other income) of S\$1.0 million in FY2017. The increase was mainly from service income, gain on disposal of property, plant and equipment and foreign exchange gains arising from the revaluation of foreign currencies which included United States Dollar ("USD"), Chinese Yuan ("RMB") and Malaysian Ringgit ("MYR"). The strong USD brought a favourable impact to the Group.

Distribution and marketing expenses recorded a marginal decrease of approximately S\$0.1 million or 4.4%, mainly due to a decrease in travelling and transportation expenses.

Administrative expenses decreased by S\$1.5 million or 15.5% from S\$9.4 million in FY2017 to S\$7.9 million in FY2018. The decline was due to a one-time provision of restructuring costs of S\$0.7 million and impairment loss on property, plant and equipment of S\$0.6 million recognised for the Group's Kunshan subsidiary corporation in FY2017.

The Group's finance expenses increased by S\$0.8 million from S\$0.4 million in FY2017 to S\$1.2 million in FY2018. The increase was mainly due to higher interest charges of S\$0.4 million incurred by the Group in FY2018 for the direct and convertible loans due to Accrelist. In addition, the Group also recorded a S\$0.3 million increase in interest charges incurred during the financial year under review following the rise in value of export letters of credit/trust receipts financing issued by customers of the Group's EBU and utilisation of share margin facilities granted by investment banks.

The Group's tax expenses increased from less than S\$1.0 thousand in FY2017 to S\$4.0 thousand in FY2018. This was largely due to taxes paid by the Group's Malaysian subsidiary corporation.

FINANCIAL POSITION

The Group's current assets increased by approximately S\$4.2 million or 7.4% from S\$56.3 million in FY2017 to S\$60.5 million in FY2018. The increase was due to the rise in trade and other receivables, inventories, available-for-sale financial assets and other assets which grew by S\$4.7 million, S\$0.4 million, S\$1.1 million and S\$0.2 million respectively. This was offset by a decrease in cash and cash equivalent of S\$2.2 million. The increase in trade and other receivables by S\$4.7 million was due to the growth in revenue. Furthermore, the increase in available-for-sale financial assets was in relation to the purchase and subscription of redeemable and convertible preference shares in the Group's associated company, EG Industries Berhad.

Non-current assets increased marginally by approximately S\$0.7 million or 5.0% from S\$13.3 million in FY2017 to S\$14.0 million in FY2018, mainly due to increase in investment in its associated company, EG Industries Berhad, arising from the purchase of shares, share of profits and currency translation differences of EG Industries Berhad of S\$1.7 million or 19.9% and non-current portion of available-for-sale financial assets of S\$0.3 million. The increase was offset by amortisation and depreciation costs in intangible assets and property, plant and equipment of S\$0.7 million and S\$0.6 million respectively.

Current liabilities decreased by approximately S\$6.4 million or 14.0% from S\$45.5 million in FY2017 to S\$39.1 million FY2018. The decline was due to a decrease in borrowings of S\$5.7 million from S\$10.7 million in FY2017 to S\$5.0 million in FY2018, arising from the conversion of a S\$10.7 million convertible loan by Accrelist which was offset by the drawdown of borrowings which amounted to S\$5.0 million to support the increased sales in FY2018.

Non-current liabilities amounted to S\$0.9 million in FY2018 as compared to S\$11.4 million in FY2017, a significant decline of 92.1%. The decrease was due to the settlement of a direct loan signed between the Group and Accrelist.

OPERATIONS AND FINANCIAL REVIEW



The Group reported positive working capital of S\$21.4 million in FY2018 as compared to S\$10.8 million in FY2017. The two-fold rise in working capital was driven by an increase in trade and other receivables of S\$4.7 million, inventories of S\$0.4 million, other current assets of S\$0.2 million and available-for-sale financial assets of S\$1.1 million. Furthermore, the Group recorded a decrease in borrowings and provision of S\$5.7 million and S\$0.7 million respectively.

CASH FLOW STATEMENT

Net cash used in operating activities for FY2018 was S\$2.3 million, comprising operating profit before working capital changes of S\$0.9 million and a working capital outflow of S\$3.2 million. The working capital outflow was due to an increase of trade and other receivables of S\$4.7 million, inventories of S\$0.4 million, other current assets of S\$0.2 million, offset mainly by the increase trade and other payables of S\$2.8 million and provision for restructuring of the Group's subsidiary corporation in Kunshan, China of S\$0.7 million.

Net cash used in investing activities amounted to S\$5.5 million and was mainly attributable to the acquisition of redeemable convertible preference shares accounted for as available-for-sale financial assets of S\$2.3 million and additional investment in an associated company of S\$0.9 million. Furthermore, acquisition of additional property, plant and equipment and payment of remaining consideration for intangible assets relating to Distribution Rights of two product lines for the EBU, of S\$0.5 million and S\$2.8 million were recorded in FY2018, which was

offset by proceeds from the disposal of property, plant and equipment of S\$0.9 million which included the amount recorded by the Group's subsidiary corporation in Kunshan, China of S\$0.8 million.

The net cash provided by financing activities of S\$4.8 million was mainly due to S\$4.5 million from drawdown of borrowings, which included short term bank borrowings and share margin facilities, as well as the proceeds from issuance of share capital which amounted to S\$1.1 million. This was slightly offset by S\$0.3 million increase in bank deposits pledged to secure a short-term bank facility to support the electronic components distribution business of WE Components Pte. Ltd. and interest paid of S\$0.5 million.

MILESTONES

2015

- Acquired WE Components, an electronic components distributor. This has given Jubilee the ability to provide one-stop solutions to the electronics manufacturing industry

2016

- Jubilee receives shareholder loan of US\$16 million from Accrelist to supplement its working capital needs

2017

- Accrelist converts shareholder loan into shares of Jubilee, increasing its shareholding to 71.89%
- Company undergoes a period of restructuring and rebuilding led by Terence Tea

2018

- Turnaround in FY2018 with net profit of S\$0.9 million
- Company restructures into two units: Mechanical Business Unit (MBU) and Electronics Business Unit (EBU)
- Reshifting its focus on legacy Mould Design & Fabrication Business



BOARD OF DIRECTORS



MR TERENCE TEA YEOK KIAN, 50

Non-Executive Chairman

Academic and professional qualifications:

Ph.D. in Business Administration (Honorary) from Honolulu University

Diploma in Electronics and Electrical Engineering from Singapore Polytechnic

Date of first appointment as director: 30 June 2014

Date of last re-election as director: 29 July 2016

Length of service (as at 31 March 2018): 3 years 9 months

Served on the following Board Committees:

- Member – Audit Committee
- Member – Remuneration Committee
- Member – Nominating Committee

Present Directorships in other listed companies

Executive Chairman and Managing Director – Accrelist Ltd. (Listed on SGX, Singapore)

Executive Chairman - EG Industries Berhad (Listed on Bursa Malaysia, Malaysia)

Present Principal Commitments

Executive Chairman and Managing Director - Accrelist Ltd.

Directorships in other listed companies held over the preceding three years

Nil

Background and experience:

Mr Terence Tea Yeok Kian ("Mr Tea") is the Non-Executive Chairman of the Group, bringing with him a wealth of business experience. He provides invaluable advice to the Board, giving his views on corporate matters such as mergers, acquisitions and other strategic moves that have helped the Group return to black in the financial year ended 31 March 2018 ("FY2018").

Doubling up as the Chairman of major shareholder Accrelist Ltd., Mr Tea performed a masterstroke by providing a shareholder loan of US\$16 million to the Group in a move that saw the Group owning a 100% stake in WE Components Pte. Ltd. - an electronic components distribution entity.

His in-depth knowledge of the electronics industry has enabled him and the Board to steer the Group towards identifying growth opportunities during the restructuring period from 2013 to 2017, an effort that has now yielded positive results.

In 2004, Mr Tea led the listing of a PCB testing company on the former SES-SESDAQ. In a mere three years, he successfully raised the company to transfer its listing to the mainboard. While he met with difficulties, Mr Tea made a strong comeback by driving both Accrelist Ltd. and the Group towards achieving profitability, a reflection of his tenacity.

Mr Tea is also an honorary patron of the Singapore Productivity Association and Sembawang Citizens' Consultative Committee, a member of the River Valley School Advisory Committee, and Chairman of the Eng Yong Tong Tay Si Association. He was awarded the Public Service Medal (PBM) by the President of the Republic of Singapore, as well as the Long Service Award (MOE) by Singapore's Ministry of Education. He was also the Singapore Small Medium Business Association TOP Entrepreneur of 2015.

BOARD OF DIRECTORS



MR CHEONG KENG CHUAN, ALFRED, 49

Independent Non-Executive Director

Academic and professional qualifications:

*Bachelor of Commerce (Accounting and Economics) Degree,
Deakin University, Australia*

Member - Institute of Singapore Chartered Accountants

*Member - The Australian Society of Certified Practising
Accountants*

Date of first appointment as director: 23 June 2016

Date of last re-election as director: 28 July 2017

Length of service (as at 31 March 2018): 1 year 9 months

Served on the following Board Committees:

- Chairman – Audit Committee
- Chairman – Remuneration Committee
- Member - Nominating Committee

Present Directorships in other listed companies

Director - Debao Property Development Ltd

Director - China Hongxing Sports Limited

Present Principal Commitments

Deputy Managing Partner - Crowe Horwath First Trust LLP

Directorships in other listed companies held over the preceding three years

Sinotel Technologies Ltd

China Flexible Packaging Holdings Limited

C&G Environmental Protection Holdings Limited

Background and experience:

Mr Cheong Keng Chuan, Alfred ("Mr Cheong") is the Deputy Managing Partner of Crowe Horwath First Trust LLP, a local firm of certified public accountants. He has over 20 years of experience in the audit and financial consulting services industry including six years of service at Arthur Andersen from 1996 to 2001 and two years at Protiviti Pte. Ltd. from 2003 to 2005. Mr Cheong also has extensive experience in commercial financial management, having held the post of regional financial manager at Linklaters Allen & Gledhill Pte. Ltd., an international legal firm, from 2001 to 2002 and as the financial controller of Aztech Systems Ltd., a publicly-listed company in Singapore, from June 2002 to October 2002.

Mr Cheong is currently the Independent Director of China HongXing Sports Ltd. and Debao Property Development Ltd. He was the Independent Director for Sinotel Technologies Ltd., China Flexible Packaging Holdings Limited and C&G Environmental Protection Holdings Limited.



MR NG SIEW HOONG, LINUS 47

Independent Non-Executive Director

Academic and professional qualifications

Bachelor of Laws (Hons.) Degree, University of London

*Member of the Singapore Academy of Law and Law Society
of Singapore.*

Barrister from Middle Temple, UK

Member of the Singapore Institute of Directors

Date of first appointment as director: 5 August 2016

Date of last re-election as director: 28 July 2017

Length of service (as at 31 March 2018): 1 year 7 months

Served on the following Board Committees:

- Chairman – Nominating Committee
- Member – Audit Committee
- Member - Remuneration Committee

Present Directorships in other listed companies

Nil

Present Principal Commitments

Partner - Donaldson & Burkinshaw LLP

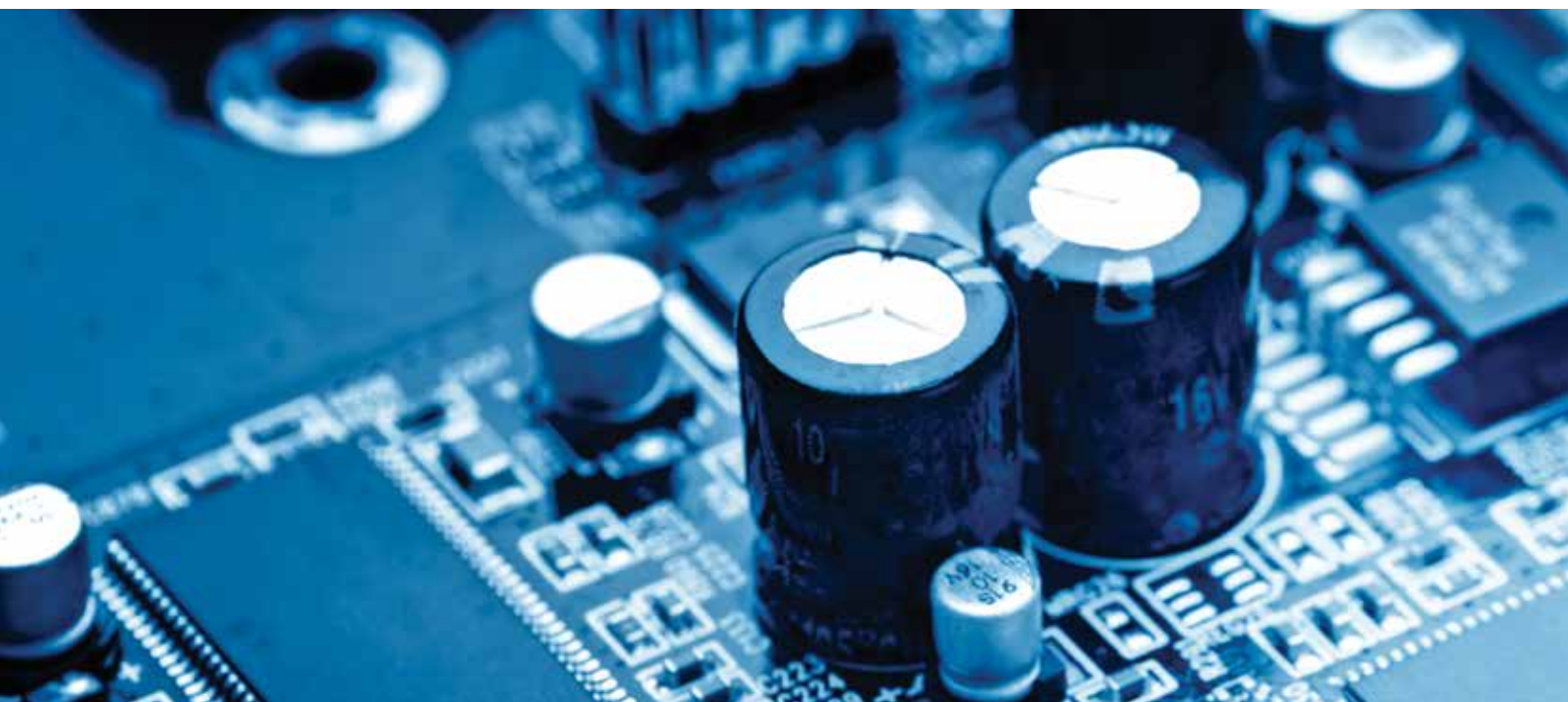
Directorships in other listed companies held over the preceding three years

Advance SCT Limited

Background and experience:

Mr Ng Siew Hoong, Linus ("Mr Ng") is currently a Corporate Partner in the Corporate and Commercial Practice at Donaldson & Burkinshaw LLP. His areas of practice include mergers and acquisitions, corporate finance and governance, regulatory compliance, employment, immigration, dispute resolutions and arbitration (local and international). In addition to his debt financing expertise, Mr Ng also advises on the various aspects of equity financing in the capital markets including reverse takeovers of listed companies in the local stock exchange, convertible bonds and notes issues, private equity and fund management advisory work. For cross-border transactions, he is actively involved in advisory work in connection with on-shore and off-shore investments by Singapore and foreign corporations in emerging economies in the ASEAN region, and was invited to conduct talks and seminars at international conferences on these subjects.

CORPORATE MANAGEMENT



Ms Sng Ee Lian, Eliane

Group Financial Controller and Joint Company Secretary

Ms Sng Ee Lian, Eliane ("Ms Sng") is the Group Financial Controller and Joint Company Secretary. She heads the finance department for the daily finance functions of the Group. Ms Sng is a senior executive with 17 years of work experience in finance, public accounting, administration and costing in electronics contract manufacturing and wholesale electronics distribution industries. She held the position of Group Finance Manager of the Plexus Group and was a Senior Corporate Finance Controller with ACT Manufacturing Inc, a company then listed on NASDAQ.

Ms Sng holds a Bachelor of Accountancy from Bentley College, USA and LLB from University of London.

Mr Kwek Swee Leng, Jonathan

VP, Business Development

Mr Kwek Swee Leng, Jonathan ("Mr Kwek") joined the Group in June 2013 as our General Manager. He was promoted to VP of Business Development in November 2017. He is responsible for the implementation of strategic goals as well as providing the direction and leadership to achieving these targets.

Prior to joining us, Mr Kwek held senior positions in both listed and private companies in the electronic components industry with an accumulated experience of more than two decades under his belt.

He holds a Bachelor Degree in Business Administration from the National University of Singapore as well as a Graduate Diploma in Marketing from the Marketing Institute of Singapore.

Mr Kim Jin Geon, Rex

VP, Sales & Marketing

Mr Kim Jin Geon, Rex, is the Director of Sales & Marketing helming the team at WE Components Pte. Ltd. ("WE Components"). He joined WE Components in January 2016 as a Product Manager and was promoted to VP of Sales and Marketing in November 2017. He is responsible for the full spectrum of sales and marketing, managing our sales offices locally as well as overseas.

He holds a Bachelor Degree in Business Administration from Kyongju University, Korea.

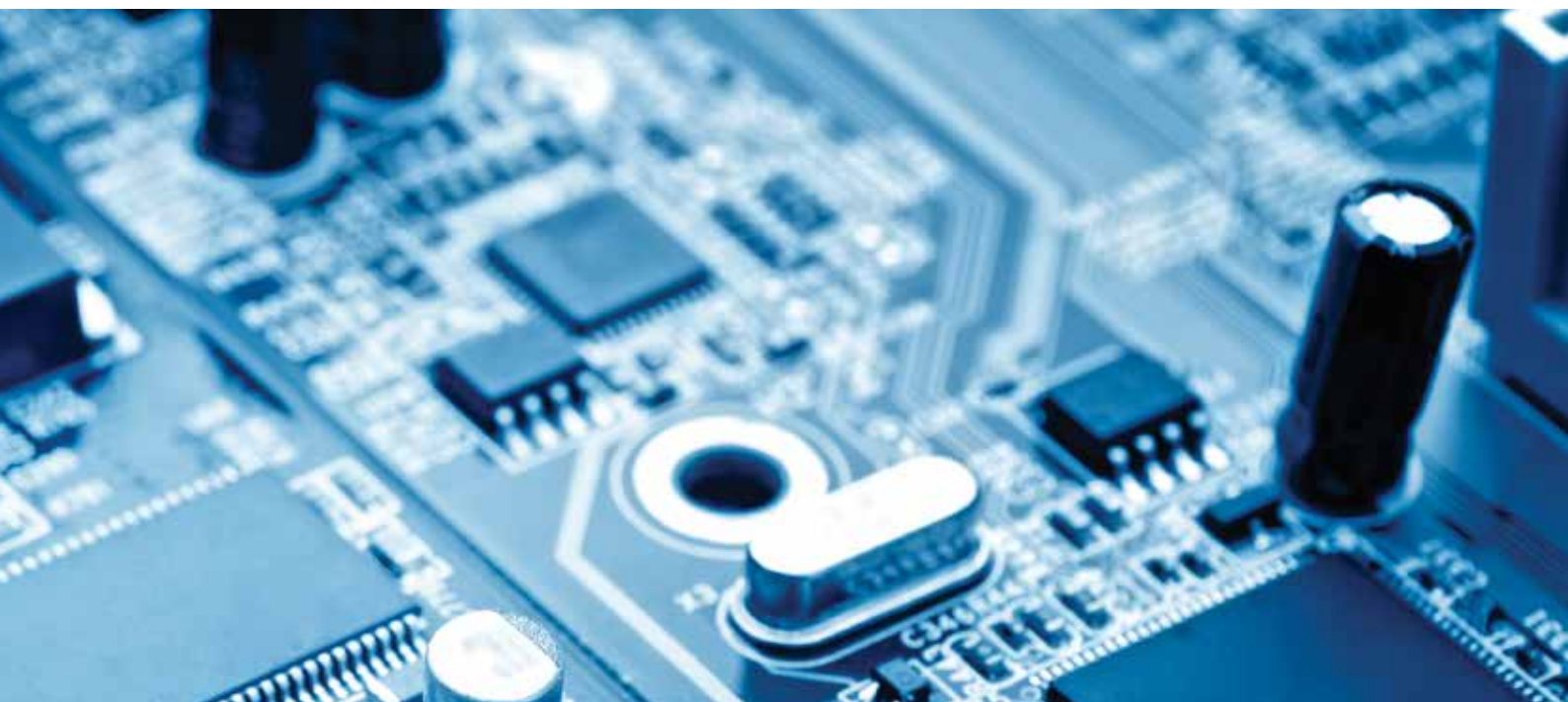
Ms Natasha Nadia Teh

Director, Business Development

Ms Natasha Nadia Teh ("Ms Teh") joined the Group as our Business Development Director with WE Total Engineering Sdn. Bhd. (formerly known as Jubilee Manufacturing Sdn. Bhd.) in August 2017.

She is responsible for implementing strategic directions for the Group's business development and is responsible for the expansion of the

CORPORATE MANAGEMENT



Mechanical Business Unit (MBU). Ms Teh has more than 13 years of business experience in the plastic molding industries, of which 8 years were spent holding senior management positions with various companies.

She holds a Bachelor Degree in Business Administration from RMIT University, Australia.

Mr Lee Sang Sup

Senior Vice President

Mr Lee Sang Sup ("Mr Lee") joined the Group as Senior Vice President of WE Components Pte. Ltd. on 1 March 2018, heading the Electronics Business Unit (EBU) for its business operations including, but not limited to, sales and marketing activities of the unit.

Mr Lee has more than 20 years of experience in the semiconductor industry in Asia holding key positions in sales and marketing roles with organisations such as SK Hynix - a global leader in the semiconductor market.

Mr Lee holds a Bachelor Degree in International Economics Law & English from Hankuk University of Foreign Studies, Korea.

Mr Quek Ser Chew, Randall

Vice President, Products & Operations

Mr Quek Ser Chew, Randall ("Mr Quek") was appointed as Vice President of Products and Operations since November 2017.

Mr Quek began his career as a Field Application Engineer in a semiconductor distribution company. He has served in a wide variety of positions with leading semiconductor organisations over the past 20 years, including Samsung.

Mr Quek holds a Bachelor Degree in Electrical & Electronic Engineering from Nanyang Technological University, Singapore.

CORPORATE DIRECTORY

SINGAPORE

Jubilee Industries Holdings Ltd. (Head Office)

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Fax: (65) 65 6311 2905

Jubilee Industries (S) Pte. Ltd.

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E'mold Holding Pte. Ltd.

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WE Components Pte. Ltd.

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WE Microelectronics Pte. Ltd.

10 Ubi Crescent #03-94/95/96
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Fax: (65) 65 6311 2905
Email: SGP.sales@weh.sg

MALAYSIA

JOHOR

WE Total Engineering Sdn. Bhd.

(formerly known as Jubilee
Manufacturing Sdn Bhd)
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Malaysia
Tel: (607) 861 3870
Fax: (607) 863 2750

PENANG

WE Components (Penang) Sdn. Bhd.

62-1 Persiaran Bayan Indah Bayan Bay
Sungai Nibong Penang 11900
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Fax: (604) 646 9298

PEOPLE'S REPUBLIC OF CHINA

SHANGHAI

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SHENZHEN

WE Components (Shenzhen) Co. Ltd.

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SHENZHEN

Kin Wai Technology Ltd.

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Fax: (86) 7558 304 8854

WUHAN

WE Components (Shenzhen) Co. Ltd.

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INDIA

BANGALORE

WE Components India Pvt. Ltd.

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Enquiry: IND.sales@weh.sg

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WE Components Pte. Ltd.

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Fax: (662) 617 4271
Enquiry: THL.sales@weh.sg

VIETNAM

WE Components Pte. Ltd.

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Ba Dinh, Hanoi, Vietnam
Tel: + 84 989 589 222

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The board of Directors (the “Board”) and the Management of Jubilee Industries Holdings Ltd. (the “Company”) are committed to achieving a high standard of corporate governance within the Company and its subsidiary corporations (the “Group”). Underlying this commitment is the belief that good corporate governance will help to enhance corporate performance and protect the interest of the Company’s shareholders (the “Shareholders”). In this respect, the Company adopts the practices based on the Singapore Code of Corporate Governance 2012 (the “Code”).

This report outlines the Company’s corporate governance practices for the financial year ended 31 March 2018 (“FY2018”) with specific reference made to the principles and guidelines of the Code. For easy reference, sections of the Code under discussion are specifically identified. However, this report should be read as a whole as other sections of this report may also have an impact on the specific disclosures. The Group has complied with the principles of the Code where appropriate. In so far as any principles and/or guideline has not been complied with, the reason has been provided.

BOARD MATTERS

Principle 1: The Board’s Conduct of its Affairs

The primary role of the Board is to provide entrepreneurial leadership so as to protect and enhance long-term shareholder value. It develops the overall strategy for the Group and supervises its Management. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including providing leadership, developing its strategic objectives, establishing risk policy and goals for the Management as well as monitoring the achievement of these goals.

The Group has internal guidelines governing matters that require the Board’s approval which include, *inter alia*:-

- review of Management performance;
- approval of the Group’s strategic objectives;
- approval of the annual operating and capital expenditure budgets and any material changes to them;
- review of performance in the light of the Group’s strategic objectives and business plans;
- changes relating to the Group’s capital structure including reduction of capital, share issues and share buybacks;
- major changes to the Group’s corporate structure, including, but not limited to acquisitions and disposals;
- changes to the Group’s management and control structure;
- approval of the half-year/full year’s results announcements; annual reports and accounts, including the corporate governance report;
- contracts regarding acquisitions or disposals of tangible assets and intangible assets, such as intellectual property, substantial bank borrowings etc;
- major investments;
- changes to the structure, size and composition of the board, including recommendations from the Nominating Committee regarding appointment, cessation of Directors and members of Board Committees;
- determining the remuneration policy for the Directors, and other senior executives including the introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval;
- any decision likely to have a material impact on the Company or Group from any perspective, including but not limited to financial, operational, strategic or reputational;
- identification of key stakeholder groups and recognise that their perceptions affect the company’s reputation;
- setting the Company’s values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met; and
- consideration of sustainability issues as part of its strategic formulation.

CORPORATE GOVERNANCE REPORT

Matters that require the Board's decision or approval are those involving:-

- corporate strategy and business plans;
- investment and divestment proposals;
- capital structure and funding decisions of the Group;
- announcement of half-year and full year results, the annual report and financial statements;
- material acquisition and disposal of assets;
- all matters of strategic importance;
- corporate governance; and
- interested person transactions.

For the effective execution of responsibilities and to enhance the Company's corporate governance framework, the Board has established an Audit Committee ("AC"), Nominating Committee ("NC"), and Remuneration Committee ("RC") (collectively referred herein as "Board Committees"). The Board Committees are actively engaged and play an important role in the execution of responsibilities to ensure good corporate governance in the Company and within the Group. The Board Committees operate within clearly defined terms of reference and functional procedures, which are reviewed from time-to-time and endorsed by the Board. The Board accepts that while these various 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.

All Directors exercise due diligence and independent judgement in dealing with the business affairs, and make decisions objectively to discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Group.

Currently, the Board comprises three members. There is a strong and independent element on the Company's Board. Of the three members, two are Independent Directors. The current members of the Board and their membership on the Board Committees of the Company are as follows:-

	Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
1	Mr Terence Tea Yeok Kian	Non-Executive Chairman	Member	Member	Member
2	Mr Cheong Keng Chuan, Alfred	Independent Director	Chairman	Member	Chairman
3	Mr Ng Siew Hoong, Linus	Independent Director	Member	Chairman	Member

Board meetings are held on a regular basis to oversee the business affairs of the Group and approve any financial or business strategies or objectives. Additional Board and Board Committees meetings may be held to address significant transactions or issues as and when required. Telephonic attendance and conference via audio communication at Board meetings are allowed under the Company's Constitution. The Board and Board Committees may also make decisions through circulating resolutions.

CORPORATE GOVERNANCE REPORT

Details of the number of Board and Board Committees meetings held in the financial year under review and the attendance of each Board member at such meetings are as follows: -

Name	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr Terence Tea Yeok Kian	4	4	4	4	4	4	4	4
Mr Cheong Keng Chuan, Alfred	4	4	4	4	4	4	4	4
Mr Ng Siew Hoong, Linus	4	3	4	4	4	3	4	3

The Company recognises the importance of appropriate training for its Directors. All newly appointed Directors will be given an orientation of the Group's business strategies and operations, as well as extensive information about the Company's history, mission and values. Where relevant, such training would include areas such as accounting, legal and industry-specific knowledge as appropriate.

All Directors will also be given regular training particularly on relevant new laws, regulations and changing commercial risks which have an important bearing on the Company and the Directors' obligations towards the Company.

During FY2018, the Directors had attended relevant courses and received updates on regulatory changes to the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "Catalist Rules") and changes to the accounting standards relevant to the Group.

Briefings and updates provided to the Directors in FY2018 included:

- the independent auditor, Nexia TS Public Accounting Corporation, provided briefing to the AC members on developments on accounting and governance standards during their attendance in the half yearly AC meetings; and
- the Management updated the Board at each meeting on business and strategic developments pertaining to the Group's business.

The Company has an on-going budget for all Directors to attend appropriate courses, conferences and seminars for them to stay abreast of relevant business developments and outlook.

Newly appointed directors will be provided with a formal letter setting out their duties and obligations. There was no new appointment in FY2018.

Principle 2: Board Composition and Guidance

As at the date of this report, the Board had three members, comprising two Independent Directors making up more than half of the Board, as follows:

Mr Terence Tea Yeok Kian	Non-Executive Chairman
Mr Cheong Keng Chuan, Alfred	Independent Director
Mr Ng Siew Hoong, Linus	Independent Director

The independence of each Director is assessed and reviewed annually by the Board through the NC. The NC adopts the Code's definition of independence in its review. Each Independent Director is required to complete a Director's independence checklist annually to confirm his independence based on the guidelines as set out in the Code.

The NC has reviewed the forms completed and concurred on the independence status of the two Independent Directors. The Company is in compliance with Guideline 2.2 of the Code where the Independent Directors should make up at least half of the Board where the Chairman of the Board is not an Independent Director.

CORPORATE GOVERNANCE REPORT

The Board and its Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, and knowledge of the Company and the Group with core competencies in accounting, legal framework, business experience, and industry knowledge. At meetings of the Board and Board Committees, the Independent Directors endeavor to constructively challenge and help develop proposals on strategy and to review the performance of Management in meeting goals and objectives. Key issues and strategies, challenges arising from the changes in the evolving competitive landscape are critically examined, taking into consideration the long-term interests of the Group and its shareholders. To facilitate a more effective check on Management, the Independent Directors may meet without the presence of Management.

The Board noted that gender diversity on the board of directors is also one of the recommendations under the Code to provide an appropriate balance and diversity. Although there is currently no female Director appointed to the Board, the Board shall consider the possibility of appointing a female Director if a suitable candidate is nominated.

There is no Director who has served on the Board beyond nine years from the date of his first appointment.

The Board is of the opinion that given the scope and nature of the Group's operations, the current size of the Board is appropriate in facilitating effective decision making.

Key information of Directors is set out in pages 12 to 13 of this Annual Report.

Principle 3: Chairman and Chief Executive Officer

There is a distinct separation of responsibilities between the Chairman and the Chief Executive Officer ("CEO") which ensures that there is an appropriate balance of power and authority, increased accountability and greater capacity of the Board in terms of independent decision-making.

The Non-Executive Chairman of the Company is Mr Terence Tea Yeok Kian, who leads the Board and is responsible for the effective working of the Board.

The Chairman's responsibilities include:

- scheduling meetings and leading the Board to ensure its effectiveness and approving the agenda of Board meetings in consultation with Management;
- reviewing key proposals and Board papers before they are presented to the Board and ensuring that Board members are provided with accurate and timely information;
- ensuring that Board members engage Management in constructive debate on various matters including strategic issues and business planning processes;
- promoting high standard of corporate governance; and
- ensure effective communication with shareholders.

The CEO is responsible for the operations and oversees the day-to-day management of the business operations. He is instrumental in formulating strategies, business development, goals and performance targets and ensuring objectives are met.

Currently, the position of the CEO is vacant as the Company is in the process of an executive search for a suitable candidate. The Chairman is presently covering the position in the interim.

Pursuant to Guideline 3.3 of the Code, as the Chairman is non-independent, the Company should appoint a lead independent director. The Board has deliberated and agreed that given the Company's current size and operations, there is currently no necessity to appoint a lead independent director. The Board is of the view that the current Independent Directors would be able to perform the same functions as the lead independent director. The Independent Directors are available to shareholders where they have concerns and for which contact through the normal channels of the Group Financial Controller ("GFC") has failed to resolve or is inappropriate. Nevertheless, the Board would review the need to appoint the lead independent director from time to time.

CORPORATE GOVERNANCE REPORT

The Independent Directors are encouraged to meet periodically without the presence of the executives and provide feedback to the Non-Executive Chairman after such meetings.

BOARD COMMITTEES

Nominating Committee

Principle 4: Board Membership

Principle 5: Board Performance

As at the date of this report, the NC comprises three members, two of whom are independent directors. In accordance with the requirements of the Code, the Chairman of the NC is an Independent Director. The members of the NC are:-

Mr Ng Siew Hoong, Linus	Independent Director	(Chairman)
Mr Terence Tea Yeo Kian	Non-Executive Director	(Member)
Mr Cheong Keng Chuan, Alfred	Independent Director	(Member)

The key terms of reference of the NC include the following:

- making recommendations to the Board on all Board appointments and re-appointments taking into account the Director's contribution and performance;
- reviewing the Board structure, size and composition, having regard to the principles of corporate governance under the Code;
- identifying and nominating candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
- determining, on an annual basis, whether a Director is independent based on the circumstances set forth in the Code;
- recommending Directors who are retiring by rotation to be put up for re-election;
- deciding whether or not a Director is able to carry out and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations;
- recommending to the Board the process for evaluation of the performance of the Board, Board Committees and Directors and assessing annually the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board; and
- reviewing training and professional development programmes for the Board.

When a vacancy arises under any circumstance, either as part of the progressive renewal of the Board or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC or the Board would determine the selection criteria and source for candidates. Consideration would also be given to candidates identified by substantial shareholders of the Company. The NC would make reference checks, meet up with the candidates, assess their suitability, and make recommendation to the Board. Shortlisted candidates would meet up with the other Board members before the Board approves the appointment.

The role of the NC also includes the responsibilities of reviewing the re-nomination of Directors who retire by rotation, taking into consideration the Director's integrity, independence, mindedness, contribution and performance. Pursuant to the Company's Constitution, all Directors must submit themselves for re-election at the Annual General Meeting ("AGM") at least once every three years and all Directors appointed during the financial year shall retire at the next AGM. Retiring Directors are eligible for re-election. Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director.

CORPORATE GOVERNANCE REPORT

The NC has recommended the nomination of Mr Terence Tea Yeok Kian ("Mr Tea") who would be retiring pursuant to Regulation 89 of the Company's Constitution for re-election at the forthcoming AGM to be held on 26 July 2018. In making the recommendations, the NC had considered Mr Tea's overall contribution and performance. The recommendation of the aforesaid nomination has been accepted by the Board. Mr Tea will, upon re-election as a Director, remain as a member of the Audit, Nominating and Remuneration Committees.

Mr Tea had abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own performance or re-election as a Director.

The NC is also responsible for determining annually, the independence of Directors. In doing so, the NC takes into account the definition and criteria set forth in Guidelines 2.3 and 2.4 of the Code and any other salient factors. The Independent Directors, namely Mr Ng Siew Hoong Linus and Mr Cheong Keng Chuan Alfred, have confirmed that they do not have any relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgement with a view to the best interests of the Company. The NC has reviewed and determined that the said Directors are independent.

All Directors are required to declare their board representations. When a Director has multiple listed company board representations, the NC will consider whether the Director is able to adequately carry out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple listed company board representations and other principal commitments. The NC and the Board will continue to review from time to time the listed company board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. In view that the current Board was constituted last year, the NC and the Board will review from time to time if there is a need to set a maximum number of listed company directorships a Director should hold.

There is no alternate director on the Board.

Key information regarding the Directors, including their present and past three years' directorships in other listed companies and principal commitments are set out on pages 12 to 13 and below:

Name of Director	Board Membership	Date of appointment	Date of last re-appointment	Directorships in other listed companies		Principal Commitments
				Current	Past three years	Current
Terence Tea Yeok Kian	Non-Executive Chairman	30 June 2014	29 July 2016 (To be re-elected at the forthcoming AGM)	Accrelist Ltd. (F.K.A. WE Holdings Ltd.) EG Industries Bhd (a company listed on Bursa Malaysia)	–	Accrelist (F.K.A. WE Holdings Ltd.) WE Systems Pte. Ltd. WE9Pay Pte. Ltd. WE Dragon Resources Pte. Ltd. WE Resources Pte. Ltd.

CORPORATE GOVERNANCE REPORT

Name of Director	Board Membership	Date of appointment	Date of last re-appointment	Directorships in other listed companies		Principal Commitments
				Current	Past three years	Current
Cheong Keng Chuan, Alfred	Independent Director	23 June 2016	28 July 2017	Debao Property Development Ltd China Hongxing Sports Limited	Sinotel Technologies Ltd China Flexible Packaging Holdings Limited C&G Environmental Protection Holdings Limited	Deputy Managing Partner, Crowe Horwath First Trust LLP
Ng Siew Hoong, Linus	Independent Director	5 August 2016	28 July 2017	–	Advance SCT Limited	Partner, Donaldson & Burkinshaw LLP

The Board has implemented a collective questionnaire assessment process for assessing its effectiveness as a whole. Each Director was requested to complete evaluation forms to assess the overall effectiveness of the Board as a whole. The appraisal process focused on the evaluation of factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability, communication with key management personnel and Directors' standard of conduct. The results of the evaluation are used constructively by the NC to identify areas of improvements and recommend to the Board the appropriate action. No external facilitator was engaged for the purpose of Board assessment in FY2018. Following the review of FY2018, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

In view of the current size of the Board and that all Directors are members of the Board Committees, the assessment of the Board Committees was taken into consideration when assessing the Board as a whole. The Directors will not be assessed individually. In assessing individual director's contribution and performance when considering the re-election of any Director, the NC considers, amongst others, the attendance and participation at Board and Board Committees meetings, his qualification, experience and expertise, the time and effort dedicated to the Group's business and affairs including the Management's access to the Directors for guidance or exchange of views as and when necessary. The Chairman of the Board would act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

Principle 6: Access to Information

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties. As such, the Board expects the Management to report the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company in a timely and accurate manner. The Board papers prepared for each meeting are circulated in advance of each meeting. This gives Directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful and productive. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

In performing its duties, the Board has unrestricted access to the Company's Management, Company Secretaries and independent auditor. The Company Secretaries attend all Board meetings and ensures that all Board procedures are followed. The Company Secretaries also ensure that the Company complies with the requirements of the Companies Act, Chapter 50 (the "Companies Act") and the Catalyst Rules. Under the Constitution of the Company, the appointment and the removal of the Company Secretaries are subject to the approval of the Board.

Each Director has the right to seek independent legal and other professional advice as and when necessary to enable him to discharge his responsibilities effectively. The cost of such professional advice will be borne by the Company.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

As at the date of this report, the RC comprises three members, two of whom (including the Chairman) are independent directors. The members of the RC are:-

Mr Cheong Keng Chuan, Alfred	Independent Director	(Chairman)
Mr Terence Tea Yeok Kian	Non-Executive Director	(Member)
Mr Ng Siew Hoong, Linus	Independent Director	(Member)

The key terms of reference of the RC include, to:-

- recommend to the Board a framework of remuneration for the Board and Key Management Personnel of the Group and the specific remuneration packages for each Director (executive, non-executive and independent) as well as for the Key Management Personnel;
- review the Company's obligations arising in the event of termination of the Executive Directors and Key Management Personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous; and
- consider the disclosure requirements for Directors and top 5 Key Management Personnel remuneration as required by the Code.

The Directors are not involved in the discussion relating to, and in deciding, their own remuneration.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and Executives. No remuneration consultants were engaged by the Company during FY2018.

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

The Group has entered into various letters of employment with all of the Key Management Personnel. Such letters typically provide for the salaries payable to the Key Management Personnel, their working hours, medical benefits, grounds for termination and certain restrictive covenants.

Having reviewed and considered that the variable components of the remuneration packages for the Key Management Personnel are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

Guideline 9.2 of the Code recommends that companies fully disclose the remuneration of each individual Director and the CEO on a named basis.

CORPORATE GOVERNANCE REPORT

For confidentiality reasons and prevention of prejudice to the Group's business, the Board has deviated from complying with the above recommendation and provides herein a breakdown, showing the level and mix of each director's remuneration in bands of S\$250,000 for FY2018:-

Name of Director	Remuneration Band	Salary	Bonus	Fringe Benefits	Director's fees ⁽¹⁾	Total remuneration
	%	%	%	%	%	%
Terence Tea Yeok Kian	Less than S\$250,000	0	0	0	100	100
Cheong Keng Chuan, Alfred	Less than S\$250,000	0	0	0	100	100
Ng Siew Hoong, Linus	Less than S\$250,000	0	0	0	100	100

⁽¹⁾ The Director's fees are approved by shareholders at the Annual General Meeting.

Key Management Personnel

The Company's staff remuneration policy is based on the individual's rank and role, his individual performance, the Company's performance and industry benchmarks gathered from companies in comparable industries.

Guideline 9.3 of the Code recommends that companies should name and disclose the remuneration of at least the top five Key Management Personnel (who are not Directors or the CEO) in bands of S\$250,000. In addition, the companies should disclose in aggregate, the total remuneration paid to the top five Key Management Personnel (who are not Directors or the CEO). As best practice, companies are encouraged to fully disclose the remuneration of the said top five Key Management Personnel.

For confidentiality reason and prevention of prejudice to the Group's business, the Board has deviated from complying with the above recommendation. The Company only partially complies with the above recommendation by providing below a breakdown, showing the level and mix of each of the Key Management Personnel's remuneration (who are not Directors or the CEO) in bands of S\$250,000 for FY2018:-

Name of Key Management Personnel	Remuneration Band	Salary	Bonus	Fringe benefits	Total remuneration
	%	%	%	%	%
Sng Ee Lian Eliane	Less than S\$250,000	94	4	2	100
Lek Suay Tee ⁽²⁾	Less than S\$250,000	95	0	5	100
Laurence Lim Kok Tiong ⁽¹⁾	Less than S\$250,000	97	0	3	100
Rex Kim Jin Geon	Less than S\$250,000	70	8	22	100
Kwek Swee Leng Jonathan	Less than S\$250,000	72	7	21	100
Randall Quek	Less than S\$250,000	84	0	16	100
Lee Sang Sup	Less than S\$250,000	70	0	30	100
Natasha Nadia Teh	Less than S\$250,000	81	0	19	100
Serene Tea Lay Sin	Less than S\$250,000	81	7	12	100

⁽¹⁾ Mr Laurence Lim Kok Tiong had resigned on 1 November 2017

⁽²⁾ Mr Lek Suay Tee had resigned on 30 June 2017

Ms Serene Tea Lay Sin, sister of Mr Terence Tea Yeok Kian, Non-Executive Chairman of the Board of Directors, is an employee of the Company, whose remuneration exceeded S\$50,000 during FY2018. Her remuneration was in the band of S\$50,000 to S\$100,000.

There are no termination, retirement and post-employment benefits that may be granted to the Directors and the Key Management Personnel.

CORPORATE GOVERNANCE REPORT

The Company has a share award scheme known as the “Jubilee Share Award Scheme”. No shares have been granted to the employees and Directors during the FY2018. Information on the Jubilee Share Award Scheme is set out in the Directors’ Statement.

The remuneration packages and the compensation structure of the Key Management Personnel comprise a fixed salary, bonus and other benefits. The bonus component is based on the performance of the Group as a whole and their individual performance. This is designed to align remuneration with the interests of the Shareholders and link rewards to corporate and individual performance so as to promote long-term sustainability of the Group.

Principle 10: Accountability

The Board is accountable to the Shareholders while the Management is accountable to Board.

The Board reviews and approves the half year and/or full year financial results announcements as well as any announcements before their release via the SGXNET and the media. Shareholders are provided with the half-year and full year results and annual financial reports on a timely manner. In presenting the annual financial statements and half year announcements to Shareholders, it is the aim of the Board to provide the Shareholders with a balanced and understandable assessment of the Company’s performance, financial position and prospects. Financial reports and other price-sensitive information are disseminated to Shareholders through announcements via SGXNET, press releases and the Company’s website. The Company’s Annual Report is accessible on the Company’s website.

To ensure compliance with legislative and regulatory requirements, including requirements under the Catalyst Rules, the Board through Management reviews the relevant compliance reports and ensures that the Management seeks the Board’s approval for such reports or requirements.

In compliance with the Catalyst Rules, the Board provides a negative assurance statement to the Shareholders in its half-year financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. All the Directors and Key Management Personnel of the Group also signed a letter of undertaking pursuant to Rule 720(1) of the Catalyst Rules.

Management provides the Board with management accounts and such explanation and information on a timely basis and also as and when the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company’s performance, position and prospects. As the Board has separate and independent access to Management, the Board has no objection to receiving the management accounts with such explanation and information on a quarterly basis.

The Board also provides an opinion on the adequacy and effectiveness of the Group’s risk management and internal controls systems are in place, including those covering financial, operational, compliance and information technology risks and risk management system.

Principle 11: Risk Management and Internal Controls

The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and effectiveness of the Group’s system of internal controls, including financial, operational, compliance and information technology risks and risk management policies and systems. The AC assists the Board in providing oversight of risk management in the Company. It is responsible for reviewing the adequacy and effectiveness of the Group’s risk management systems and internal controls, and reporting to the Board annually its observations and on any matters under its purview as well as, where necessary, making recommendations to the Board as it deems fit.

The AC ensures that a review of effectiveness of the Company’s internal controls and risk management framework is conducted at least annually. The AC has met with the internal auditor without Management during the financial year.

The Management has taken note of the recommendations made by the internal auditor and the Board would implement necessary procedures and processes to further strengthen the internal controls. The Board is not aware of any material inadequacy in the overall internal controls and processes currently in place.

CORPORATE GOVERNANCE REPORT

The Company does not currently have a CEO. The Board has received assurance from the Non-Executive Chairman and GFC:

- 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 work performed by the internal auditor during the financial year and the assurance from the Non-Executive Chairman and GFC, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls and risk management in place as at 31 March 2018 is adequate and effective to address the financial, operational, compliance and information technology risks and risk management system for the type and volume of business that the Group currently operates. The system of internal controls and risk management established by the Group provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

The independent auditor, during the conduct of their normal audit procedures, may also report on matters relating to internal controls. Any material non-compliance and recommendation for improvement are reported to the AC.

The Board understands that it may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the Company's risk management framework and policies. The Company does not have a separate board risk committee and will look into the need for establishment for a separate board risk committee at a relevant time.

Principle 12: Audit Committee

Principle 13: Internal Audit

As at the date of this report, the AC comprises three members, two of whom (including the Chairman) are independent directors. No former partner or director of the Company's existing auditing firm is a member of the AC. The members of the AC are:-

Mr Cheong Keng Chuan, Alfred	Independent Director	(Chairman)
Mr Terence Tea Yeok Kian	Non-Executive Director	(Member)
Mr Ng Siew Hoong, Linus	Independent Director	(Member)

The key terms of reference of the AC are to:-

- review with the independent/internal auditors the audit plans, their evaluation of the system of internal controls, and their audit reports including the scope and results of the external/internal audit, the independence and objectivity of the independent/internal auditors;
- review the financial statements including reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance and position, before submission to the Board for approval;
- review the internal control procedures, its scope and the results and to ensure co-ordination between the independent/internal auditors and the Management; and review the assistance given by Management to the independent/internal auditors, and discuss problems and concerns, if any, arising from the audits;
- review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls;
- review the effectiveness of the Company's internal audit function;
- review and discuss with the independent auditor 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 Group's operating results and/or financial position, and the Management's response;

CORPORATE GOVERNANCE REPORT

- make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the independent/internal auditors;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;
- review potential conflicts of interest, if any;
- undertake such other review and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and which requires the attention of the AC; and
- generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made from time to time.

The Board considers Mr Cheong Keng Chuan, Alfred, who has practical financial management knowledge and experience, well qualified to chair the AC. The Board is satisfied that the AC members, collectively, have relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibilities.

The AC also has explicit authority to investigate any matters within its terms of reference, full access to and co-operation of the Management and full discretion to invite any Director or Key Management Personnel to attend its meetings.

The AC has reviewed the key audit matters disclosed in the independent auditor's report and is of the view that there is no material inconsistency between the audit procedures adopted by the independent auditor and Management's assessment and is satisfied that the key audit matters have been appropriately dealt with.

The AC meets the independent auditor, without the presence of the Management, at least once a year to review the overall scope and results of external audits, and the assistance given by the Management to the auditor. The AC has reasonable resources to enable it to discharge its function properly.

The AC has reviewed the non-audit services in relation to tax compliance services provided by the independent auditor, Nexia TS Public Accounting Corporation, to the Group and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor. The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its appointment of independent auditor. Accordingly, the AC has recommended that Nexia TS Public Accounting Corporation be nominated for re-appointment as the independent auditor for the ensuing financial year at the forthcoming AGM of the Company.

The Board recognises the importance of maintaining a system of internal control processes to safeguard Shareholders' investments and the Group's business and assets. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities. The annual conduct of audits by the internal auditor assesses the effectiveness of the Group's internal control procedures and provides reasonable assurance to the AC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

The Board is satisfied that the internal audit function has adequate resources to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience. The AC will also approve the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

The AC has outsourced the performance of the internal audit functions of the Group to Deloitte Enterprise Risk Services Sdn. Bhd. The internal auditor will report directly to the AC and administratively to the Non-Executive Chairman of the Company. To ensure the adequacy of the internal audit function, the AC had reviewed and approved the internal audit plan before the internal audit commenced. The AC, on an annual basis, will assess the adequacy and effectiveness of the internal audit and the internal auditor's independence, the qualification and experiences of internal audit team assigned and the internal auditor's reports and its relationship with the independent auditor.

The internal audit work carried out in FY2018 was guided by the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors.

CORPORATE GOVERNANCE REPORT

The Whistle Blowing Policy which was endorsed by the AC and adopted on 20 May 2011 encourages employees and external parties to raise concerns, in confidence, about possible irregularities in matters of financial reporting or other matters, to the whistle-blowing officers, members of the AC. It aims to provide an avenue for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith within the limits of the law. Details of the whistle blowing policy and procedure for whistle blowing have been made available to all employees of the Group and external parties.

The AC oversees the administration of the Whistle Blowing Policy. Periodic reports will be submitted to the AC stating the number and the complaints received, the results of the investigations, follow-up actions and unresolved complaints. The AC has the responsibility to ensure there is proper maintenance, regular review and relevant updates of the policy. Revisions, amendments and alterations to the Whistle Blowing Policy are subject to the approval of the AC and the Board prior to implementation. Changes will be notified in writing to the employees when they are implemented.

The AC meets regularly with the Management and both independent and internal auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit program of the Group to ensure that an effective system of control is maintained in the Group to align it to the changing needs and risk profile of the Group's activities. On a half-yearly basis, the AC also reviews the interested person transactions and the financial results announcement before their submission to the Board for approval. In the event that a member of our Audit Committee is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC is kept abreast by the Management, the independent auditor and the Company's secretaries of changes to accounting standards, Catalist Rules and other regulations which would have an impact on the Group's business and financial statements.

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

The Group's corporate governance culture and awareness promotes fair and equitable treatment of all Shareholders. All Shareholders enjoy specific rights under the Companies Act and the Constitution of the Company. All Shareholders are treated fairly and equitably.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company. At general meetings, Shareholders will be informed of the rules and voting procedures relating to the general meetings.

All Shareholders are entitled to attend and vote at general meetings in person or by appointment of proxy(ies). The rules including the voting procedures are set out in the notice of general meetings. In accordance with the Constitution of the Company, Shareholders may appoint one or two proxies to attend and vote at general meetings in their absence. The proxy forms must be deposited with the Company not less than forty-eight (48) hours before the time set for the general meetings.

A Relevant Intermediary* may appoint more than 2 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). An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS

* 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 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.

CORPORATE GOVERNANCE REPORT

Investors”) (as may be applicable) may attend and cast his vote(s) at the general meetings in person. CPF and SRS Investors who are unable to attend the general meetings but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the general meetings to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meetings.

The Board is mindful of the obligation to provide regular, effective and fair communication with the Shareholders. Information is communicated to the Shareholders on a timely basis and is made through annual reports that are prepared and issued to all shareholders, quarterly results announcements, press releases and disclosures to the SGX-ST via SGXNet. The Company's Annual Report is sent to all Shareholders, and made available to other investors on request. The Company's Annual Report is also accessible through the Company's website.

The Board welcomes the views of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on an ad-hoc basis. Shareholders are informed of Shareholders' meetings through notices published in the newspapers and reports and/or circulars sent to all Shareholders.

The Chairman of the respective Board Committees will be available at the general meetings to answer questions relating to the work of the Board Committees. The independent auditor will also be present to assist the Directors in addressing any relevant queries by Shareholders.

The Company had engaged RHT Communications and Investor Relations Pte. Ltd. (“Investor Relations”) as dedicated investor relation teams to handle investor queries and assist on all matters related to investor relations.

To enhance and encourage communication with Shareholders and investors, the Company provides the contact information of its Investor Relations in its press releases. Shareholders and investors can send their enquiries to the Company's Investor Relations who can be reached by email or telephone.

Dividend Policy

The Company currently does not have a fixed dividend policy. The declaration and payment of future dividends will depend upon the factors outlined below as well as any other factors deemed relevant by the Directors:

- the Group's operating results;
- financial conditions;
- the Group's projected level of capital expenditure and other investment plans;
- restrictions on payment of dividends imposed on the Company by the Company's financing arrangements (if any); and
- dividend yields of comparable companies (if any) listed in Singapore.

No dividend was proposed in respect of FY2018 as the Company needs to conserve its cash and strengthen its financial position after just returning to profitability.

Principle 16: Conduct of Shareholder Meetings

All Shareholders receive reports or circulars of the Company including notice of general meeting by post within the mandatory period. The notice of general meeting is announced through SGXNET and published in the newspapers within the same period.

All registered Shareholders are invited to participate and given the right to vote on resolutions at general meetings. Every matter requiring Shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The proxy form is sent with the notice of general meeting to all Shareholders. Separate resolutions are proposed for substantially separate issues at the meeting.

CORPORATE GOVERNANCE REPORT

The Constitution of the Company allows members of the Company to appoint not more than two proxies to attend and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

All Directors, Management, Company Secretaries, independent auditor and legal advisors (if necessary), attend the general meetings. The general meeting provides shareholders the opportunity to ask questions relating to each resolution tabled for approval and is the appropriate platform for open communication for the shareholders to engage with the Directors on their views on matters relating to the Group and its operations. All resolutions tabled at general meetings are decided by poll. Shareholders will be briefed on the rules, including poll voting procedures. The Company announces the results of the poll with detailed disclosure on the number of votes cast for and against each resolution and the respective percentage for each resolution tabled at the general meetings. The poll results are also announced via SGXNET after the meetings.

The Company prepares minutes of general meetings incorporating the substantial and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and Management. Such minutes are made available to Shareholders upon their request.

To enhance and encourage communication with Shareholders and investors, the Company provides the contact information of the Investor Relations in its press releases. Shareholder and investors can send their enquiries to the Company's Investor Relation who can be reached by email or telephone.

Dealings In Securities

The Company has adopted its own internal compliance code and the best practices guide in line with Rule 1204(19) of the Catalist Rules with regards to dealing in the Company's securities by the Directors and officers. The Company, Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are prohibited from dealing in the Company's securities during the periods commencing one month before the half-year and full-year financial results and ending on the day of the announcement, or when they are in possession of unpublished price-sensitive information on the Group. In addition, Directors, Management and officers of the Group are also discouraged from dealing in the Company's shares on short-term considerations and are expected to observe insider trading laws at all times.

INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that all transactions with interested persons are reported to the AC in a timely manner and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Board and the AC will review all interested person transactions to be entered to ensure that the relevant rules under Chapter 9 of the Catalist Rules are complied with.

The aggregate value of interested person transactions entered into during the financial year under review is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Accrelist Ltd. (Formerly Known as WE Holdings Ltd.)	S\$130,444 ⁽¹⁾	–
	S\$507,053 ⁽²⁾	–

⁽¹⁾ interest of S\$130,444 payable under the Convertible Loan Agreement of US\$8,000,000 dated 7 October 2016 (has been approved by the Company's shareholders)

⁽²⁾ interest of S\$507,053 payable under the Direct Loan Agreement of US\$8,000,000 dated 7 October 2016 (has been approved by the Company's shareholders)

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiary corporations involving the interests of any Director or controlling shareholders which are either still subsisting as at 31 March 2018 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

No non-sponsor fees were paid to the Company's Sponsor, RHT Capital Pte. Ltd. in FY2018.

AUDIT/NON-AUDIT FEES

As at 31 March 2018, the Company paid S\$131,331 to Nexia TS Public Accounting Corporation for its statutory audit services and S\$46,937 for the non-audit services provided by Nexia TS Tax Services Pte. Ltd. for the financial year under review.

USE OF PROCEEDS FROM RIGHTS CUM WARRANTS ISSUE

On 2 March 2018, the Company completed a renounceable non-underwritten rights cum warrants issue ("Rights cum Warrants Issue") where 255,613,108 new ordinary shares ("Rights Share") at an issue price of \$0.045 were issued and allotted.

As at 31 March 2018, the net proceeds of approximately S\$966,418 (being the amount raised from the Rights cum Warrants Issue less the amount offset by the Company pursuant to the Direct Loan Agreement with Accrelist Ltd. and after deducting estimated cost and expenses in connection with the Rights cum Warrants Issue) had been utilised as follows. The Company confirms that the use of proceeds is in accordance with the intended use as stated in the Offer Information Statement dated 6 February 2018.

	Amount allocated	Amount utilised	Balance
	S\$'000	S\$'000	S\$'000
General working capital	386	354	32
Merger and Acquisition Activities	290	13	277
Machine Capacity Expansion	290	–	290
Total	966	367	599

SUSTAINABILITY REPORT SECTION



2018 Sustainability Report Section

SUSTAINABILITY REPORT SECTION

BOARD STATEMENT ON SUSTAINABILITY

As a Group, we are always finding ways to ensure that there is sustainable long term growth and we are pleased to share with you our inaugural Sustainability Report which documents our efforts at evolving as a business with minimal adverse effects on the environment.

We uphold high standards of corporate governance and transparency to safeguard our shareholders' interests and have put in place policies like our Whistleblowing policy to ensure that our business is run fairly and ethically.

As a responsible corporation, we aim to help tackle the impending and continuous challenge of climate change by working with regulators and industries. Community development is also a segment of our commitment to sustainability. In this regard, we aim to continue creating jobs for local communities in countries where we operate in and developing local supply chains as we believe that developing employees will drive positive growth within our Group.

With the increasing importance and reliance on sustainability as a basis for businesses to thrive, the Board believes sustainability will be an integral part of our strategy and end goal. We also believe that in meeting our obligations to our stakeholders, from employees, suppliers and also shareholders, we will be able to attain and make inroads towards long-term benefits for all stakeholders of the Group.

We hope that this report will aid in furthering your perception of our efforts towards sustainability as we continue to refine our management of sustainability efforts in the coming years.

ABOUT SUSTAINABILITY REPORT

Jubilee Industries Holdings Ltd. ("Jubilee" or the "Group") has adopted a formalised reporting approach by applying the international reporting framework, Global Reporting Initiative ("GRI") Standards: Core option and the requirements of SGX-ST Listing Rules 711A and 711B in preparing our first sustainability report.

The report focuses on our Group's sustainability strategies and highlights the economic, environmental, social and governance ("ESG") aspects of our operations. It provides an overview of our approach, performance and targets for our key sustainability areas.

Reporting Boundaries and Standards

- **Materiality**
Focusing on issues that impact business growth and are of utmost importance to stakeholders
- **Stakeholder Inclusiveness**
Responding to stakeholder expectations and interests;
- **Sustainability Context**
Presenting performance in the wider context of sustainability
- **Completeness**
Including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Group's performance

Report Period and Scope

This report covers data and information from 1 April 2017 to 31 March 2018 across Jubilee Industries Holdings Ltd and its subsidiary corporations as indicated in [Note 18] to the Financial statements.

We have not sought external assurance for this sustainability report.

Accessibility & Feedback

The Group continues to print only limited copies of this sustainability report as part of our environmental conservation efforts. Current electronic editions of the report is available at: <http://www.jihldgs.com/>.

SUSTAINABILITY REPORT SECTION

GOVERNANCE AND SUSTAINABILITY APPROACH

We are committed to conducting our business activities in an ethical, socially and environmentally sustainable manner.

We have adopted a framework of corporate governance policies and practices in line with the principles and guidelines set out in the Code of Corporate Governance 2012. The corporate governance processes and practices adopted by the Group can be found in the Corporate Governance Report of the Annual Report.

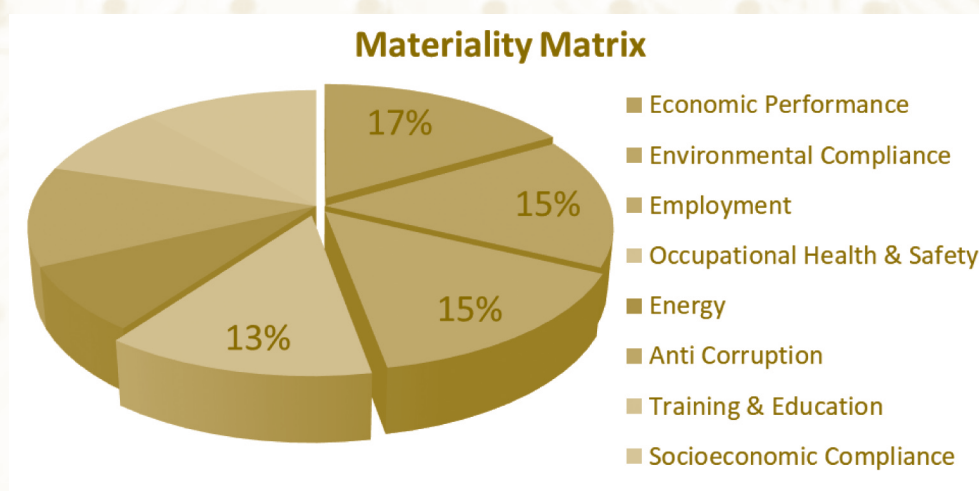
We ensure that our business operations and processes are managed in a way that minimises its impact on our environment. The Group recognises the importance of the need for economic developments with the potential environmental problems faced and aim to continuously work towards a business with minimal adverse impact on the environment but at the same time having strong social impact on local communities.

Our sustainability strategy is supported by a set of policies and procedures implemented in our business operations. Our Board of Directors oversees sustainability issues and key governance processes across the Group while senior management coordinates and implements strategies and policies to address these sustainability issues across each department.

STAKEHOLDER ENGAGEMENT

The feedback arising from our stakeholder engagements, which includes inputs on our sustainability reporting and materiality, has helped us strengthen the relevance of our reporting and approach to managing the Group's material issues. We have engaged customers, suppliers, investors and regulators for input via surveys, evaluations, meetings and compliance with regulations.

Based on feedback gathered from our internal and external stakeholders, we have evaluated and identified 8 factors which would have significant economic, environmental and social impacts and are material to the organisation and stakeholders. These 8 factors are then ranked and prioritised through our engagement process and alignment with the Group's sustainability and strategic directions. Our priorities are reflected in the Materiality Matrix below.



Sustainability Topics Selected:

- Economic Performance (17%)
- Environmental Compliance (15%)
- Employment (15%)
- Occupational Health & Safety (13%)

SUSTAINABILITY REPORT SECTION

ECONOMIC PERFORMANCE

In line to maintain a sustainable economic growth, the importance of understanding the financial performance of the Group becomes increasingly vital in order to maintain a rate of growth which will benefit the shareholders.

To be able to attain our achievement of a year on year growth in revenue as a Group, it is imperative that we continue to innovate our product lines and offer a variety of value-added services. One of the many economically sustainable strategies that we intend to continuously implement is to diversify our business segments through merger and acquisition opportunities and strategic alliances.

Currently, the Group has 2 business segments with a vast majority of the revenue attributable to the Electronics Business Unit, however, we are continually thinking of contemporary ventures and business segments to enter into which will be able to contribute to our goal of long term economic growth. Please refer to the Operations and Financial Review section for the Group's economic performance.

Subsequent reporting for FY2019

For FY2019, we expect to maintain our revenue growth and generate net profit.

ENVIRONMENTAL COMPLIANCE

Our quality motto is to do things right the first time to avoid unnecessary waste. We aim to minimise the environmental impact of our activities through continuous improvements in our business processes and operations. We believe that the reduction of our environmental footprint would contribute to the Group's increased productivity, lower consumption of natural resources, reduced wastage and pollution and an overall of improved financial performance.

Policies and procedures for environmental compliance are in place to monitor key regulatory requirements for wastage, pollution and environmental preservation. We constantly identify key environmental laws and regulations relevant to our Group's business activities and develop measures to ensure the Group is in compliance with the laws and regulations.

In FY2018, the Group did not identify any incident of non-compliance to environmental laws and regulations which involved significant fines and/or non-monetary sanctions.

Subsequent reporting for FY2019

For FY2019, we target to enhance our environmental compliance policies and conduct trainings for employees.

EMPLOYMENT

We believe that a company is as strong as the people who contribute to it. Therefore, we strongly regard sustainable employment practices as one of our key components to ensure long term growth for the Group. At Jubilee, we want all our employees to feel a sense of belonging to the Group.

The Group has established policies and practices which we put in place to ensure a certain level of transparency and fairness for staff. We ensure that we adhere to the maximum overtime hours allowed per staff with sufficient rest between work shifts. Where living accommodations are provided, the condition and quality of those provided are checked periodically by managerial staff. We also ensure that our plants and factories are certified for top safety practices.

As set out in the following table which shows the employment details from FY2017, we can see the diversity equality when it comes to the hiring of different age groups. As shown in the table, there is evidently no gender discrimination when it comes to employment opportunities in the Group.

SUSTAINABILITY REPORT SECTION

New Employee Hires sorted by Age Groups	FY2018	FY2017
Age 21 -30	19	38
Age 31-45	15	32
Age 46-60	3	10
Above 60	Nil	1

	FY2018		FY2017	
	Female	Male	Female	Male
Number of Employees	279	418	559	831
Number of New Employees	14	23	48	33
Number of Resigned Employees	13	24	56	47
Turn Over Rate	4.7%	5.7%	10.0%	5.7%

In accordance with local regulations, employees are awarded certain benefits which are made known to them prior to joining us. The Group provides certain benefits for full time employees in the form of employee insurance coverage and parental leave.

Subsequent Reporting for FY 2019

We intend to constantly review our employment policies and works towards a more inclusive workforce. We continue to strive to provide equal gender opportunities and equal recruitment opportunities for all ages.

OCCUPATIONAL HEALTH & SAFETY

At Jubilee, employees' health and safety is one of our key focus. At our factories, we want our staff to know and be aware that workplace safety is one of our top priorities, to know that that they are working in an environment which has stringent safety checks in place.

In line with our goal to have no workplace accidents at all locations, the Group has come up with initiatives to ensure a pleasant and safe environment for all our employees. At all our factories, we have established a procedure and policy for Occupational Health and Safety and ensured that there are officers in charge of safety who are certified to perform their roles in compliance with industry standards and practices.

For a few years now, the Group had several periodic safety audits conducted by external parties at our factories to ensure a satisfactory level of safety management. We also have safety education lessons and tips for all staff to increase staff awareness on safety.

For FY2018, the Group is proud to report that there were no major accidents due to our strict safety procedures and training.

Subsequent Reporting for FY 2019

We intend to constantly review our policies and procedures with regards to workplace safety and continue to conduct trainings for employees on a frequent basis.

SUSTAINABILITY REPORT SECTION

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI Standards (2016)	Notes/ Page Reference
GENERAL DISCLOSURE	
Organizational Profile	
102-1 Name of the organisation	Jubilee Industries Holdings Ltd
102-2 Activities, brands, products, and services	Corporate Profile, pages 02-03 (AR2018)
102-3 Location of headquarters	Corporate Directory, page 16 (AR2018)
102-4 Location of operations	Corporate Directory, page 16 (AR2018)
102-5 Ownership and legal form	Corporate Profile, pages 02-03 (AR2018)
102-6 Markets served	Corporate Profile, pages 02-03 (AR2018)
102-7 Scale of the organisation	Corporate Profile, pages 02-03 (AR2018) Operations and Financial Review, pages 09-10 (AR2018) Employment, page 37 (SR section)
102-8 Information on employees and other workers	Employment, page 37 (SR section)
102-9 Supply chain	Corporate Profile, pages 02-03 (AR2018)
102-10 Significant changes to the organisation and its supply chain	No significant changes
102-11 Precautionary principle or approach	Jubilee Industries Holdings Ltd does not specifically refer to the precautionary principle
102-12 External initiatives	Jubilee Industries Holdings does not subscribe to any significant external initiatives
102-13 Membership of associations	No main memberships of industry or other associations, and national or international advocacy organisations maintained at organizational level
Strategy	
102-14 Statement from senior decision maker	Board Statement on Sustainability, page 34 (SR section)
Ethics and Integrity	
102-16 Values, principles, standards, and norms of behaviour	Sustainability Approach, page 35 (SR section)
Governance	
102-18 Governance structure	Board of Directors, pages 12-13 (AR2018) Corporate Management, pages 14-15 (AR2018)
Stakeholder Engagement	
102-40 List of stakeholder groups	Stakeholder Engagement, page 35 (SR section)
102-41 Collective bargaining agreements	Nil
102-42 Identifying and selecting stakeholders	Stakeholder Engagement, page 35 (SR section)
102-43 Approach to stakeholder engagement	Stakeholder Engagement, page 35 (SR section)
102-44 Key topics and concerns raised	Stakeholder Engagement, page 35 (SR section)
Reporting Practice	
102-45 Entities included in the consolidated financial statements	Notes to the Financial Statements, pages 82-83 (AR2018)
102-46 Defining report content and topic boundaries	About Sustainability Report, page 34 (SR section)
102-47 List of material topics	Stakeholder Engagement, page 35 (SR section)
102-48 Restatements of information	No restatements as this is an inaugural report
102-49 Changes in reporting	No changes as this is an inaugural report
102-50 Reporting period	1 April 2017 to 31 March 2018
102-51 Date of most recent report	Not applicable
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	About Sustainability Report, page 34 (SR section)
102-54 Claims of reporting in accordance with the GRI Standards	About Sustainability Report, page 34 (SR section)
102-55 GRI content index	GRI Content Index, pages 38-39 (SR section)
102-56 External assurance	About Sustainability Report, page 34 (SR section)

SUSTAINABILITY REPORT SECTION

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI Standards (2016)	Notes/ Page Reference
MATERIAL TOPICS	
Economic Performance	
103-1 Explanation of the material topic and its boundaries	Operations and Financial Review, pages 08-10 (AR2018) Economic Performance, page 36 (SR section)
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
201-1 Direct Economic value generated and distributed	
Environmental Compliance	
103-1 Explanation of the material topic and its boundaries	Environmental Compliance, page 36 (SR section)
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
307-1 Non-compliance with environmental laws and regulations	
Employment	
103-1 Explanation of the material topic and its boundaries	Employment, pages 36-37 (SR section)
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
401-1 New employee hires and employee turnover	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
401-3 Parental leave	
Occupational Health and Safety	
103-1 Explanation of the material topic and its boundaries	Occupational Health & Safety, page 37 (SR section)
103-2 The management approach and its components	
103-3 Evaluation of the management approach	
403-1 Workers representation in formal joint management – worker health and safety committees	
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
403-3 Workers with high incidence or high risk of diseases related to their occupation	
403-4 Health and safety topics covered in formal agreements with trade unions	

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 March 2018 and the statement of financial position of the Company as at 31 March 2018.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 48 to 116 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Terence Tea Yeok Kian
Cheong Keng Chuan Alfred
Ng Siew Hoong Linus

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the 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.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporation, except as follows:

	Holdings registered in the name of director or nominee		Holdings in which director is deemed to have an interest	
	As at 31 March 2018	As at 1 April 2017	As at 31 March 2018	As at 1 April 2017
The Company (Number of ordinary shares)				
Terence Tea Yeok Kian	655,600	–	667,275,725	97,354,500
The immediate and ultimate holding corporation - Accrelist Ltd. (Number of ordinary shares)				
Terence Tea Yeok Kian	1,264,756,029	1,093,853,829	30,062,000	26,762,000

Terence Tea Yeok Kian, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have interests in the shares of all subsidiary corporations, which is derived through shares held by Accrelist Ltd. and through shares held by his spouse in Accrelist Ltd.

The directors' interests in the ordinary shares of the Company as at 21 April 2018 were the same as those as at 31 March 2018.

DIRECTORS' STATEMENT

Share plans

(a) Jubilee Share Award Scheme ("JSAS")

The Jubilee Share Award Scheme (the "Scheme") for key management personnel and employees of the Group was approved by members of the Company at an Extraordinary General Meeting held on 21 November 2014.

The Scheme represents the right of a selected key management personnel and employees of the Group (the "Selected Person") to receive fully paid shares free of charge, upon the Selected Person achieving Performance Targets. Performance Targets set under the Scheme are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The Performance Targets are stretched targets aimed at sustaining long-term growth. Examples of Performance Targets to be set include targets based on criteria such as sales growth, EPS, share price and return on investment.

The aggregate number of shares to be delivered pursuant to the vesting of the Scheme on any date, when added to the number of shares issued and/or issuable under any other share-based incentive plans of the Company, shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares) on the day preceding that date.

The Scheme is designed to provide an opportunity for employees and certain directors to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed to the success and development of the Group. As at the date of this report, there were no outstanding options exercisable arising from the Scheme and no shares have been granted during the financial year.

During the financial year, there were no share awards granted to controlling shareholders of the Company or their associates (as defined in the SGX-ST Listing Manual Section B: Rules of Catalyst) and no participant has received 5% or more of the total number of shares available under the Scheme.

(b) Warrants

As at the end of the financial year, the Company has the following outstanding warrants:

Warrants	Exercise price per ordinary share	Expiry date	Number of warrants outstanding	
			31.3.2018	31.3.2017
Warrants 2018/2020	S\$0.045	1.3.2020	255,613,108	–

Warrants 2018/2020 were issued on 6 March 2018 in conjunction with the issuance of 255,613,108 rights shares with one (1) free warrant for every one (1) rights share, totalling to 255,613,108 free warrants. The warrants entitle the holders to subscribe for new ordinary shares in the Company on the basis of one (1) warrant for every one (1) rights share subscribed. The warrants held at an exercise price of S\$0.045 per ordinary share and will be expiring within 2 years from the date of the issue of the warrants.

(c) Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiary corporations under option.

DIRECTORS' STATEMENT

Audit Committee ("AC")

The members of the AC at the end of the financial year were as follows:

Cheong Keng Chuan Alfred (Chairman)
Terence Tea Yeok Kian
Ng Siew Hoong Linus

As at the date of this statement, the AC comprises all non-executive directors which are all independent, except for Mr Terence Tea Yeok Kian who has direct and deemed interest, which is derived through shares held by Accrelist Ltd. and through shares held by his spouse in Accrelist Ltd.

The AC carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act. In performing those functions, the AC carried out the followings:

- Reviewing the scope and the results of audit undertaken by the independent auditor to ensure that there is a balance between maintenance of their objectivity and cost effectiveness;
- Reviewing the financial statements and other announcements to members and the Singapore Exchange Securities Trading Limited ("SGX-ST"), prior to submission to the Board;
- Conducting investigation into any matter within the AC's scope of responsibility and review any significant findings of investigations;
- Assessing the independence and objectivity of the independent auditor;
- Recommending to the Board on the appointment and re-appointment of the independent auditor;
- Reviewing the assistance given by the Company's officers to the independent auditor; and
- Reviewing transactions falling within the scope of Chapter 9 of the Catalist Rules.

The AC also has explicit authority to investigate any matters within its term of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings and reasonable resources to enable it to discharge its functions properly.

In performing its functions, the AC meets the independent auditor, without the presence of the management, at least once a year to review the overall scope of the independent audit, and the assistance given by the management to the independent auditor. The AC has reasonable resources to enable it to discharge its functions properly.

The AC is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Terence Tea Yeok Kian
Director

Cheong Keng Chuan Alfred
Director

9 July 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Jubilee Industries Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Jubilee Industries Holdings Ltd. (the "Company") and its subsidiary corporations (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 comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 116.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position 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 for the financial 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 Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 2.2 and Note 4

The Group's revenue is primarily generated from sale of electronic components and provision of precision plastic injection moulding services which is recognised when the Group has delivered the products to the customer, customer has accepted the products and the collectability of the related receivables is reasonably assured, and provision of design, fabrication and sale of precision plastic injection moulds which is recognised as work progresses and approved by customer. During the financial year ended 31 March 2018, the Group recognised revenue of S\$159,954,000. We focused on this area as a key audit matter as there is a presumed fraud risk with regards to revenue recognition and revenue is one of the key performance indicators of the Group. In addition, there is inherent risk that revenue could be misstated and recorded in the incorrect accounting period.

INDEPENDENT AUDITOR'S REPORT

To the Members of Jubilee Industries Holdings Ltd.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Revenue recognition (continued)

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures have been performed:

- Discussed with management on the processes involved in the sales cycle for each revenue stream and performed walkthrough tests to consolidate our understanding.
- Performed test of controls to ascertain the reliabilities of the internal controls in place in the sales cycles.
- Performed test of details and sales cut-off tests to ascertain that the sales have been accurately taken up in the correct financial year.
- Performed analytical review by comparing the current financial year performance to prior financial year.

Other Information

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Jubilee Industries Holdings Ltd.

Report on the Audit of the Financial Statements (continued)

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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Jubilee Industries Holdings Ltd.

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 director on the audit resulting in this independent auditor's report is Meriana Ang Mei Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
9 July 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

		Group	
	Note	2018 S\$'000	2017 S\$'000
Revenue	4	159,954	108,758
Cost of sales		(152,317)	(105,044)
Gross profit		7,637	3,714
Other income	5	324	433
Other gains/(losses) - net	6	2,619	(1,448)
Expenses			
- Distribution and marketing		(1,237)	(1,294)
- Administrative		(7,927)	(9,378)
- Finance	9	(1,176)	(383)
Share of profit of associated company	20	696	874
Profit/(loss) before income tax		936	(7,482)
Income tax expense	10(a)	(4)	*
Net profit/(loss) attributable to equity holders of the Company		932	(7,482)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation – (losses)/gains	32(b)(i)	(177)	287
- Share of other comprehensive (loss)/income of associated company	32(b)(ii)	(479)	568
- Fair value loss on available-for-sale financial assets	32(b)(iv)	(900)	–
Other comprehensive (loss)/income, net of tax		(1,556)	855
Total comprehensive loss attributable to equity holders of the Company		(624)	(6,627)
Earnings/(loss) per share attributable to equity holders of the Company (cents per share)			
- Basic and diluted	11	0.15	(2.21)

*Amount less than S\$1,000

The accompanying notes are an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

		Group		Company	
	Note	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	9,119	11,333	664	9
Financial assets, at fair value through profit or loss	13	33	33	–	–
Available-for-sale financial assets	14	1,116	–	1,116	–
Trade and other receivables	15	27,083	22,400	19,782	22,154
Inventories	16	14,977	14,625	–	–
Other current assets	17	8,167	633	16	21
		60,495	49,024	21,578	22,184
Non-current assets classified as held-for-sale	18	–	7,300	–	–
		60,495	56,324	21,578	22,184
Non-current assets					
Available-for-sale financial assets	14	286	–	286	–
Investments in subsidiary corporations	19	–	–	17,461	17,461
Investment in associated company	20	10,166	8,477	10,592	9,722
Property, plant and equipment	21	900	1,589	2	–
Intangible assets	22	2,632	3,257	32	84
		13,984	13,323	28,373	27,267
Total assets		74,479	69,647	49,951	49,451
LIABILITIES					
Current liabilities					
Trade and other payables	23	34,104	34,055	14,954	14,736
Current income tax liabilities	10(b)	1	18	–	–
Borrowings	24	4,975	10,664	1,522	10,660
Provision	27	–	713	–	–
		39,080	45,450	16,476	25,396
Non-current liabilities					
Borrowings	24	896	11,363	896	11,363
Total liabilities		39,976	56,813	17,372	36,759
NET ASSETS		34,503	12,834	32,579	12,692
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	28	70,279	48,975	70,279	48,975
Treasury shares	28	(736)	(736)	(736)	(736)
Warrants reserve	29	1,150	–	1,150	–
Statutory reserve	30	2,257	2,257	–	–
Capital reserve	31	(142)	(142)	(142)	(142)
Other reserves	32	(85)	1,632	(900)	161
Accumulated losses	33	(38,220)	(39,152)	(37,072)	(35,566)
TOTAL EQUITY		34,503	12,834	32,579	12,692

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

	Note	Attributable to equity holders of the Company						Total S\$'000
		Share capital S\$'000	Treasury shares S\$'000	Warrants reserve S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Statutory reserve S\$'000	
2018								
Beginning of financial year		48,975	(736)	–	(39,152)	1,632	2,257	12,834
Total comprehensive income/(loss) for the financial year		–	–	–	932	(1,556)	–	(624)
Issuance of new ordinary shares pursuant to conversion of convertible loan	28, 32(b)(iii)	10,951	–	–	–	(161)	–	10,790
Allocation of proceeds from rights issue	28, 29	10,353	–	1,150	–	–	–	11,503
End of financial year		70,279	(736)	1,150	(38,220)	(85)	2,257	34,503
2017								
Beginning of financial year		48,932	(736)	–	(31,670)	616	2,257	19,257
Total comprehensive (loss)/ income for the financial year		–	–	–	(7,482)	855	–	(6,627)
Convertible loan - equity component	32(b)(iii)	–	–	–	–	161	–	161
Issuance of new ordinary shares	28	43	–	–	–	–	–	43
End of financial year		48,975	(736)	–	(39,152)	1,632	2,257	12,834

Treasury shares, warrants reserve, other reserves, statutory reserve and capital reserve are non-distributable.

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

		Group	
	Note	2018 S\$'000	2017 S\$'000
Cash flows from operating activities			
Net profit/(loss)		932	(7,482)
Adjustment for:			
- Income tax expense	10(a)	4	*
- Amortisation, impairment and depreciation	7	1,181	2,103
- (Gain)/loss on disposal of property, plant and equipment	6	(233)	14
- Share of profit of associated company	20	(696)	(874)
- Employee share award expense	8	-	43
- Dividend income	5	(17)	-
- Interest income – bank deposits	5	(31)	(21)
- Interest expense	9	1,176	383
- Unrealised currency translation (gains)/losses		(1,402)	1,233
		914	(4,601)
Changes in working capital:			
- Trade and other receivables		(4,683)	(4,588)
- Inventories		(352)	(7,675)
- Other current assets		(234)	(110)
- Trade and other payables		2,821	24,741
- Provision for restructuring		(713)	713
Cash (used in)/generated from operations		(2,247)	8,480
Income tax paid	10(b)	(21)	(81)
Net cash (used in)/generated from operating activities		(2,268)	8,399
Cash flows from investing activities			
Additions to intangible assets	22	(2,807)	(523)
Additions to investment in associated company	20	(870)	-
Additions to property, plant and equipment	21	(519)	(248)
Additions to available-for-sale financial assets	14	(2,302)	-
Proceeds from disposal of property, plant and equipment		939	2
Dividend received		17	-
Interest received		31	21
Net cash used in investing activities		(5,511)	(748)

*Amount less than S\$1,000

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

		Group	
	Note	2018 S\$'000	2017 S\$'000
Cash flows from financing activities			
Loan from immediate and ultimate holding corporation		–	3,123
Drawdown/(repayment) of borrowings		4,533	(258)
Repayment of finance lease liabilities		(5)	(46)
Proceeds from issuance of rights issue	28	1,066	–
Interest paid		(505)	(184)
Short-term bank deposits pledged		(282)	(1,749)
Net cash provided by financing activities		4,807	886
Net (decrease)/increase in cash and cash equivalents		(2,972)	8,537
Cash and cash equivalents			
Beginning of financial year		9,379	887
Effect of currency translation on cash and cash equivalents		34	(45)
End of financial year	12	6,441	9,379

Reconciliation of liabilities arising from financing activities

	<u>Non-cash changes</u>				
	1 April 2017	Principal and interest receipts/ (payments)	Issue of share capital and warrants	Interest expense	31 March 2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Bank borrowings	–	4,049	–	484	4,533
Finance lease liabilities	4	(5)	–	1	*
Convertible loan	10,660	–	(10,791)	131	–
Loan from immediate and ultimate holding corporation	11,363	–	(10,974)	507	896

*Amount less than S\$1,000

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

The financial statements of the Company for the financial year ended 31 March 2018 were authorised for issue in accordance with resolution of the directors on 9 July 2018.

1 Corporate information

Jubilee Industries Holdings Ltd. (the "Company") is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is at 10 Ubi Crescent, Ubi Techpark Lobby E, #03-94/95/96, Singapore 408564.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary corporations are disclosed in Note 19.

The immediate and ultimate holding corporation is Accrelist Ltd., a company incorporated in Singapore and listed on Singapore Exchange Securities Trading Limited ("SGX-ST").

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2018

On 1 April 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to accounting policies of the Group and of the Company and had no material effect on the amounts reported for the current or prior financial years.

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosure in Consolidated Statement of Cash Flows to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and revenue from fabrication of moulds and tools in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Electronic components distribution business units ("EBU")*

(i) *Sale of goods - distribution of electronic components*

Revenue from sale of goods is recognised when the Group has delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

(b) *Mechanical business unit ("MBU")*

(i) *Provision of precision plastic injection moulding services ("PPIM")*

Revenue from PPIM is recognised as work progresses and approved by customer. Material, labour and overhead cost incurred relating to the fabrication of moulds and tools which are recognised as work progress are deferred and classified as "work-in-progress" in "inventories" until the revenue is recognised.

(ii) *Design, fabrication and sale of precision plastic injection mould ("MDF")*

Revenue from MDF is recognised when the Group has delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

(c) *Commission income and service income*

Commission income and service income are recognised when services are rendered.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.4 Group accounting

(a) *Subsidiary Corporations*

(i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiary Corporations (continued)*

(iii) *Disposals*

When a change in the Group ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated company" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) *Associated company*

Associated company is an entity over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

If an investor holds, directly or indirectly (eg. through subsidiary corporations), less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

The existence of significant influence by an investor is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated company (continued)

(i) Acquisitions

Investment in associated company is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated company represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investment.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated company's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated company is recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated company is eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated company is changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated company is derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The differences between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated company" for the accounting policy on investment in associated company in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

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

	<u>Useful Lives</u>
Plant and machinery	5 - 10 years
Motor vehicles	5 years
Office equipment and tools	5 years
Furniture and electrical fittings	5 years
Renovations	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses) – net".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.6 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated company represents the excess of the cost of the acquisition over the share of the fair value of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated company is included in the carrying amount of the investments.

Gain and losses on the disposal of subsidiary corporations and associated company include the carrying amount of goodwill relating to the entity sold.

(b) Acquired computer software licenses

Acquired computer software licenses are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

(c) Distribution rights

Distribution rights acquired are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 2 years and 8 years, which is the shorter of their estimated useful lives and period of contractual rights.

During the current financial year, the Group revised the contractual rights of one of the distribution right from 4 years to 8 years so as to reflect the revised contract period terms as agreed by the producer of certain products.

The revision in estimate has been applied on a prospective basis from 1 April 2017. The effect of the above revision on amortisation charge in current and future financial years are as follows:

	2018	2019	2020	2021 - 2025
	S\$'000	S\$'000	S\$'000	S\$'000
(Decrease)/increase in amortisation expense	(411)	(411)	(411)	1,234

The carrying amount of the distribution rights with revised contractual rights as at 31 March 2018 was S\$2,514,000.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.8 Investments in subsidiary corporations and associated company

Investments in subsidiary corporations and associated company are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment

Intangible assets

Investments in subsidiary corporations and associated company

Property, plant and equipment, intangible assets and investments in subsidiary corporations and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and financial assets available for sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss through inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 14) and "cash and cash equivalents" (Note 12) on the statements of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current asset unless management intends to dispose of the asset within 12 months after the reporting date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group continues to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sales proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash flow received from the financial institution is recorded as borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

(e) *Impairment (continued)*

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.10(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been previously recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

(a) Borrowings

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

(b) Convertible loan

The total proceeds from convertible loan issued is allocated to the liability component and the equity component, which are separately presented on the statements of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible loan. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the loan.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised costs approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.16 Leases

When the Group is the lessee:

The Group leases certain motor vehicles under finance leases and offices, warehouses and worksite premises under operating leases from non-related parties.

(a) *Lessee - Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statements of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) *Lessee - Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.17 Inventories

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

- (i) Cost of raw materials and trading goods are determined using the weighted average basis; and
- (ii) Cost of finished goods and work-in-progress are determined on a specific identification basis. Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value shall be recognised as an expense in the period the write-down occurs. The amount of any reversal of write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated company, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred income tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.19 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

A provision is made using best estimate of the amount recognised 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 the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Pension benefits*

The Group is required to provide certain staff pension benefits to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary corporations' employees. The Group has no further payment obligations once the contributions have been paid. Pension contributions are recognised as expenses in the period in which the related services are performed.

(c) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of share awards is recognised as an expense in the financial year that the share awards are granted. The total amount to be recognised is determined by reference to the fair value of the share awards granted on the date of the grant.

2.21 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company and have been rounded to the nearest thousand ("S\$'000").

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.21 Currency translation (continued)

(b) Transactions and balances (continued)

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of comprehensive income within "Other gain/(losses) - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in currency translation reserve. These currency translation differences are reclassified to profit or loss disposal or partial disposal of the entity giving rise to such reserves.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.24 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

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

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

2.25 Warrants reserve

Fair value from the issuance of warrants are credited to warrants reserve which is non-distributable. When the warrants are exercised or expired, the warrants reserve will be transferred to share capital within equity.

2.26 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (a) represents a separate major line of business or geographical area of operations;
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary corporation acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recognised in profit or loss. The carrying amount of the Group's and the Company's loans and receivables at the reporting date are S\$36,066,000 and S\$20,449,000 (2017: S\$33,125,000 and S\$22,166,000) respectively.

If the net present values of estimated cash flows had been lower by 10% from management's estimates for all past due but not impaired loans and receivables, the allowance for impairment of the Group would have been higher by S\$920,000 (2017: S\$381,000).

(b) *Uncertain tax positions*

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax provisions in the financial period in which such determination is made. The carrying amounts of the Group's and the Company's current income tax liabilities at reporting date are S\$1,000 and Nil (2017: S\$18,000 and Nil) respectively.

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has tax losses and capital allowances carried forward amounting to S\$21,029,000 (2017: S\$21,256,000) and S\$2,569,000 (2017: S\$4,417,000) respectively at the reporting date. These losses and capital allowances relate to subsidiary corporations that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiary corporations have neither temporary taxable differences nor any tax planning opportunities available that could support the recognition of any of these losses and capital allowances as deferred tax assets. If the Group was able to recognise all unrecognised deferred income tax assets, profit would increase by S\$5,236,000 (2017: S\$5,650,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

3 Critical accounting estimates, assumptions and judgements (continued)

(c) Useful lives of property, plant and machinery

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The net book value of the Group's property, plant and equipment as at 31 March 2018 is S\$900,000 (2017: S\$1,589,000) and annual depreciation charge for the financial year ended 31 March 2018 is S\$552,000 (2017: S\$1,028,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If the actual useful lives of the property, plant and equipment are longer or shorter than the management's estimate by one year on average, the Group's annual depreciation charge will be reduced by S\$361,000 (2017: S\$652,000) or increased by S\$869,000 (2017: S\$470,000) respectively.

(d) Classification of associated company

Judgement is required to determine when the Group establishes significant influence over an investee. Management reviews the classification of EG Industries Sdn Bhd. ("EG") as an associated company at least annually and also whenever there are any changes to the percentage of shareholdings. The Group is presumed to not have significant influence if they hold, directly or indirectly, less than 20% of the voting power of the investee. The Company currently holds 13.46% (2017: 11.80%) of the ordinary shares of EG which is less than 20%. Management has assessed that the Group still has significant influence over EG due to the Group's voting power (both through its equity holding and its representation on the Board of EG).

4 Revenue

	Group	
	2018	2017
	S\$'000	S\$'000
Mechanical business unit ("MBU")	8,131	8,362
Electronic components distribution business unit ("EBU")	150,675	99,892
Commission income	1,148	504
	<u>159,954</u>	<u>108,758</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

5 Other income

	Group	
	2018	2017
	S\$'000	S\$'000
Government grants		
- Temporary employment credit	13	23
- Special employment credit	1	11
- Productivity and Innovation Credit cash payout	9	164
- Wage credit scheme	15	9
Dividend income	17	–
Interest income – bank deposits	31	21
Sales of scrap and other materials	11	75
Service income	111	–
Others	116	130
	<u>324</u>	<u>433</u>

6 Other gains/(losses) - net

	Group	
	2018	2017
	S\$'000	S\$'000
Gain/(loss) on disposal of property, plant and equipment	233	(14)
Currency translation gain/(loss) - net	2,315	(1,434)
Others	71	–
	<u>2,619</u>	<u>(1,448)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

7 Expenses by nature

	Group	
	2018	2017
	S\$'000	S\$'000
Purchase of inventories	147,510	105,718
Allowance for impairment of trade receivables (Note 37(b)(ii))	122	–
Allowance for impairment of other receivables (Note 37(b)(iii))	–	76
Amortisation of intangible assets (Note 22(d))	629	435
Depreciation of property, plant and equipment (Note 21)	552	1,028
Impairment loss on property, plant and equipment (Note 21)	–	640
Total amortisation, impairment and depreciation	1,181	2,103
Bad debts written off	5	100
Commission expenses	360	301
Directors' fees	187	180
Employee compensation (Note 8)	6,123	8,790
Fees on audit services paid/payable to:		
- Auditor of the Company	131	155
- Other auditors*	47	50
Fees on non-audit services paid/payable to auditor of the Company	25	24
Total fees on audit and non-audit services	203	229
Freight charges	828	780
Inventory written-down	149	93
Packing materials	144	77
Professional fees	423	359
Rental expenses on operating leases	315	1,166
Travelling, transportation and entertainment	999	811
Utilities	622	793
Workshop, repair and maintenance	763	490
Write back of allowance for impairment of trade receivables (Note 37(b)(ii))	–	(21)
Changes in inventories	(501)	(7,768)
Other expenses	2,048	1,439
Total cost of sales, administrative, and selling and distribution expenses	161,481	115,716

* Includes the network of member firms of Nexia International.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

8 Employee compensation

	Group	
	2018	2017
	S\$'000	S\$'000
Wages and salaries	5,025	6,654
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	622	831
Employee share award expense (Note 28)	–	43
Termination benefits (Note 27)	–	724
Other short-term benefits	476	538
	<u>6,123</u>	<u>8,790</u>

9 Finance expenses

	Group	
	2018	2017
	S\$'000	S\$'000
Interest expense:		
- Bank overdraft	21	–
- Bank borrowings	484	179
- Finance lease liabilities	1	4
- Loan from immediate and ultimate holding corporation		
- Convertible loan	131	–
- Direct loan	507	200
- Loan from a related party	32	–
	<u>1,176</u>	<u>383</u>

10 Income tax expense

(a) Income tax expense

	Group	
	2018	2017
	S\$'000	S\$'000
Tax expense attributable to profit/(loss) is made up of:		
Profit/(loss) for the financial year:		
- Current income tax - Foreign	4	–
Over provision in prior financial years:		
- Current income tax - Foreign	–	*
	<u>4</u>	<u>*</u>

* Amount less than S\$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

10 Income tax expense (continued)

(a) Income tax expense (continued)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2018	2017
	S\$'000	S\$'000
Profit/(loss) before income tax	936	(7,482)
Less: Share of profit of associated company, net of tax (Note 20)	(696)	(874)
Profit/(loss) before income tax and share of profit of associated company	240	(8,356)
Tax calculated at tax rate of 17% (2017: 17%)	41	(1,421)
Effects of:		
- Different tax rate in other countries	(59)	(569)
- Expenses not deductible for tax purposes	615	1,218
- Income not subject to tax	(239)	(95)
- Utilisation of previously unrecognised capital allowances and tax losses	(378)	(132)
- Deferred tax assets not recognised	25	985
- Others	(1)	14
	4	-

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of approximately S\$21,029,000 (2017: S\$21,256,000) and S\$2,569,000 (2017: S\$4,417,000) respectively at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date except for tax losses amounted to approximately S\$11,762,000 (2017: S\$9,405,000) which will expire in 2019 to 2023 (2017: 2018 to 2022).

(b) Movement in current income tax liabilities

	Group		Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Beginning of financial year	18	101	-	-
Currency translation differences	*	(2)	-	-
Income tax paid	(21)	(81)	-	-
Tax expense	4	*	-	-
End of financial year	1	18	-	-

*Amount less than S\$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

11 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and warrants.

Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net profit/(loss) is adjusted to eliminate the interest expense less the tax effect.

For warrants, the weighted average number of shares on issue has been adjusted as if all dilutive warrants were exercised. The number of shares that could have been issued upon the exercise of all dilutive warrants less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit/(loss).

	2018 S\$'000	2017 S\$'000
Net profit/(loss) attributable to equity holders of the Company	932	(7,482)
Interest expense on convertible loan, net of tax	–	108
Net profit/(loss) used to determine diluted earnings per share	932	(7,374)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share	609,967	333,158
Adjustments for:		
- convertible loan	–	161,043
- warrants	18,908	–
	18,908	161,403
Weighted average number of ordinary shares outstanding for diluted earnings/(loss) per share	628,875	494,201
Basic and diluted earnings/(loss) per share (cents per share)	0.15	(2.21)

The outstanding warrants are not assumed to be exercised because they were anti-dilutive during the financial year ended 31 March 2018 where the exercise price of \$0.045 per unit exceeds the average market of \$0.042 per unit and no changes is made to the diluted earnings per share.

As the Group incurred losses for the financial year ended 31 March 2017, the dilutive potential shares from convertible loan were anti-dilutive and no change was made to the diluted loss per share.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

12 Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	6,883	9,379	664	9
Short-term bank deposits	2,236	1,954	–	–
	<u>9,119</u>	<u>11,333</u>	<u>664</u>	<u>9</u>

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2018	2017
	S\$'000	S\$'000
Cash and cash equivalent (as above)	9,119	11,333
Less: Bank deposits pledged for:		
- banking facilities*	(2,236)	(1,954)
Less: Bank overdrafts (Note 24)	(442)	–
Cash and cash equivalents per consolidated statement of cash flows	<u>6,441</u>	<u>9,379</u>

*Bank deposits are pledged with financial institutions to secure certain banking facilities which will be utilised for funding of the working capital of the Group (Note 24).

13 Financial assets, at fair value through profit or loss

	Group	
	2018	2017
	S\$'000	S\$'000
<i>Held for trading</i>		
Listed equity securities - Singapore	<u>33</u>	<u>33</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

14 Available-for-sale financial assets

	Group and Company	
	2018	2017
	S\$'000	S\$'000
Beginning of financial year	–	–
Additions	2,302	–
Fair value loss recognised in other comprehensive income (Note 32(b)(iv))	(900)	–
End of financial year	1,402	–

Available-for-sale financial assets are analysed as follows:

	Group and Company	
	2018	2017
	S\$'000	S\$'000
Listed securities - Malaysia		
Current		
- Quoted redeemable convertible preference shares (Note a)	1,116	–
Non-current		
- Quoted equity securities (Note b)	286	–
	1,402	–

- (a) In September 2017, the Company participated in the corporate exercise of the associated company and subscribed for the renounceable rights issue of 6,243,154 redeemable convertible preference shares ("RCPS") on the basis of one (1) RCPS for every four (4) existing shares at an indicative issue price of RM0.95 per RCPS.

Each RCPS may be converted into one (1) new share at a conversion price of RM0.95, which is equivalent to the issue price. The conversion of RCPS will not require any cash payment by the RCPS holders. The conversion price shall be satisfied by surrendering one (1) RCPS for one (1) new share. The RCPS may be converted at any time beginning from the issue date until the maturity date (the day falling five (5) years from the issue date unless the tenure of the RCPS, if permitted by law, is extended by the associated company and the RCPS holders).

The associated company shall have the option to redeem the RCPS in cash at 100% of the issue price, at any time from and including the third anniversary of the issue date up to the date immediately preceding the maturity date, the Company would be obliged to sell the RCPS to the associated company upon the exercise of the option and the Company would not be able to control the occurrence of such event. Accordingly, the Company has classified its investment in RCPS as current asset. In the event that the RCPS is not converted or redeemed by the maturity date, the RCPS shall be automatically converted into new shares in the associated company.

- (b) The Company acquired (i) 250,000 shares in a listed company in Malaysia, which is primarily involved in the manufacturing and marketing of steel coils and (ii) 500,000 shares in a listed Company in Malaysia, which is primarily involved in the real estate developments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

15 Trade and other receivables

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Trade receivables				
- non-related parties	24,503	20,522	-	-
- related parties	590	-	-	-
	25,093	20,522	-	-
Less: Allowance for impairment				
- non-related parties (Note 37(b)(ii))	(143)	(21)	-	-
Trade receivables - net	24,950	20,501	-	-
Non-trade receivables				
- non-related parties	1,559	1,058	48	51
- subsidiary corporations	-	-	32,244	34,645
- related parties	157	106	32	-
	1,716	1,164	32,324	34,696
Less: Allowance for impairment				
- non-related parties (Note 37(b)(iii))	(297)	(363)	-	-
- subsidiary corporations (Note 37(b)(iii))	-	-	(12,542)	(12,542)
Non-trade receivables - net	1,419	801	19,782	22,154
Advances to suppliers	714	1,098	-	-
	27,083	22,400	19,782	22,154

The non-trade receivables due from subsidiary corporations and related parties are unsecured, interest-free and are receivable on demand.

16 Inventories

	Group	
	2018 S\$'000	2017 S\$'000
Raw materials	530	439
Work-in-progress	-	188
Finished goods	649	469
Trading goods	13,798	13,529
	14,977	14,625

The cost of inventories recognised as an expense and included in "cost of sales" amounted to S\$147,380,000 (2017: S\$98,043,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

17 Other current assets

	Group		Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Deposits	578	490	3	3
Prepayments	289	143	13	18
Properties held-in-trust (Note 18)	7,300	–	–	–
	<u>8,167</u>	<u>633</u>	<u>16</u>	<u>21</u>

18 Non-current assets classified as held-for-sale

	Group	
	2018	2017
	S\$'000	S\$'000
Beginning of financial year	7,300	7,300
Reclassified to other current assets (Note 17)	(7,300)	–
End of financial year	<u>–</u>	<u>7,300</u>

The acquisition of WE Components Pte. Ltd. ("WEC") and its subsidiary corporations ("WEC Group") from Accrelist Ltd. ("Vendor") was completed on 31 January 2015. The acquisition excluded the sale of properties ("Excluded Properties") held by WEC. Prior to completion as at 31 January 2015, the Company entered into a Second Supplemental Agreement with the Vendor to amend the terms of the sale and purchase agreement ("SPA"). The Second Supplemental Agreement provides that following the completion of acquisition, the Company and the Vendor shall mutually agree in writing on the terms and conditions of such transfer of the Excluded Properties from WEC at the consideration amounting to S\$7,300,000 whereby the Vendor shall, at its own cost and expense, transfer the Excluded Properties to itself or its nominees within 12 months after completion, and if required by the bankers, the Vendor or its nominees continue to provide third party security by way of mortgage over the Excluded Properties to the bankers, in relation to loans provided by each of the banks to WEC, pursuant to the term loan letter dated 2 May 2008 and the revised banking facilities letter dated 1 October 2013.

As the loans provided by each financial institution to WEC for the Excluded Properties are not directly transferable to the Vendor, both WEC and the Vendor are sourcing for other financial institutions to have the loan transferred. There have been negotiations with other financial institutions and the Vendor is not intending to settle the balance outstanding to reserve cash for expansion purposes which resulted in a delay in the transfer of the Excluded Properties. During the financial year ended 31 March 2017, management was of the view that the delay in the completion of the disposal is caused by events and circumstances beyond the Company's control. As such, the Excluded Properties continued to be presented as "Non-current assets classified as held-for-sale" on the Statements of Financial Position.

During the current financial year, WEC had agreed in-principal to accept the terms of the new financing from another financial institution with the Excluded Properties to be pledged as collateral to secure the banking facilities.

In addition, WEC became an indirect subsidiary corporation of the Vendor following the conversion of the convertible loan issued by the Company. In view of these events, management is of the view that the transfer of the Excluded Properties is not highly probable within the next 12 months and as the Vendor remains to have the rights over the Excluded Properties, which can be exercised anytime at the agreed consideration of S\$7,300,000, management is of the view that the Excluded Properties shall be reclassified as "Properties held-in-trust" under other current assets and measured as cost as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

19 Investments in subsidiary corporations

	Company	
	2018	2017
	S\$'000	S\$'000
<i>Equity investment at cost</i>		
Beginning and end of financial year	42,966	42,966
<i>Less:</i>		
<i>Allowance for impairment</i>		
Beginning of financial year	25,505	7,269
Impairment charge	–	18,236
End of financial year	25,505	25,505
	17,461	17,461

During the previous financial year, an impairment charge of S\$18,236,000 in a subsidiary corporation was recognised in relation to the MBU segment in the People's Republic of China. The impairment loss was made to write down the carrying amount of investment in a subsidiary corporation to its recoverable amount following a review of the subsidiary corporation's business.

The recoverable amount was determined based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rate stated below.

Key assumptions used for value-in-use calculations:

	MBU		EBU	
	2018	2017	2018	2017
Gross margin (budgeted gross margin)	–	(67%)	–	6%
Growth rate (weighted average growth rate used to extrapolate cash flows beyond the budget period)	–	3%	–	2%
Discount rate (pre-tax discount rate applied to the pre-tax cash flow projections)	–	12%	–	10%

The weighted average growth rate used was consistent with forecasts included in industry reports. The discount rate used was pre-tax and reflected specific risks relating to the industry.

The impairment test carried out as at 31 March 2017 has indicated that the recoverable amount for the MBU segment in the People's Republic of China was Nil or 100% lower than its carrying amount and the recoverable amount for the EBU segment in Singapore was S\$44,820,000 or 172% higher than its carrying amount. The recoverable amount for the MBU segment in the People's Republic of China has decreased due to the forecasted financial performance being insufficient to cover the cost of investment, accordingly full impairment was recognised.

As at 31 March 2018, management has assessed that there are no indication that the Company's investments in subsidiary corporations may be impaired, accordingly impairment test is not required.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

19 Investments in subsidiary corporations (continued)

Details of subsidiary corporations are as follows:

Name of Companies	Country of Incorporation/ Principal place of business	Principal activities	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by Group	
			2018 %	2017 %	2018 %	2017 %
<i>Held by the Company</i>						
Jubilee Industries (S) Pte Ltd ^(a)	Singapore	Manufacturer and dealer of precision plastic and metal mould	100	100	100	100
E'Mold Holding Pte Ltd ^(a)	Singapore	Investment holding	100	100	100	100
J Capital Pte Ltd ^(a)	Singapore	Investment holding	100	100	100	100
WE Components Pte Ltd ^(a)	Singapore	Trading in electronic components	100	100	100	100
<i>Held by subsidiary corporations</i>						
WE Total Engineering Sdn Bhd (formerly known as Jubilee Manufacturing Sdn Bhd) ^(b)	Malaysia	Manufacturer and dealer of precision plastic and metal mould	100	100	100	100
E'Mold Manufacturing (Kunshan) Co. Ltd ^(c) (Audited by Suzhou Jing An Certified Public Accountants Co., Ltd)	People's Republic of China	Manufacturer and dealer of precision plastic and metal mould	100	100	100	100
WE Components (Shanghai) Co Ltd ^(d) (Audited by Shangzi Certified Public Accountants Co., Ltd)	People's Republic of China	Trading in electronic components	100	100	100	100
WE Components Co Ltd ^(d) (Audited by BZY Audit (Thailand) Limited)	Thailand	Trading in electronic components	100	100	100	100
WE Components (Hong Kong) Limited ^(e)	Hong Kong	Trading in electronic components	100	100	100	100
WE Components (Shenzhen) Co Ltd ^(f)	People's Republic of China	Trading in electronic components	100	100	100	100
Kin Wai Technology Ltd ^(e)	British Virgin Islands/People's Republic of China	Trading in electronic components	100	100	100	100
WE Microelectronics Pte Ltd ^(a)	Singapore	Trading in electronic components	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

19 Investments in subsidiary corporations (continued)

Details of subsidiary corporations are as follows (continued):

Name of Companies	Country of Incorporation/ Principal place of business	Principal activities	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by Group	
			2018 %	2017 %	2018 %	2017 %
<i>Held by subsidiary corporations (continued)</i>						
WE Components (Penang) Sdn Bhd ^(d) (Audited by Crowe Horwath)	Malaysia	Trading in electronic components	100	100	100	100
WE Components India Pvt Ltd ^(d) (Audited by Vasanth & Co)	India	Trading in electronic components	100	100	100	100
^(a) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International.						
^(b) Audited by SSY Partners Chartered Accountants, Malaysia, a member firm of Nexia International for local statutory audit purpose. For the purpose of preparing the consolidated financial statements, financial statements of WE Total Engineering Sdn Bhd (formerly known as Jubilee Manufacturing Sdn Bhd) have been audited by Nexia TS Public Accounting Corporation.						
^(c) Audited by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes.						
^(d) Audited by other independent auditors other than member firms of Nexia International for local statutory audit purposes. Their names are indicated as above.						
^(e) Audited by Fan, Chan & Co, a member firm of Nexia International for consolidation purposes.						
^(f) The subsidiary corporation is dormant and does not require an audit. It is not significant to the Group.						

Significant restrictions

Cash and cash equivalents of S\$640,934 (2017: S\$1,510,892) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

20 Investment in associated company

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Beginning of financial year	8,477	7,847	9,722	9,722
Additions	870	—	870	—
Share of profit (Note 10(a))	696	874	—	—
Share of other comprehensive (loss)/income (Note 32(b)(ii))	(479)	568	—	—
Currency translation differences	602	(812)	—	—
End of financial year	10,166	8,477	10,592	9,722

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

20 Investment in associated company (continued)

Acquisition of interest in an associated company

In March 2018, the Company acquired an aggregate of 4,642,500 ordinary shares of the associated company for a cash consideration of S\$870,000. Accordingly, the Company's ownership interest has increased from 11.8% to 13.46%.

Set out below is the associated company of the Group and the Company as at 31 March 2018, which, in the opinion of the directors, is material to the Group. The associated company as listed below has share capital solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Principal activities	Country of incorporation	% of ownership interest 2018	% of ownership interest 2017
EG Industries Berhad ^(a)	Provision of electronics manufacturing services for electronics, electrical, telecommunication and automotive industries products	Malaysia	13.46%	11.80%

^(a) Audited by UHY Chartered Accountants, Malaysia.

Part of the Company's investment in associated company amounting to S\$3,397,000 (2017: S\$1,358,000) has been pledged as security for the Company's margin facility account (Note 24). Under the terms and conditions of the letter of offer, the Company is prohibited from disposing of this investment or subjecting it to further charges without furnishing a replacement security of similar value.

As at 31 March 2018, the fair value of the Group's interest in EG, which is listed in Bursa Malaysia Securities Berhad was S\$6,539,042 (2017: S\$7,095,000). The fair value measurement is classified within Level 1 of the fair value hierarchy. Although the fair value of the investment in associated company is lower than its carrying amount, management is of the view that no impairment assessment is required as EG is held for long-term investment and it is unlikely that its recoverable amount would be lower than the carrying amount in view of the positive performance of EG in the current financial year and their recent trend of improving financial results.

There are no contingent liabilities relating to the Group's interest in the associated company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

20 Investment in associated company (continued)

Summarised financial information for associated company

Set out below is the summarised financial statements for EG.

Summarised statement of financial position

	2018 S\$'000	2017 S\$'000
Current assets	162,863	153,447
Includes:		
- Cash and cash equivalents	19,920	9,807
Current liabilities	116,325	120,833
Includes:		
- Financial liabilities (excluding trade payables)	66,153	67,710
Non-current assets	67,019	58,748
Non-current liabilities	4,465	6,478
Includes:		
- Financial liabilities (excluding trade payables)	4,316	6,403
Net assets	109,092	84,884

Summarised statement of comprehensive income

	2018 S\$'000	2017 S\$'000
Revenue	331,665	294,859
Interest income	250	147
Expenses		
Includes:		
- Depreciation	10,371	8,671
- Interest expense	2,862	3,744
Profit before income tax	5,567	8,097
Income tax credit/(expenses)	329	(690)
Net profit	5,896	7,407
Other comprehensive (loss)/income	(4,038)	4,814
Total comprehensive income	1,858	12,221

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

20 Investment in associated company (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated company, is as follows:

	2018 S\$'000	2017 S\$'000
Equity attributable to shareholders of the associated company		
At beginning of financial year	84,884	79,502
Profit for the financial year	5,896	7,407
Other comprehensive (loss)/income for the financial year	(4,038)	4,814
Redeemable convertible preference shares ('RCPS'), resale/(purchase) of treasury shares, rights issue with warrants, and private placement during the financial year	16,365	(3)
Currency translation differences	5,985	(6,836)
At end of financial year	109,092	84,884
Interest in associated company (2018: 13.46%; 2017: 11.80%)	14,684	10,016
Fair value adjustment	(1,534)	(1,534)
Effect of changes in equity	(2,203)	–
Effect of additional in investment in associated company	(941)	–
Other adjustment	160	(5)
Carrying value of Group's interest in associated company	10,166	8,477

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

21 Property, plant and equipment

	Plant and machinery S\$'000	Motor vehicles S\$'000	Office equipment and tools S\$'000	Furniture and electrical fittings S\$'000	Renovations S\$'000	Total S\$'000
Group						
2018						
Cost						
Beginning of financial year	20,876	427	2,510	1,258	4,213	29,284
Currency translation differences	641	7	64	32	119	863
Additions	404	2	22	–	91	519
Disposals	(8,843)	(145)	(186)	(941)	(215)	(10,330)
End of financial year	13,078	291	2,410	349	4,208	20,336
Accumulated depreciation						
Beginning of financial year	18,813	310	2,315	1,128	4,174	26,740
Currency translation differences	588	4	61	30	115	798
Depreciation charge (Note 7)	407	58	56	7	24	552
Disposals	(7,395)	(131)	(159)	(838)	(215)	(8,738)
End of financial year	12,413	241	2,273	327	4,098	19,352
Accumulated impairment losses						
Beginning of financial year	928	4	1	17	5	955
Currency translation differences	15	–	–	–	–	15
Disposals	(859)	(4)	(1)	(17)	(5)	(886)
End of financial year	84	–	–	–	–	84
Net book value						
End of financial year	581	50	137	22	110	900

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

21 Property, plant and equipment (continued)

	Plant and machinery S\$'000	Motor vehicles S\$'000	Office equipment and tools S\$'000	Furniture and electrical fittings S\$'000	Renovations S\$'000	Total S\$'000
Group						
2017						
Cost						
Beginning of financial year	21,853	397	2,518	1,316	4,364	30,448
Currency translation differences	(954)	(9)	(94)	(58)	(151)	(1,266)
Additions	119	39	89	1	–	248
Disposals	(142)	–	(3)	(1)	–	(146)
End of financial year	20,876	427	2,510	1,258	4,213	29,284
Accumulated depreciation						
Beginning of financial year	18,988	253	2,325	1,167	4,249	26,982
Currency translation differences	(858)	(7)	(79)	(53)	(147)	(1,144)
Depreciation charge (Note 7)	807	64	71	14	72	1,028
Disposals	(124)	–	(2)	*	–	(126)
End of financial year	18,813	310	2,315	1,128	4,174	26,740
Accumulated impairment losses						
Beginning of financial year	313	4	1	18	5	341
Currency translation differences	(21)	–	–	(1)	–	(22)
Impairment charge (Note 7)	640	–	–	–	–	640
Disposals	(4)	–	–	–	–	(4)
End of financial year	928	4	1	17	5	955
Net book value						
End of financial year	1,135	113	194	113	34	1,589

*Amount less than S\$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

21 Property, plant and equipment (continued)

- (a) The carrying amounts of motor vehicles under finance leases are S\$400 (2017: S\$5,000) at reporting date (Note 24).
- (b) During the previous financial year, an impairment charge of S\$640,000 was recognised for the Group's property, plant and equipment as the estimated recoverable amount based on the transacted sale price, which occurred after the reporting date, of RMB4,000,000 (equivalent to S\$810,000) was lower than its carrying amount of S\$1,450,000. The recoverable amount has decreased due to management exploring options to divest the loss-making subsidiary corporation which led to a lower selling price.

	Company	
	2018	2017
	S\$'000	S\$'000
Office equipment		
Cost		
Beginning of financial year	3	3
Additions	2	–
End of financial year	5	3
Accumulated depreciation		
Beginning of financial year	3	3
Depreciation charge	*	–
End of financial year	3	3
Net book value		
End of financial year	2	–

*Amount less than S\$1,000

22 Intangible assets

	Group		Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Composition:				
Goodwill arising on consolidation (Note (a))	–	–	–	–
Computer software licenses (Note (b))	67	229	32	84
Distribution rights (Note (c))	2,565	3,028	–	–
	2,632	3,257	32	84

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

22 Intangible assets (continued)

(a) Goodwill arising on consolidation

	Group	
	2018 S\$'000	2017 S\$'000
Cost		
Beginning and end of financial year	2,332	2,332
Accumulated impairment		
Beginning and end of financial year	(2,332)	(2,332)
Net book value		
End of financial year	-	-

Impairment test for goodwill

Goodwill on consolidation arose from the acquisition of WE Components Pte Ltd and its subsidiary corporations and has been allocated to its EBU segment in Singapore as the cash-generating unit ("CGU").

An impairment charge of S\$2,332,000 was included within "Administrative expenses" in the statement of comprehensive income for the prior financial years. The impairment charge arose from the EBU segment due to the forecasted financial performance not being sufficient to cover the cost of investment, resulted in the full impairment of the goodwill.

(b) Computer software licenses

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Cost				
Beginning of financial year	1,013	1,001	266	266
Currency translation differences	4	(10)	-	-
Additions	3	22	-	-
Write-off	(303)	-	-	-
End of financial year	717	1,013	266	266
Accumulated amortisation				
Beginning of financial year	784	655	182	131
Currency translation differences	3	(7)	-	-
Amortisation charge	166	136	52	51
Write-off	(303)	-	-	-
End of financial year	650	784	234	182
Net book value				
End of financial year	67	229	32	84

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

22 Intangible assets (continued)

(c) Distribution rights

	Group	
	2018	2017
	S\$'000	S\$'000
Cost		
Beginning of financial year	3,327	–
Additions	–	3,327
End of financial year	3,327	3,327
Accumulated amortisation		
Beginning of financial year	299	–
Amortisation charge	463	299
End of financial year	762	299
Net book value		
End of financial year	2,565	3,028

As at 31 March 2017, payment of S\$523,000 has been made to a non-related party. The remaining payable of S\$2,804,000 has been fully settled during the current financial year.

(d) Amortisation expense included in the statement of comprehensive income is analysed as follows:

	Group	
	2018	2017
	S\$'000	S\$'000
Administrative expenses (Note 7)	629	435

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

23 Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables				
- non-related parties	18,638	19,019	-	-
- related parties	1,390	1,481	-	-
	20,028	20,500	-	-
Non-trade payables				
- non-related parties	1,781	1,721	142	93
- immediate and ultimate holding corporation	8,395	-	8,705	9,578
- subsidiary corporations	-	-	4,938	4,923
- related parties	1,176	10,376	-	-
	11,352	12,097	13,785	14,594
Deposit received	1,000	-	1,000	-
Accrued operating expenses	1,021	776	169	142
Advances received from customers	703	682	-	-
	34,104	34,055	14,954	14,736

The non-trade payables due to immediate and ultimate holding corporation, subsidiary corporations and related parties are unsecured, interest-free and payable on demand, except for payable to a related party of S\$1,140,000 (2017: Nil) which bears interest of 4% per annum.

24 Borrowings

	Group		Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
Bank overdrafts (Note 12)	442	-	-	-
Bank borrowings	4,533	-	1,522	-
Finance lease liabilities (Note 26)	*	4	-	-
Convertible loan (Note 25)	-	10,660	-	10,660
	4,975	10,664	1,522	10,660
Non-current				
Loan from immediate and ultimate holding corporation	896	11,363	896	11,363
Total borrowings	5,871	22,027	2,418	22,023

* Amount less than S\$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

24 Borrowings (continued)

Loan from immediate and ultimate holding corporation is unsecured, bears interest of 5% per annum and is repayable in full on or before 6 October 2019.

On 6 March 2018, the Company made partial settlement of the principal and interest of the loan amounting to S\$10,437,000 (Note 28) by way of allotment and issuance of 231,914,929 rights shares and 231,914,929 free warrants.

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
6 months or less	4,975	10,662	1,522	10,660
6 – 12 months	–	2	–	–
1 – 5 years	896	11,363	896	11,363
	<u>5,871</u>	<u>22,027</u>	<u>2,418</u>	<u>22,023</u>

(a) Security granted

Bank overdrafts include secured liabilities of S\$442,000 (2017: Nil) for the Group. Bank overdrafts of the Group are secured by the immediate and ultimate holding corporation's bank deposits of S\$507,000 (2017: Nil) (Note 12).

Bank borrowings include secured liabilities of S\$1,522,000 (2017: Nil) for the Group and for the Company. Bank borrowings are secured by the Company's investment in associated company of S\$3,397,000 (2017: S\$1,358,000) (Note 20).

Finance lease liabilities of the Group are effectively secured over the leased motor vehicles (Note 21) as the legal title are retained by the respective lessors and will be transferred to the Group upon full settlement of the finance lease liabilities. The financial lease liabilities are also secured by the corporate guarantee of the Company.

(b) Fair value of non-current borrowings

	Group	
	2018 S\$'000	2017 S\$'000
Loan from immediate and ultimate holding corporation	<u>869</u>	<u>11,001</u>

The fair values are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group	
	2018 %	2017 %
Loan from immediate and ultimate holding corporation	<u>5.33</u>	<u>5.28</u>

The fair values are within level 2 of the fair values hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

25 Convertible loan

On 7 October 2016, the Company entered into a convertible loan agreement (the "Agreement") with a related party for a loan amount of S\$10,821,000 which was translated from US\$8,000,000 at agreed exchange rate of 1.35262. The loan is convertible into such number of new ordinary shares in the capital of the Company and subject to the terms and conditions of the Agreement. The convertible loan is unsecured, bears interest of 2% per annum and is due for repayment three years from the date of the Agreement.

The loan and all accrued interest can be converted in whole or in part, at the option of the related party at any date from 7 October 2016 to 6 October 2019 into Conversion Shares based on one hundred and twenty percent (120%) of the volume weighted average price quoted by the SGX-ST for 30 consecutive trading days ending on the trading day immediately preceding the date of the Agreement, and subject to the conditions of the Agreement.

The fair value of the liability component, included in current borrowings, was calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The residual amount, representing the value of the equity conversion component, was included in shareholders' equity in other reserves (Note 32), net of deferred income taxes.

The carrying amount of the liability component of the convertible bonds at the reporting date is derived as follows:

	Group and Company	
	2018	2017
	S\$'000	S\$'000
Liability component at beginning of financial year	10,660	–
Interest expense (Note 9)	131	–
Issuance of shares pursuant to conversion of convertible loan (Note 28)	(10,791)	–
Face value of convertible bonds issued on 7 October 2016	–	10,821
Equity conversion component on initial recognition (Note 32(b)(iii))	–	(161)
Liability component on initial recognition and at end of financial year (Note 24)	<u>–</u>	<u>10,660</u>

As at 31 March 2017, the carrying amount of the convertible loan approximates its fair value.

On 15 May 2017, the Company received a conversion notice from the related party to exercise the conversion rights to convert the loan into ordinary shares of the Company ("Conversion Notice"). Following the receipt of Conversion Notice, the Company issued 338,006,296 shares with fair value of S\$0.0324 per share at the conversion date, amounting to S\$10,951,000 (Note 28).

Following the conversion exercise, the shareholding of the related party in the ordinary shares of the Company increased from 29.1% to 64.8%, accordingly, the Company is classified as a subsidiary corporation of the related party.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

26 Finance lease liabilities

The Group leases certain motor vehicles from non-related parties under finance lease agreements. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	2018	2017
	S\$'000	S\$'000
Minimum lease payment due:		
- Not later than one year	*	5
- Between two to five years	—	—
	*	5
Less: Finance charges	*	(1)
Present value of finance lease liabilities due not later than one year (Note 24)	*	4

*Amount less than S\$1,000

27 Provision

	Group	
	2018	2017
	S\$'000	S\$'000
Current Restructuring	—	713

Movement in provision for restructuring is as follows:

	Group	
	2018	2017
	S\$'000	S\$'000
Beginning of financial year	713	—
Currency translation differences	9	(11)
Provision made (Note 8)	—	724
Payment	(722)	—
End of financial year	—	713

The restructuring of the MBU segment in the People's Republic of China has resulted in retrenchment of 116 employees. Estimated staff redundancy costs amounting to S\$724,000 was recognised in the previous financial year. The restructuring has been completed in the current financial year. In conjunction with the restructuring exercise, the Company has recognised full impairment for its investment in the respective CGU (Note 19) and the Group has recognised impairment of S\$640,000 in respect of property, plant and equipment (Note 21). The Group will continue to operate the MBU segment in the People's Republic of China in a smaller scale to fulfil remaining customers' orders while exploring other opportunities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

28 Share capital and treasury shares

	Number of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	S\$'000	S\$'000
Group and Company				
2018				
Beginning of financial year	348,226	(13,682)	48,975	(736)
Shares issued pursuant to:				
- conversion of convertible loan	338,006	–	10,951	–
- rights issue	255,613	–	10,353	–
End of financial year	941,845	(13,682)	70,279	(736)
2017				
Beginning of financial year	346,505	(13,682)	48,932	(736)
Share issued	1,721	–	43	–
End of financial year	348,226	(13,682)	48,975	(736)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

During the current financial year, the Company received a Conversion Notice from the related party to exercise the conversion rights to convert the Convertible Loan into ordinary shares. Following the receipt of Conversion Notice, the Company issued 338,006,296 shares with fair value of (i) S\$0.0324 per share at the conversion date, amounting to S\$10,791,000 (Note 25) and (ii) transferred the equity component of convertible loan amounting to S\$161,000 (Note 32(b)(iii)) to share capital.

The Company also issued 255,613,108 rights shares cum warrants as part of (i) subscription of rights issue by non-controlling shareholders, amounting to S\$1,066,000 and (ii) repayment of the Direct Loan to immediate and ultimate holding corporation, amounting to S\$10,437,000 (Note 24). The allocation of total proceed from the rights issue of S\$11,503,000 between share capital and warrant reserve amounting to S\$10,353,000 and S\$1,150,000 (Note 29) respectively. The newly issued shares rank *pari passu* in all respects with the previously issued shares.

During the previous financial year, the Company issued 1,721,148 shares under the JSAS with fair value of S\$0.0252 per share at the grant date, amounting to S\$43,000 (Note 8). The newly issued shares rank *pari passu* in all respects with the previously issued shares.

29 Warrants reserve

During the current financial year, the Company allotted 255,613,108 rights issue of S\$0.045 each together with 255,613,108 free detachable warrants on the basis of one (1) free warrant for every one (1) rights share subscribed.

The warrants reserve represents the fair value of the deemed consideration allocated for issuance of Warrants 2018/2020 of S\$1,150,000 (Note 28). When the warrants are exercised or expired, the warrants reserve will be transferred to share capital within equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

30 Statutory reserve

In accordance with the relevant laws and regulations of the People's Republic of China ("PRC"), companies in the PRC are required to set aside general funds by way of appropriation from their statutory net profit, as reported in the PRC statutory financial statements, at a rate to be determined by the directors of the Group. The directors have decided that 5% to 10% of the statutory net profit, as reported in the statutory financial statements of the subsidiary corporation in PRC, be appropriated each year to the general reserve funds.

The reserve funds may be used to offset accumulated losses or increase the registered capital of the subsidiary corporation, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

31 Capital reserve

On 15 June 2012, the Company's wholly-owned subsidiary corporation, E'Molding Plastics Industries Pte Ltd was amalgamated to another wholly-owned subsidiary corporation, Jubilee Industries (S) Pte. Ltd. The effect of the amalgamation is that Jubilee Industries (S) Pte. Ltd. took over all rights and obligations of E'Molding Plastics Industries Pte Ltd.

32 Other reserves

(a) Composition

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Currency translation reserve	878	1,055	–	–
Share of other comprehensive (loss)/ income of associated company	(63)	416	–	–
Equity component of convertible loan	–	161	–	161
Fair value reserve	(900)	–	(900)	–
	(85)	1,632	(900)	161

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

32 Other reserves (continued)

(b) Movements:

(i) Currency translation reserve

	Group	
	2018 S\$'000	2017 S\$'000
Beginning of financial year	1,055	768
Net currency translation differences of financial statements of foreign entities	(177)	287
End of financial year	878	1,055

(ii) Share of other comprehensive income/(loss) of associated company

	Group	
	2018 S\$'000	2017 S\$'000
Beginning of financial year	416	(152)
Share of comprehensive (loss)/income of associated company (Note 20)	(479)	568
End of financial year	(63)	416

(iii) Equity component of convertible loan

	Group and Company	
	2018 S\$'000	2017 S\$'000
Beginning of financial year	161	–
Convertible loan – equity component (Note 25)	–	161
Issuance of shares (Note 28)	(161)	–
End of financial year	–	161

(iv) Fair value reserve

	Group and Company	
	2018 S\$'000	2017 S\$'000
Beginning of financial year	–	–
Fair value loss on available-for-sale financial assets (Note 14)	(900)	–
End of financial year	(900)	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

33 Accumulated losses

Movement in accumulated losses of the Company is as follows:

	Company	
	2018 S\$'000	2017 S\$'000
Beginning of financial year	(35,566)	(15,708)
Net loss	(1,506)	(19,858)
End of financial year	<u>(37,072)</u>	<u>(35,566)</u>

34 Contingent liabilities

(a) Corporate guarantees

The Company's subsidiary corporation has issued an insurance bond to one of its major supplier for greater credit limits and terms. The bond is provided with a total guaranteed amount of S\$1,963,000 (2017: S\$5,581,000).

Management estimated that the fair value of the corporate guarantees is negligible in the view that the consequential benefits to be derived from its guarantee are not material and therefore not recognised. It is considered unlikely that the Company will be held liable as a result of the corporate guarantees since there is no default in the payment of borrowings by the subsidiary corporations to which guarantees are provided.

(b) Financial support

The Company provides financial support to certain subsidiary corporations to enable these subsidiary corporations to operate as going concerns and to meet their liabilities as and when they fall due. No liabilities are recognised by the Company as it is considered unlikely that there will be significant outflows of resources made by the Company as a result of the financial support provided.

35 Operating lease commitments

(a) Operating lease commitments – where the Group is a lessee

The Group leases offices, warehouses and worksite premises from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group	
	2018 S\$'000	2017 S\$'000
Not later than one year	302	611
Between two and five years	19	347
	<u>321</u>	<u>958</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

35 Operating lease commitments (continued)

(b) Operating lease commitments – where the Group is a lessor

The Group and Company leases out office premises to a related party under a non-cancellable operating lease agreement. The lessee is required to pay a fixed lease payment during the lease period.

The future minimum lease receivables under a non-cancellable operating lease contracted for at the reporting date but not recognised as receivables, are as follows:

	Group and Company	
	2018	2017
	S\$'000	S\$'000
Not later than one year	30	–
Between two and five years	120	–
	<u>150</u>	<u>–</u>

36 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties.

(a) Sales and purchases of goods and services

	Group	
	2018	2017
	S\$'000	S\$'000
Sales of goods to related parties	1,230	1,040
Purchase of goods and services from related parties	–	(445)
Rental and management fees charged to a related party	49	–
Rental expenses paid/payable to a related party	<u>–</u>	<u>(480)</u>

Related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 March 2018, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 15 and 23 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

36 Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2018	2017
	S\$'000	S\$'000
Wages and salaries	620	321
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	46	25
Employee share award expense	–	6
Other short-term benefits	66	9
	<u>732</u>	<u>361</u>
Analysed as:		
Directors of the Company	–	–
Other key management personnel		
- current	588	361
- former	144	–
	<u>732</u>	<u>361</u>

37 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group's principal financial instruments comprise loans from a related party, convertible loan, finance leases and cash and short-term bank deposits. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

It is the Group's policy that no trading in derivative financial instruments shall be undertaken.

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

37 Financial risk management (continued)

The Board of Directors ("BOD") reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) Currency risk

Entities in the Group provide services and sell goods in several countries, and as a result, transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Chinese Renminbi ("RMB") and Ringgit Malaysia ("MYR"). To manage the currency risk, the Group relies on natural hedging as a risk management tool and does not enter into derivative foreign exchange contracts to hedge its foreign currency risk.

In addition, the Group is also exposed to currency translation risk to the net assets of the Group's foreign operations. Currency exposure to the net assets of the Group's foreign operations in China and Malaysia are managed primarily through funding from the immediate and ultimate holding corporation.

The Company does not have significant exposure to currency risk as it operates only in Singapore. Revenue and expenses are predominantly denominated in Singapore Dollar.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S\$'000	USD S\$'000	RMB S\$'000	MYR S\$'000	Others S\$'000	Total S\$'000
Group						
2018						
Financial Assets						
Cash and cash equivalents	1,109	5,501	549	1,102	858	9,119
Trade and other receivables	1,120	24,006	228	840	175	26,369
Inter-company balances	25,524	11,384	8,613	96	1,594	47,211
Other financial assets	323	–	36	194	25	578
Financial assets at fair value through profit or loss	33	–	–	–	–	33
Available for sale financial assets	–	–	–	1,402	–	1,402
	28,109	40,891	9,426	3,634	2,652	84,712
Financial Liabilities						
Trade and other payables	6,668	23,976	451	1,769	537	33,401
Inter-company balances	25,524	11,384	8,613	96	1,594	47,211
Borrowings	1,337	3,012	–	1,522	–	5,871
	33,529	38,372	9,064	3,387	2,131	86,483
Net financial (liabilities)/assets	(5,420)	2,519	362	247	521	(1,771)
Add: Net financial assets/(liabilities) denominated in respective entities' functional currencies	5,415	107	(362)	(367)	(521)	4,272
Currency exposure of financial (liabilities)/assets	(5)	2,626	–	(120)	–	2,501

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

37 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S\$'000	USD S\$'000	RMB S\$'000	MYR S\$'000	Others S\$'000	Total S\$'000
Group						
2017						
Financial Assets						
Cash and cash equivalents	393	9,262	308	428	942	11,333
Trade and other receivables	527	19,585	458	583	149	21,302
Inter-company balances	48,878	10,738	11,182	149	1,447	72,394
Other financial assets	227	–	57	181	25	490
Financial assets at fair value through profit or loss	33	–	–	–	–	33
	50,058	39,585	12,005	1,341	2,563	105,552
Financial Liabilities						
Trade and other payables	775	29,255	1,064	1,719	560	33,373
Inter-company balances	48,878	10,738	11,182	149	1,447	72,394
Borrowings	22,023	–	–	4	–	22,027
	71,676	39,993	12,246	1,872	2,007	127,794
Net financial (liabilities)/ assets	(21,618)	(408)	(241)	(531)	556	(22,242)
Add: Net financial assets/ (liabilities) denominated in respective entities' functional currencies	21,618	(246)	241	531	(556)	21,588
Currency exposure of financial liabilities	–	(654)	–	–	–	(654)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

37 Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD and MYR change against the SGD by 3% (2017: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position to the financial performance of the Group will be as follows:

	2018		2017	
	Profit after tax S\$'000	Other comprehensive loss S\$'000	Loss after tax S\$'000	Other comprehensive income S\$'000
USD against SGD				
- Strengthened	(65)	–	16	–
- Weakened	65	–	(16)	–
MYR against SGD				
- Strengthened	(38)	35	–	–
- Weakened	38	(35)	–	–

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets, the Group's interest income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the impact on adverse movement of interest rates. The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss and equity.

(iii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which is classified on the consolidated statement of financial position as fair value through profit or loss and available-for-sale financial assets. These securities are listed in Singapore and Malaysia. To manage its price risk arising from investment in equity securities, the Group diversifies its portfolio with the limits set by the BOD.

If price for equity securities listed in Singapore and Malaysia had changed by 1% (2017: 1%) and 10% (2017 : nil) with all other variables including tax rate being held constant, the effects on profit after tax will not be significant and the effects on other comprehensive income would have been:

	2018		2017	
	Profit after tax S\$'000	Other comprehensive loss S\$'000	Loss after tax S\$'000	Other comprehensive income S\$'000
Group and Company				
Listed in Malaysia				
- increased by	–	107	–	–
- decreased by	–	(107)	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

37 Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining cash deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with the high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Group	
	2018 S\$'000	2017 S\$'000
Corporate guarantees provided to banks on its major supplier (Note 34(a))	1,963	5,581

The trade receivables of the Group comprise 3 debtors (2017: 3 debtors) that individually represented 5 -12% (2017: 5 - 20%) of the Group's total trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2018 S\$'000	2017 S\$'000
<u>By geographical areas</u>		
Singapore	3,739	4,996
United States of America	985	270
Malaysia	3,729	2,691
People's Republic of China	7,129	6,812
India	3,975	2,073
Thailand	2,176	1,281
Vietnam	509	636
Other countries	2,708	1,742
	<u>24,950</u>	<u>20,501</u>
<u>By types of customers</u>		
Non-related parties		
- Multi-national companies	6,217	4,294
- Other companies	18,733	16,207
	<u>24,950</u>	<u>20,501</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

37 Financial risk management (continued)

(b) Credit risk (continued)

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

(i) The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2018	2017
	S\$'000	S\$'000
Past due < 3 months	7,053	3,604
Past due 3 to 6 months	920	210
Past due > 6 months	1,224	–
	<u>9,197</u>	<u>3,814</u>

(ii) The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2018	2017
	S\$'000	S\$'000
Gross amount – past due more than a year	143	21
Less: Allowance for impairment	(143)	(21)
	<u>–</u>	<u>–</u>
Beginning of financial year	21	44
Allowance made (Note 7)	122	–
Allowance written-back (Note 7)	–	(21)
Currency translation differences	–	(2)
End of financial year (Note 15)	<u>143</u>	<u>21</u>

An allowance for impairment has been made to profit or loss, as management determined the likelihood of recoverability is low and payments are not forthcoming.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

37 Financial risk management (continued)

(b) Credit risk (continued)

Financial assets that are past due and/or impaired (continued)

(iii) The carrying amount of non-trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Gross amount				
- past due < 1 year	–	–	–	34,645
- past due > 1 year	297	363	32,244	–
Less: Allowance for impairment	(297)	(363)	(12,542)	(12,542)
	<u>–</u>	<u>–</u>	<u>19,702</u>	<u>22,103</u>
Beginning of financial year	363	287	12,542	12,424
Allowance made (Note 7)	–	76	–	118
Allowance write off	(66)	–	–	–
End of financial year (Note 15)	<u>297</u>	<u>363</u>	<u>12,542</u>	<u>12,542</u>

An allowance for impairment has been made to profit or loss, as management determined the likelihood of recoverability is low and payments are not forthcoming.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to finance the Group and the Company's operations and development activities. The Group manages the liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's business operations and development activities. The Group's objective is to maintain a balance between continuing of funding and flexibility through the use of bank borrowings, bills payable, bank overdrafts and finance lease liabilities.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

37 Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year S\$'000	Between 1 and 5 years S\$'000
Group		
2018		
Trade and other payables	33,401	–
Borrowings	4,975	896
Financial guarantee contracts (Note 34(a))	1,963	–
	<u>40,339</u>	<u>896</u>
2017		
Trade and other payables	33,032	–
Borrowings	10,665	11,001
Financial guarantee contracts (Note 34(a))	5,581	–
	<u>49,278</u>	<u>11,001</u>
Company		
2018		
Trade and other payables	14,954	–
Borrowings	1,522	896
	<u>16,476</u>	<u>896</u>
2017		
Trade and other payables	14,395	–
Borrowings	10,660	11,001
	<u>25,055</u>	<u>11,001</u>

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to increase the working capital.

Management monitors capital based on the financial position of the Group and the Company. The Group has positive net assets and maintain low bank borrowings. Future decisions to raise capital and funds will be made with the objective to maintain positive working capital structure.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

37 Financial risk management (continued)

(d) Capital risk (continued)

The debt-equity ratio is calculated as total liabilities divided by total equity.

	Group		Company	
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Total liabilities	39,976	56,813	17,372	36,759
Total equity	33,816	12,834	32,494	12,692
Debt-equity ratio	1.18	4.43	0.53	2.90

The Group and the Company are not subject to any externally imposed capital requirements.

(e) Fair value measurements

The table below presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

Group	Level 1	Level 2	Level 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
2018				
Financial assets at fair value through profit or loss	33	–	–	33
Available-for-sale financial assets	1,402	–	–	1,402
	<u>1,435</u>	<u>–</u>	<u>–</u>	<u>1,435</u>
2017				
Financial assets at fair value through profit or loss	<u>33</u>	<u>–</u>	<u>–</u>	<u>33</u>

There were no transfer between Level 1 and Level 2 during the both financial years.

The fair value of financial instruments traded in active markers (such as trading) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

37 Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Loans and receivables	36,066	33,125	20,449	22,166
Financial assets at fair value through profit or loss	33	33	–	–
Available-for-sale financial assets	1,402	–	1,402	–
Financial liabilities at amortised cost	39,272	55,400	17,372	36,759

38 Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Non-Executive Director, the Chief Financial Officer/the Financial Controller, and the department heads of each business within each geographical segment.

The Exco considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the five primary geographic areas: United States of America, Singapore, Malaysia, People's Republic of China and Europe. All geographic locations are engaged in the provision of MBU and EBU. The Group's businesses are organised and managed into 2 business segments, namely (1) MBU, which comprise of the provision of precision plastic injection moulding services ("PPIM") and Design, fabrication and sale of precision plastic injection moulds ("MDF") and (2) EBU, which relates to distribution of electronic components and products, services and solutions to industrial and commercial users.

The segment information provided to the Exco for the reportable segments and reconciliation to the consolidated statements of comprehensive income are as follows:

	MBU S\$'000	EBU S\$'000	Total S\$'000
2018			
Sales			
Revenue – external parties	8,131	151,823	159,954
Gross profit, represents segment results	1,086	6,551	7,637
Other income			324
Other gains - net			2,619
Expenses			
- Distribution and marketing			(1,237)
- Administrative			(7,927)
- Finance			(1,176)
Share of profit of associated company			696
Profit before income tax			936
Income tax expense			(4)
Net profit			932
Depreciation of property, plant and equipment			552
Amortisation of intangible assets			629

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

38 Segment information (continued)

	MBU S\$'000	EBU S\$'000	Total S\$'000
2017			
Sales			
Revenue – external parties	8,362	100,396	108,758
Gross (loss)/profit, represents segment results	(1,555)	5,269	3,714
Other income			433
Other losses - net			(1,448)
Expenses			
- Distribution and marketing			(1,294)
- Administrative			(9,378)
- Finance			(383)
Share of profit of associated company			874
Loss before income tax			(7,482)
Income tax expense			*
Net loss			(7,482)
Depreciation of property, plant and equipment			1,028
Amortisation of intangible assets			435
Impairment loss on property, plant and equipment			640

*Amount less than S\$1,000

The Exco assesses the performance of the operating segments based on gross profit. Distribution and marketing, administrative, finance, other gains and losses and other income are not allocated to segments.

As the amounts of total assets and liabilities for each reportable segment are not regularly provided to Exco, such information is not presented in the segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

38 Segment information (continued)

Geographical information

The Group's two (2017: two) business segments operate in eight (2017: eight) main geographical areas:

- United States of America – the operations in this area are principally the provision of PPIM and MDF and distribution of electronic components
- People's Republic of China – the operations in this area are principally the provision of PPIM and MDF and distribution of electronic components
- India – the operations in this area are principally the distribution of electronic components
- ASEAN (comprising Singapore, Malaysia, Indonesia, Thailand and Vietnam) – the operations in these areas are principally the provision of PPIM and MDF and distribution of electronic components. The Company is also headquartered and has operations in this region.
- Other countries – the operations in this area are principally the provision of PPIM and MDF and distribution of electronic components.

	Revenue	
	2018	2017
	S\$'000	S\$'000
United States of America	5,567	1,803
People's Republic of China	69,264	52,223
India	16,954	9,782
ASEAN		
– Singapore	29,763	16,786
– Malaysia	14,260	10,546
– Indonesia	3,711	3,711
– Thailand	7,230	5,200
– Vietnam	6,827	5,708
	61,791	41,951
Other countries	6,378	2,999
	159,954	108,758

	Non-current assets	
	2018	2017
	S\$'000	S\$'000
Malaysia	695	432
Singapore	12,389	11,307
People's Republic of China	5	1,572
Other countries	7	12
	13,096	13,323

Revenue of approximately S\$17,466,918 (2017: S\$22,951,531) is derived from a single external customer. This revenue is attributable to the EBU segment in People's Republic of China (2017: EBU segment in People's Republic of China).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

39 Events occurring after balance sheet date

On 16 May 2018, the Company issued 30,030,030 shares to Mr. Pek Hak Bin at a subscription price of S\$0.0333 per share, for a total cash consideration of S\$1,000,000 as additional working capital of the Group. The newly issued shares rank *pari passu* in all respects with the previously issued shares.

From 18 April 2018 to 1 June 2018, the Company acquired an aggregate of 2,005,000 ordinary shares of the associated company for a cash consideration of S\$341,000. Accordingly, the Company's ownership interest has increased from 13.46% to 14.19%.

40 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1 April 2018 or later periods:

Effective for annual periods beginning on or after 1 April 2018

- FRS 109 Financial Instruments

FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 April 2018 (Note 41). The new accounting framework has similar requirements of FRS 109 and the management does not expect significant adjustments to the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40 New or revised accounting standards and interpretations (continued)

Effective for annual periods beginning on or after 1 April 2018 (continued)

- FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 11 Construction Contracts, FRS 18 Revenue, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 April 2018 (Note 41). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 is disclosed in Note 41.

- Amendments to FRS 40: Transfers of Investment Property
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (December 2016)
 - Amendment to FRS 28 Investments in Associates and Joint Ventures
 - Amendment to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

40 New or Revised Accounting Standards and Interpretations (continued)

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 Leases

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, 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.

Some of the commitments of the Group may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 April 2019 (Note 41). The new accounting framework has similar requirements of FRS 116.

- Amendments to FRS 109: Prepayment Features with Negative Compensation
- Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures
- INT FRS 123: Uncertainty over Income Tax Treatments
- Amendments to FRS 103: Business Combinations
- Amendments to FRS 111: Joint Arrangements
- Amendments to FRS 12: Income Taxes
- Amendments to FRS 23: Borrowing Costs

Effective for annual periods beginning on or after 1 January 2021

- FRS 117: Insurance Contracts

Effective date: to be determined*

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

** The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

The management anticipates that the adoption of the above FRS and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

41 Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ending 30 September 2018 in November 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 March 2019), subject to the mandatory exceptions and optional exemptions under IFRS 1. The Group plans to elect to set the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(1) on 1 April 2017. As a result, other reserves and Accumulated losses as at 1 April 2017 and 31 March 2018 would be reduced/increased by S\$1,055,000 respectively.

Management does not expect significant adjustment to the Group's financial statements prepared under SFRS.

(b) Adoption of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent of IFRS 9 on 1 April 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 March 2019.

(i) *Classification and measurement*

The Group has assessed the business models that are applicable on 1 April 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) equivalent of IFRS 9. As a result of the assessment, management does not expect significant adjustments to the Group's statement of financial position line items.

(ii) *Impairment of financial assets*

The following financial assets will be subject to the expected credit loss impairment model under SFRS(I) equivalent of IFRS 9:

- trade receivables and contract assets recognised under SFRS(I) equivalent of IFRS 15; and
- loans to related parties and other receivables at amortised cost.

Management does not expect significant adjustments to the Group's statement of financial position line items from the application of the expected credit loss impairment model.

(c) Adoption of SFRS(I) equivalent of IFRS 15

The Group had assessed the revenue recognition in accordance to the requirement of SFRS(I) equivalent of IFRS 15 and management does not expect any significant adjustments to the Group's financial statements.

STATISTICS OF SHAREHOLDINGS

As at 18 June 2018

Issued and fully paid-up capital	:	S\$73,344,679.12
Number of Issued Shares (excluding Treasury Shares)	:	958,194,051
Number/Percentage of Treasury Shares	:	13,682,000 (1.43 %)
Voting rights	:	One vote per share
Class Of Shares	:	Ordinary Shares

Distribution of shareholdings as at 18 June 2018

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 99	70	7.45	445	0.00
100 – 1,000	28	2.97	18,811	0.00
1,001 – 10,000	105	11.17	757,003	0.08
10,001 – 1,000,000	703	74.79	109,190,201	11.40
1,000,001 and above	34	3.62	848,227,591	88.52
Total	940	100.00	958,194,051	100.00

Twenty largest shareholders as at 18 June 2018

No.	Name of Shareholders	No. of Shares	% of Shares
1	ACCRELIST LTD	667,275,725	69.64
2	PHILLIP SECURITIES PTE LTD	32,861,023	3.43
3	PEK HAK BIN	30,030,030	3.13
4	TEA LAY SIN	12,089,605	1.26
5	GOH BEE LAN	9,900,000	1.03
6	JUN YUAN HOLDINGS PTE LTD	9,750,000	1.02
7	CITIBANK NOMINEES SINGAPORE PTE LTD	9,608,300	1.00
8	FAN YI	9,000,000	0.94
9	MAYBANK KIM ENG SECURITIES PTE LTD	8,872,000	0.93
10	TOH SOON HUAT	6,523,000	0.68
11	KHOO HANG CHOONG	6,500,000	0.68
12	TAN ENG CHUA EDWIN	4,244,100	0.44
13	CGS-CIMB SECURITIES (S) PTE LTD	4,215,144	0.44
14	RHB SECURITIES SINGAPORE PTE LTD	3,848,000	0.40
15	RAFFLES NOMINEES (PTE) LTD	3,458,700	0.36
16	TEE WEE SIEN (ZHENG WEIXIAN)	3,323,000	0.35
17	OCBC SECURITIES PRIVATE LTD	3,145,000	0.33
18	SUSANTO HALIM	1,800,100	0.19
19	LOH TEE YANG	1,742,200	0.18
20	LIN ERYUE	1,699,800	0.18
	Total	829,885,727	86.61

Based on the information available to the Company as at 18 June 2018, approximately 30.29 % of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Limited is complied with.

STATISTICS OF SHAREHOLDINGS

As at 18 June 2018

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Accrelist Ltd	667,275,725	69.64	–	–
Terence Tea Yeok Kian ¹	655,600	0.068	667,275,725	69.64

¹ Terence Tea Yeok Kian is deemed to be interested in 667,275,725 Shares held by Accrelist Ltd, pursuant to Section 7 of the Companies Act, Chapter 50 by virtue of his and his spouse's shareholdings in Accrelist Ltd

STATISTICS OF WARRANTHOLDINGS

As at 18 June 2018

Distribution of Warrantholdings as at 18 June 2018

Size of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of Warrants	% of Warrants
1 – 99	5	6.10	56	0.00
100 – 1,000	0	0.00	0	0.00
1,001 – 10,000	6	7.31	36,501	0.02
10,001 – 1,000,000	66	80.49	15,574,872	6.09
1,000,001 and above	5	6.10	240,001,679	93.89
Total	82	100.00	255,613,108	100.00

Twenty Largest Warrantholdings as at 18 June 2018

No.	Name of warrant holders	No. of warrants	% of warrants
1	ACCRELIST LTD	231,914,929	90.73
2	TAN ENG CHUA EDWIN	2,891,000	1.13
3	PHILLIP SECURITIES PTE LTD	2,098,250	0.82
4	ENG AH BENG @ NG AH BENG	2,000,000	0.78
5	MAYBANK KIM ENG SECURITIES PTE LTD	1,097,500	0.43
6	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	1,000,000	0.39
7	WONG HAN YEW	1,000,000	0.39
8	GOH GUAN SIONG (WU YUANXIANG)	701,000	0.27
9	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	650,000	0.25
10	LEE WAH HENG @ YEE AH HENG	600,000	0.23
11	TEA LAY SIN	555,000	0.22
12	TAN CHIP SIN	501,000	0.20
13	CHOR TAI	500,000	0.19
14	KWEK SWEE LENG	488,171	0.19
15	LIM TIONG KHENG STEVEN	485,000	0.19
16	CHUA LIAN CHYE	450,000	0.18
17	TEO YONG PING (ZHANG RONGBIN)	400,033	0.16
18	TAN YEOK KOON (CHEN YUKUN)	400,000	0.16
19	TEE SIEW KIONG	400,000	0.16
20	WONG CHOO HIN	400,000	0.16
	Total	248,531,883	97.23

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **JUBILEE INDUSTRIES HOLDINGS LTD.** (the “**Company**”) will be held at 10 Ubi Crescent, #02-07 Ubi Techpark Lobby A, Singapore 408564, on Thursday, 26 July 2018 at 10:00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2018 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of up to S\$180,000 for the financial year ending 31 March 2019, to be paid half-yearly in arrears. (2018: S\$180,000.) **(Resolution 2)**
3. To re-elect Mr Terence Tea Yeok Kian, who is retiring by rotation pursuant to Regulation 89 of the Company’s Constitution, as a Director of the Company. *[See Explanatory note (i)]* **(Resolution 3)**
4. To re-appoint Nexia TS Public Accounting Corporation as independent auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 4)**
5. To transact any other ordinary business which may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

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

6. **Authority to grant awards and issue shares pursuant to the Jubilee Share Award Scheme**

“That approval be and is hereby given to the Directors to: (a) offer and grant awards (“**Awards**”) in accordance with the provisions of the Jubilee Share Award Scheme (the “**JSAS**”); and (b) issue and allot from time to time such number of fully paid up shares in the capital of the Company as may be required to be issued pursuant to the vesting of Awards under the JSAS, provided that the aggregate number of shares to be issued or issuable pursuant to the JSAS and any other share-based schemes of the Company shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.” *[See Explanatory Note (ii)]*

(Resolution 5)

7. **Renewal of the Share Buyback Mandate**

“That:-

- (a) for the purposes of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Listing Rules**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-

- (i) on-market purchases (each an “**On-Market Share Purchase**”) on the SGX-ST; and/or
- (ii) off-market purchases (each an “**Off-Market Share Purchase**”) effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Catalist Listing Rules;

NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Listing Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

- (b) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback 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 Ordinary Resolution, and expiring on the earlier of (i) the conclusion of the next annual general meeting of the Company or the date by which such annual general meeting is required by law or the Constitution of the Company to be held; or (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

- (c) in this Ordinary Resolution:

“**Maximum Limit**” means ten per cent (10%) of the issued ordinary share capital of the Company as at the date of the last annual general meeting or the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered;

“**Relevant Period**” means the period commencing from the date on which this annual general meeting is to be held and expiring on the date the next annual general meeting is held or is required to be held, whichever is the earlier, after the date of this Ordinary Resolution; and

“**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Share Purchase, one hundred and five per cent (105%) of the Average Closing Price; and
- (ii) in the case of an Off-Market Share Purchase, one hundred and twenty per cent (120%) of the Average Closing Price,

where:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days; and

- (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 necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.” [See Explanatory Note (iii)] **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

8. Authority to issue and allot shares in the capital of the Company

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and subject to Rule 806 of the Listing Manual Section B: Rule of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:-

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

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 (notwithstanding 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) shall not exceed 100% of the Company's total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the Company's total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the Catalist Rules), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution is passed, after adjusting for:-
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (iii) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution for the time being of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

- (iv) unless revoked or varied by the Company in general meeting, such authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or by 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 (vi)] **(Resolution 7)**

By Order of the Board

Chew Kok Liang
Sng Ee Lian Eliane
Company Secretaries

Singapore, 11 July 2018

Explanatory Notes:

- (i) Mr Terence Tea Yeok Kian, if re-elected, will remain as a member of the Audit, Nominating and Remuneration Committees and will be considered non-independent.
- (ii) Ordinary Resolution 5, if passed, will empower the Directors to offer and grant Awards and to issue shares in the capital of the Company to selected employees of the Group, pursuant to the JSAS (which was approved by shareholders at the Extraordinary General Meeting held on 21 November 2014), provided that the aggregate number of shares to be issued pursuant to the JSAS shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.
- (iii) Ordinary Resolution 6, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company's issued Shares from time to time subject to and in accordance with the guidelines set out in the Circular accompanying this Notice. The authority will expire at 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 earlier, unless previously revoked or waived at a general meeting. Please refer to the Appendix 1 for more details.
- (iv) Ordinary Resolution 7, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or the date such authority is revoked by the Company in a general meeting, whichever is the earliest, to allot and issue Shares and convertible securities in the Company. The aggregate number of shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed 100% of the Company's total number of issued Shares excluding treasury shares and subsidiary holdings, of which up to 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings, in the capital of the Company may be issued other than on a pro-rata basis to existing shareholders.

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend, speak and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote in his/her stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. 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. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 10 Ubi crescent, Ubi Techpark Lobby E #03-94-96, Singapore 408564 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

4. This notice and its contents have been reviewed by the Company's sponsor, RHT Capital Pte Ltd ("Sponsor"), for compliance with the relevant rules of the SGX-ST, this being the SGX-ST Listing Manual Section B: Rules of the Catalist. 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 assumes 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 Shervyn Essex, Registered Professional, RHT Capital Pte Ltd, 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, telephone (65) 6381 6757.

*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.

Personal data privacy:

Where a member of the Company submits 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

JUBILEE INDUSTRIES HOLDINGS LTD.

(Company Registration No. 200904797H)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or 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.
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, _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a member/members of **JUBILEE INDUSTRIES HOLDINGS LTD.** (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her/them, the Chairman of the Annual General Meeting ("**Meeting**") of the Company as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Meeting of the Company to be held at 10 Ubi Crescent, #02-07 Ubi Techpark Lobby A, Singapore 408564 on Thursday, 26 July 2018 at 10:00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions relating to:	No. of votes 'For'*	No. of votes 'Against'*
1	Adoption of the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2018		
2	Approval of Directors' fees of up to S\$180,000 for the financial year ending 31 March 2019, to be paid half-yearly in arrears		
3	Re-election of Mr Terence Tea Yeok Kian as a Director of the Company		
4	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditor of the Company and to authorise the Directors to fix their remuneration		
5	Authority to grant awards and issue shares pursuant to the Jubilee Share Award Scheme		
6	Renewal of Share Buyback Mandate		
7	Authority to issue and allot shares in the capital of the Company		

*If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Total Number of Shares Held

Signature of Shareholder(s)
and/or Common Seal of Corporate Shareholder



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 815F of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall 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 one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the proportion of his/her shareholding to be represented by each proxy shall be specified in the proxy form, failing which, the nomination shall be deemed to be alternative.
4. 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).
5. Subject to note 10, 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.
6. The instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof) must be deposited at the Company's Registered Office at 10 Ubi Crescent Ubi Techpark Lobby E #03-94-96, Singapore 408564, not less than forty-eight (48) hours before the time for holding the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.
8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
9. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting 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.
10. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF investor") and/or the Supplementary Retirement Scheme ("SRS Investor") 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.
11. The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, 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 a member whose shares are entered against his/her name in the Depository Register, the Company shall be entitled to reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her 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.

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- (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.

CORPORATE INFORMATION

JUBILEE INDUSTRIES HOLDINGS LTD.
Company Registration No. 200904797H

BOARD OF DIRECTORS

Terence Tea Yeok Kian
Non-Executive Chairman

Cheong Keng Chuan Alfred
Independent Director

Ng Siew Hoong Linus
Independent Director

AUDIT COMMITTEE

Cheong Keng Chuan Alfred	<i>Chairman</i>
Terence Tea Yeok Kian	<i>Member</i>
Ng Siew Hoong Linus	<i>Member</i>

REMUNERATION COMMITTEE

Cheong Keng Chuan Alfred	<i>Chairman</i>
Terence Tea Yeok Kian	<i>Member</i>
Ng Siew Hoong Linus	<i>Member</i>

NOMINATING COMMITTEE

Ng Siew Hoong Linus	<i>Chairman</i>
Terence Tea Yeok Kian	<i>Member</i>
Cheong Keng Chuan Alfred	<i>Member</i>

JOINT COMPANY SECRETARIES

Chew Kok Liang
Sng Ee Lian Eliane

REGISTERED OFFICE

10 Ubi Crescent Ubi Techpark
Lobby E #03-95 Singapore 408564
Tel: (65) 6311 2968/6311 2969
Fax: (65) 6311 2905
Website: www.jihldgs.com

CATALIST SPONSOR

RHT Capital Pte. Ltd.
9 Raffles Place #29-01 Republic Plaza Tower 1
Singapore 048619

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
100 Beach Road, #30-00 Shaw Tower
Singapore 189702
Director-in-Charge: Meriana Ang
(Appointed since financial year ended 31 March 2017)

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road #03-00 ASO Building
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847
Email: main@zicoholdings.com

PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place, UOB Plaza 1
Singapore 048624

Citibank NA
8 Marina View #21-00 Asia Square Tower 1
Singapore 018960

Standard Chartered Bank (Singapore) Limited
6 Battery Road
Singapore 049909



Jubilee Industries Holdings Ltd.
千禧业科技公司

10 Ubi Crescent #03-94/95/96
Ubi Techpark Lobby E, Singapore 408564
Tel: (65) 6311 2968/6311 2969
Fax: (65) 6311 2905

