Jadason Enterprises Ltd

ANNUAL REPORT 2014

CONTENTS

CORPORATE **PROFILE**

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

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

CHAIRMAN'S
STATEMENT

Queeny Ho
Non-Executive Chairman

RESULTS AND DIVIDENDS

2014 was a difficult year for us. The gross domestic product ("GDP") growth of China, our key market, fell to a new low and manufacturing activities were generally weak throughout the year. Amidst the slowdown in the world's second largest economy, the Group reported a loss after taxation of S$8.9 million for 2014. The results included non-cash charges such as depreciation expense of S$7.2 million and write-down in value of inventories of S$2.1 million.

In view of the Group's operating performance, the Board is not recommending any dividend payment for the year ended 31 December 2014. Maintaining financial prudence and resources to take advantage of opportunities should they arise are key considerations in making this decision.

GROUP'S PERFORMANCE

Equipment and Supplies business revenue decreased from S$49.0 million in 2013 to S$37.3 million in 2014 as sales of equipment to printed circuit board ("PCB") manufacturers weakened. During the year under review, PCB manufacturers were generally cautious in expanding their production capacities as demand for information and technology products was affected by the slow growth in the major economies including China. The performance of this business segment was also negatively impacted by foreign exchange losses and inventory write-down. This business segment reported an operating loss of S$3.7 million for 2014.

Revenue of the Manufacturing and Support Services business for 2014 increased by 5% to S$43.5 million compared with 2013. However, this business segment experienced weak demand in the second half of the year, in particular the last quarter of 2014. The business segment reported a higher operating loss of S$3.8 million due mainly to an unfavorable change in product mix and a write-down in value of inventories.

Despite the difficult operating environment, we generated cash from operations of S$0.7 million before working capital changes in 2014 and ended the year with cash and cash equivalents of S$35.4 million. We had net cash, defined by cash and cash equivalents less bank loans and leasing obligations, of S$12.2 million at the end of 2014.

At 31 December 2014, the net asset value per share of the Group was 11.3 cents.

THE YEAR AHEAD

Having recorded pre-tax losses for the three most recently completed consecutive financial years and an average daily market capitalization of less than S$40 million over the last 120 market days on which trading was not suspended or halted, the Group has been placed on the watch-list with effect from 4 March 2015 pursuant to Rule 1311 of the Listing Manual.

The Group's business, however, will continue as usual, and that trading in the shares of the Company will also continue unless a trading halt or suspension is effected. The Group's financial position remains healthy, and further details can be found in the 'Financial Contents' section of this annual report.

We will continue to review the cost structure, operational efficiency and productivity of the Group so as to strengthen our existing core businesses. To further reduce headcount and cost, the Group has progressively invested in automation equipment. Management will look into the feasibility of introducing more advanced automation equipment in our facilities to further increase the Group's competitiveness.

We aim to make investments which will expand and enhance our capabilities. With net cash balance of S$12.2 million, the Group has adequate financial resources to carry out initiatives which will create growth in the future. In this regard, we recently added equipment at our mass lamination facility to better meet the needs of our customers.

As we invest to strengthen capabilities and expand capacities of our existing businesses, we will also continue to explore new growth areas. To this end, we will pursue new avenues of growth based on our existing competencies.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to thank our former Director, Mr. Ng Cheow Chye, for his invaluable contributions to the Board and the Group. Mr. Ng did not seek re-election at the Annual General Meeting held on 28 April 2014 and retired as a non-executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee.

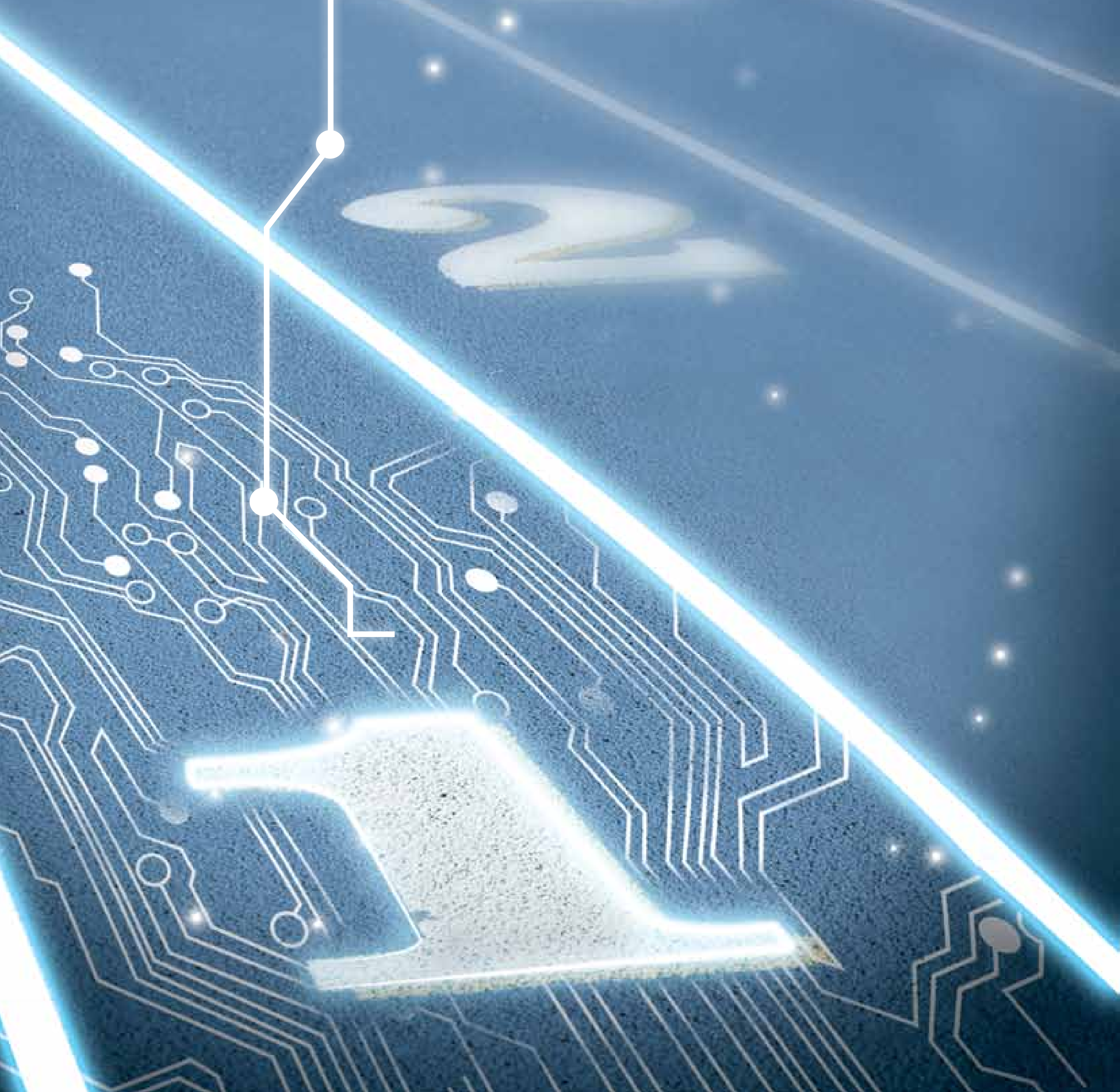
I wish to express my appreciation to our staff, management and fellow Directors for their commitment and contributions throughout the year. I would also like to thank our bankers and business associates for supporting us during these challenging times.

Last but not least, I am grateful to our shareholders for staying with us.

QUEENY HO
Non-Executive Chairman
March 2015

STRENGTHENING OUR OPERATIONS

Growing from a strong foundation, we are expanding and enhancing our capabilities



FINANCIAL **HIGHLIGHTS**

Results for the years ended 31 December (S$'000)

	2014	2013	2012	2011	2010
Turnover	**80,837**	90,289	90,703	137,082	180,924
(Loss)/Profit before taxation	**(8,731)**	(5,348)	(4,208)	1,752	14,145
(Loss)/Profit after taxation	**(8,923)**	(5,861)	(6,291)	88	11,329
(Loss)/Earnings per share (¢)	**(1.24)**	(0.81)	(0.87)	0.01	1.57

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

	2014	2013	2012	2011	2010
Property, plant & equipment	**36,870**	39,758	43,565	54,705	55,360
Land use rights	**538**	552	536	583	565
Intangible assets	**-**	-	-	131	1,368
Other receivables	**-**	1,307	1,892	2,673	-
Current assets	**90,144**	113,783	107,650	150,054	154,469
	127,552	155,400	153,643	208,146	211,762
Current liabilities	**45,115**	61,706	55,393	95,648	107,405
Non-current liabilities	**1,194**	4,889	6,357	5,100	665
	46,309	66,595	61,750	100,748	108,070
Shareholders' equity	**81,243**	88,805	91,893	107,398	103,692
	127,552	155,400	153,643	208,146	211,762

OPERATIONS AND
FINANCIAL REVIEW

GROUP PROFILE

Our core businesses are:

EQUIPMENT AND SUPPLIES

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

MANUFACTURING AND SUPPORT SERVICES

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

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

CORPORATE OBJECTIVES

Facing a difficult operating environment through the course of 2014, the Group continues to build for the future, carrying out initiatives which will create growth in the future for both its Manufacturing and Support Services operations and Equipment and Supplies business.

The Group remains committed to providing quality and reliable PCB drilling services to its customers and has consistently demonstrated its technical competence in completing high-end PCB drilling jobs. In 2014, after discussing with our customers, we added more PCB drilling machines at our facilities in Dongguan. These investments will enable the Group to better serve and support its key customers. To tackle the continuing challenges of higher manpower costs and shortage of skilled labor, the Group has progressively invested in automation processes and equipment.

Our PCB mass lamination operation complements the PCB drilling services, by offering a 'one-stop' shop to meet our customers' needs. We continue to strengthen our business by maintaining stringent quality controls. Towards the end of the year, this operation invested in equipment which will expand its capacity in the years to come. The operation is now busy with installing this equipment.

Equipment and Supplies business continues to be an important core business activity of the Group, as it allows us to better understand our customers' needs and requirements. To remain relevant and stay competitive, the Group recognizes that it should also develop and manufacture certain PCB equipment through technology collaboration with business partners.

As conditions in the PCB industry remain challenging, we have taken steps, and will continue to streamline our operations as appropriate. However, we cannot afford to lose sight of the longer term and must invest to enhance our businesses. While continuing to strengthen our existing businesses, we will also seek to venture into new business areas, leveraging on our existing expertise and competencies.

The Group has made efforts over the years to maintain a strong balance sheet and a healthy level of cash and cash equivalents. We will continue to focus on building up our financial strength.

With effect from 4 March 2015, the Company has been placed on the watch-list pursuant to Rule 1311 of the Listing Manual, after recording Group pre-tax losses for the three most recently completed consecutive financial years and an average daily market capitalization of less than S$40 million over the last 120 market days on which trading was not suspended or halted. The Group's business and trading in the Company's shares, however, will continue as usual. The Company will have to meet the requirements under Rule 1314 of the Listing Manual for its removal from the watch-list within 24 months from 4 March 2015, failing which the Singapore Exchange Securities Trading Limited may either remove the Company from the Official List or suspend trading of the Company's shares with a view to removing the Company from the Official List.

TURNOVER AND OPERATING RESULTS BY BUSINESS ACTIVITIES AND FINANCIAL PERFORMANCE

Revenue for FY2014 was S$80.8 million, a decrease of 10% compared with FY2013 revenue of S$90.3 million. The Group posted a loss from operations of S$7.5 million for FY2014, compared with a loss from operations of S$2.3 million for FY2013.

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

	Revenue		Loss from Operations	
Business Segments:	FY2014 S$'000	FY2013 S$'000	FY2014 S$'000	FY2013 S$'000
Equipment and Supplies	37,347	49,048	(3,740)	(1,422)
Manufacturing and Support Services	43,490	41,241	(3,758)	(920)
Total	**80,837**	**90,289**	**(7,498)**	**(2,342)**

EQUIPMENT AND SUPPLIES

Revenue for the Equipment and Supplies business in FY2014 decreased by S$11.7 million, or 24%, compared with FY2013 as the increase in sales of supplies was not sufficient to offset the decrease in sales of equipment to PCB manufacturers. PCB manufacturers were generally cautious during the year in expanding their production capacities due mainly to the slowdown in manufacturing growth in the major economies, including China. The business segment posted a higher loss from operations of S$3.7 million for FY2014, compared with a loss of S$1.4 million for the previous year due mainly to lower sales, unfavorable foreign exchange impact and a write-down in value of inventories of S$1.2 million.

MANUFACTURING AND SUPPORT SERVICES

Although the Group's Manufacturing and Support Services business saw an increase in revenue of 5% to S$43.5 million in FY2014, the business segment reported a loss from operations of S$3.8 million, compared with a loss from operations of S$0.9 million in FY2013 due mainly to an unfavorable change in product mix and a write-down in value of inventories of S$0.9 million.

In the second half, and in particular the last quarter of the year, the utilisation rates at the Group's plants in China which are engaged in the provision of manufacturing and support services decreased sharply, on the back of fewer orders from customers who have exposure to the upgrading of China's mobile services infrastructure equipment and the demand for mobile services.

The gross margin of the Group decreased from 11.7% in FY2013 to 9.2% in FY2014 due mainly to the weaker performance of the Manufacturing and Support Services business and the write-down in value of inventories as described earlier.

OTHER INCOME/(EXPENSES)

Other income (net) decreased in FY2014 due mainly to a higher foreign exchange loss and lower sales of scrap materials compared with FY2013.

Foreign exchange loss increased in FY2014 due mainly to the following factors:

- strengthening of Hong Kong dollar ("HKD"), in tandem with USD, resulting in foreign exchange loss booked on the Group's HKD liabilities;
- weakening of Japanese Yen, resulting in foreign exchange loss booked on the Group's Yen denominated assets; and
- weakening of Chinese Reminbi ("RMB") relative to HKD, resulting in foreign exchange loss booked on the Group's RMB denominated assets.

OPERATIONS AND **FINANCIAL REVIEW**

OPERATING EXPENSES

Selling and distribution expenses and administrative expenses increased by S$157,000 and S$379,000 respectively due mainly to rising operating cost, including wage increases in China.

OTHER NON-OPERATING EXPENSE

Other non-operating expense related to a non-cash allowance for impairment loss on the amount owing by the associate. The Group had carried out a review of the recoverability of the amount owing by the associate, and noted that the expansion of the associate into certain key markets was not progressing as planned. The review led to the recognition of a non-cash impairment loss of S$0.5 million and S$2.1 million in the income statement of the Group in FY2014 and FY2013 respectively.

INCOME TAX EXPENSE

An income tax charge arose in spite of the loss before income tax as certain subsidiaries within the Group were profitable, and that losses incurred by certain entities could not be offset against the profits of other subsidiaries for income tax purposes.

SELECTED BALANCE SHEET ITEMS

Property, plant and equipment decreased due mainly to depreciation charge, offset partially by the effects of translating the financial statements of foreign subsidiaries into Singapore dollar and the acquisition of equipment for use in the Group's Manufacturing and Support Services business.

Trade receivables and trade payables decreased due mainly to lesser business activities for both the Equipment and Supplies business and the Manufacturing and Support Services business in the last quarter of the year under review, compared with the last quarter of FY2013.

Bills receivables increased due mainly to lesser need for the discounting of bills to obtain funds for operations, as the Group's liquidity position is healthy. Additionally, as the interest rate in China is high, the Group is able to save on interest cost by discounting lesser bills.

Inventories decreased due mainly to a write-down of S$2.1 million, of which S$1.2 million was attributed to the Equipment and Supplies business segment and S$0.9 million was related to the Manufacturing and Support Services business segment.

INDEBTEDNESS / CASH AND CASH EQUIVALENTS

For the year ended 31 December 2014, cash generated from operations before working capital changes amounted to S$0.7 million, compared with S$4.9 million for the previous year. The Group was net cash positive at S$12.2 million at the end of the year.

The amount of the Group's borrowings, cash and cash equivalents and shareholders' equity is set out below:

	31 Dec 2014 S$'000	31 Dec 2013 S$'000
Due within 1 year:		
Finance leases	14	92
Bank loans	23,172	26,243
	23,186	**26,335**
Due after 1 year:		
Finance leases	35	49
Long term bank loans	-	3,639
	35	**3,688**
Total indebtedness	**23,221**	**30,023**
Cash and cash equivalents	**35,400**	**46,129**
Shareholders' equity	**81,243**	**88,805**

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

During FY2014, the Group made repayments of S$13.0 million to banks and other financial institutions with regard to the above indebtedness and obtained bank loans / finance leases financing totaling S$6.3 million.

RISK FACTORS / MANAGEMENT

BUSINESS RISK

The Group is a provider of equipment, supplies and manufacturing services to the PCB manufacturers and is therefore dependent on the overall electronics cycle. A downturn in the overall electronics sector would negatively impact the performance of the Group. The Group also derives a substantial portion of its revenue from China, the outlook of which remains uncertain as its economy continues to undergo restructuring.

China is a large electronic products manufacturer. It is also the largest PCB manufacturer in the world. In recent years, however, global economic crises have affected the demand for information and technology products and the growth in China. In the mid- to long-term, as the global economy improves, PCB manufacturers in China should see stronger demand.

OPERATION RISK

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

In recent years, the Group and many other factories in China have faced increasing labor cost and difficulties in retaining the workers. Turnover of workers at the Group's plants in China was high in FY2014, negatively affecting the productivity at these plants. The Group has put in place some incentive schemes to encourage workers to work for longer periods at its factories. It has also progressively invested in automation equipment and processes to reduce manpower requirement and enhance operational efficiency at its factories.

FINANCIAL RISK

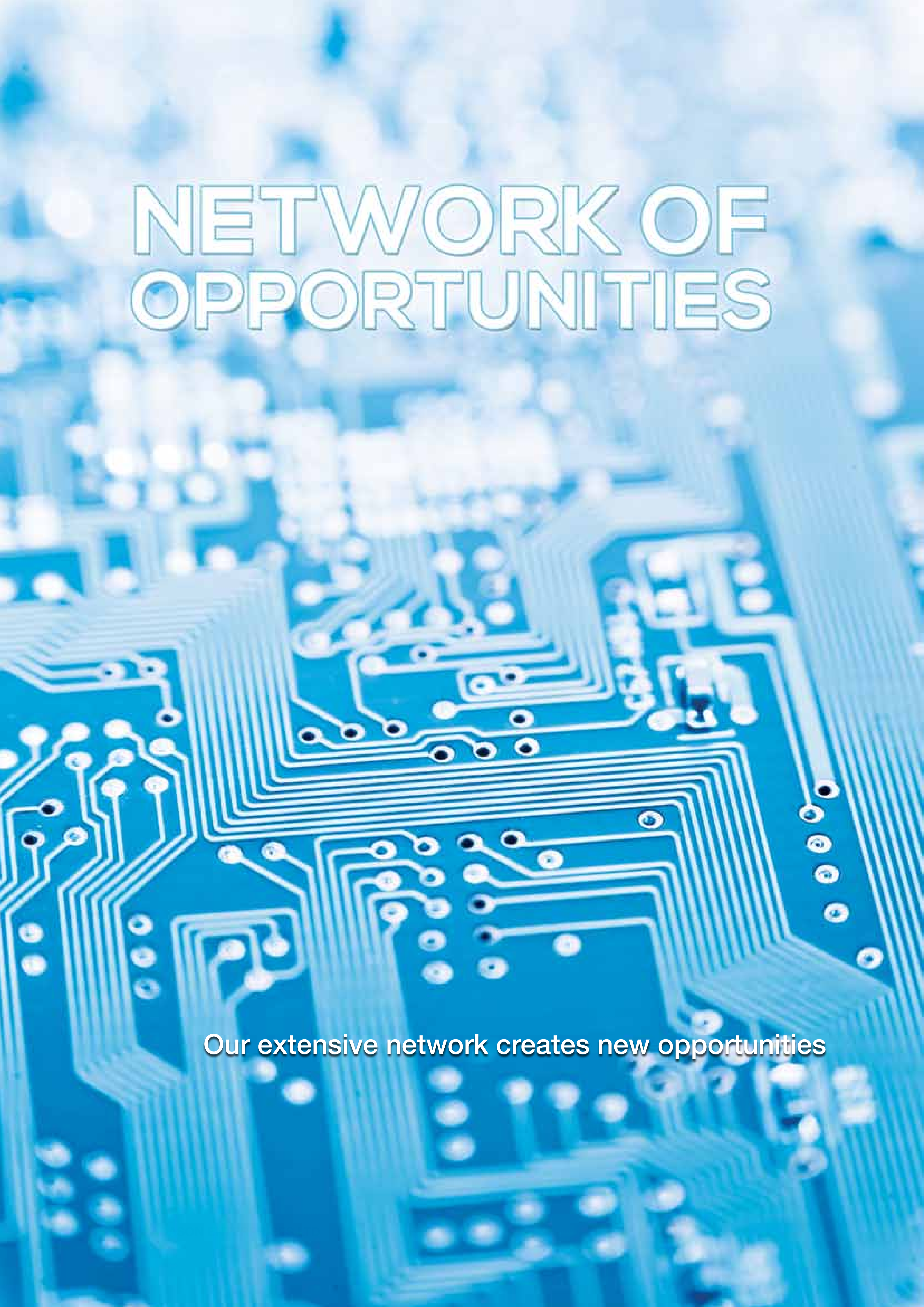
The financial risks are described in the Notes to the Financial Statements. There are designated personnel within the Group responsible for compiling regularly the information relevant to managing those risks, and these reports are provided to management for review and taking actions if necessary.

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

DIVIDENDS

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

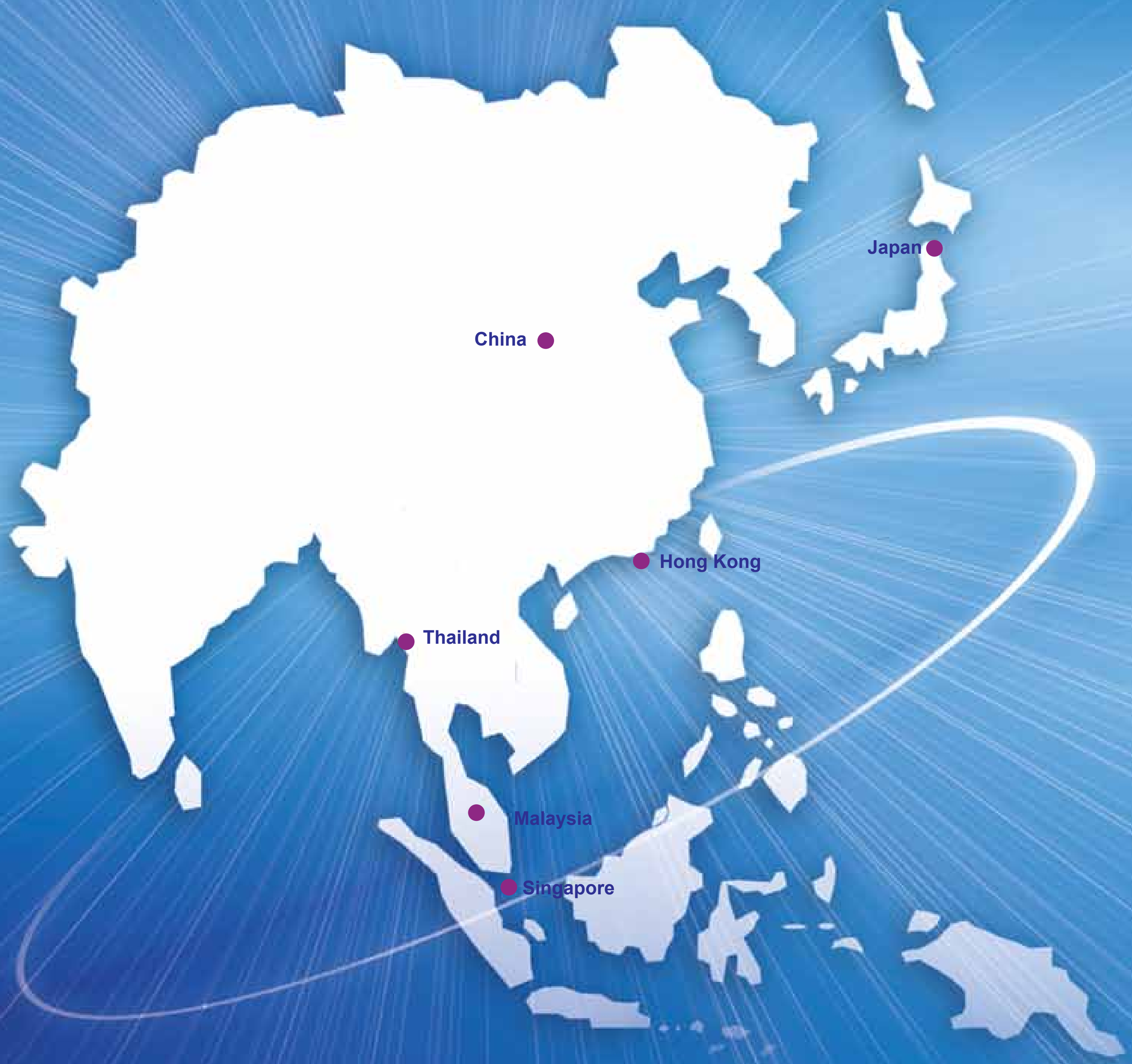
In respect of FY2014, the Directors have decided to remain prudent and do not recommend the payment of dividend. Conserving cash in these challenging times would also allow the Group to capture opportunities which may present themselves in FY2015.



NETWORK OF OPPORTUNITIES

Our extensive network creates new opportunities

GEOGRAPHICAL **PRESENCE**



BOARD OF **DIRECTORS**

Queeny Ho
(Non-Executive Chairman)

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

Fung Chi Wai
(Chief Executive Officer)

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

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

Chua Keng Hiang
(Non-Executive Director)

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

Teo Kiang Kok
(Non-Executive Director)

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

Linna Hui Min
(Executive Director)

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

KEY **MANAGEMENT**

HUI MAN YING

Mr Hui Man Ying joined the Group in August 1991 and is currently the Director of Engineering of Jadason Enterprises (HK) Limited, responsible for technical support, after-sales service and project management, including the setting up of production lines. Prior to joining the Group, he was a Senior Engineer with Meaville Electronics Co Ltd.

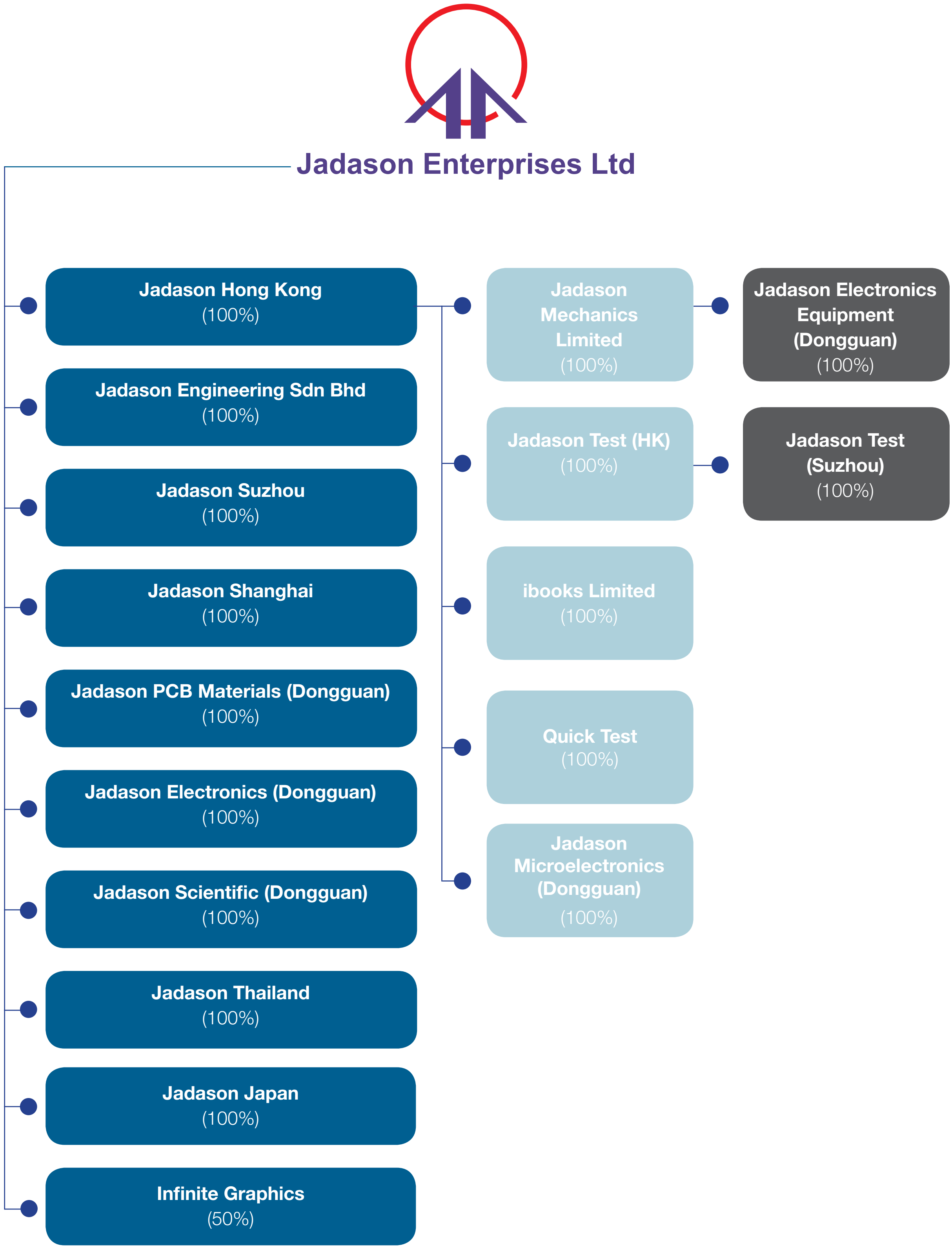
PUNG WEE SENG

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

TAN KOK YONG

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

GROUP **STRUCTURE**



CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Queeny Ho *(Non-Executive Chairman)*

Fung Chi Wai *(Chief Executive Officer)*

Linna Hui Min *(Executive Director)*

Chua Keng Hiang *(Non-Executive and Lead Independent Director)*

Teo Kiang Kok *(Non-Executive Director)*

AUDIT COMMITTEE

Chua Keng Hiang *(Chairman)*

Teo Kiang Kok

Queeny Ho

NOMINATING COMMITTEE

Teo Kiang Kok *(Chairman)*

Chua Keng Hiang

Queeny Ho

REMUNERATION COMMITTEE

Teo Kiang Kok *(Chairman)*

Chua Keng Hiang

Queeny Ho

COMPANY SECRETARY

Tan Kok Yong

REGISTERED OFFICE

No. 3 Kaki Bukit Crescent #03-01

Singapore 416237

Tel: 6383 1800

Fax: 6383 1390

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

Tel: 6536 5355

PRINCIPAL BANKERS

DBS Bank Ltd

United Overseas Bank Limited

AUDITORS

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Tel: 6535 7777

Partner-in-charge: Ng Boon Heng

(Since FY2011)

CORPORATE **GOVERNANCE**

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

This report describes the Company's corporate governance processes and activities during the financial year. The Company has generally adhered to the principles and guidelines of the Code of Corporate Governance (the "Code"). Where there are deviations from the Code, explanations or reasons are provided in the report.

BOARD MATTERS

Board's conduct of its affairs
Principle 1

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

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

All Directors exercise due diligence and independent judgment, and make decisions objectively in the best interests of the Group. This is a performance criterion for the assessment of the Directors.

The Board has established three committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), to assist it in the execution of its responsibilities. These committees operate within clearly defined terms of reference and the effectiveness of each committee is reviewed on a regular basis.

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

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

* Appointed member on 14 July 2014

CORPORATE **GOVERNANCE**

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

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	1	1
No. of meetings attended:				
Queeny Ho	4	4	1	–*
Ng Cheow Chye (retired on 28 April 2014)	2	2	1#	1
Fung Chi Wai	4	4#	1#	–
Chua Keng Hiang	4	4	1	1
Teo Kiang Kok	4	4	1	1
Linna Hui Min	4	4#	1#	–

Attendance by invitation of the Committee

* Appointed member on 14 July 2014

To ensure that the Board is able to fulfill its responsibilities, the Directors are regularly provided with information on the Group's business activities and developments. Management is prepared to provide further information and explanation on the materials given to Directors and shall meet to discuss any business issues, if required.

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

New Board members are briefed by the CEO and/or other senior management on the Group's business activities, strategic directions, business and governance practices, and their duties and responsibilities as Directors. Non-executive Directors are also invited to visit the Group's factories in Dongguan, and are briefed by the Chief Executive Officer and/or various factory general managers on the ongoing projects of the Group.

Board composition and balance
Principle 2

Following the retirement of Mr. Ng Cheow Chye as an independent non-executive Director on 28 April 2014, the Board now consists of five Directors, of whom two are non-executive and independent. The Code requires the independent Directors to comprise at least half of the Board where the Chairman is not an independent Director, with effect from the Annual General Meeting ("AGM") of the financial year ending 31 December 2017. The Company will take steps to comply with the guideline in due course. Details of the Directors' qualifications and other appointments are set out on pages 12 and 13 of the Annual Report.

The independence of the independent non-executive Directors is reviewed by the NC annually. The NC is of the view that the Board, with independent non-executive Directors making up two-fifths of the Board, has a significant independent element to enable objective judgment on corporate affairs to be exercised.

The Board is of the view that its current size is appropriate to facilitate effective decision making, taking into consideration the scope and nature of the Group's operations and the mix of expertise and experience of its members. The NC is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses core competencies in areas such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The NC has also ascertained that for the year under review, the Directors have devoted sufficient time and attention to the Group's affairs.

When necessary, the independent non-executive Directors meet without the presence of management to discuss and review any matters regarding the Group.

Chairman and Chief Executive Officer ("CEO")
Principle 3

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

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

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

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

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

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

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

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

- promoting high standards of corporate governance.

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

Board membership
Principle 4

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

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

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

- determines annually, and as and when circumstances require, the independence of each Director and ensures that the Board comprises at least one-third independent Directors;

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

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

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

The Directors, other than a Director holding office as Managing Director, submit themselves for re-nomination and re-election at least once every three years. Pursuant to the Company's Articles of Association, one-third of the Directors retire from office at the Company's annual general meeting. The Company's Articles of Association also provides that a newly appointed Director must submit himself/herself for re-election at the annual general meeting following his/her appointment.

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

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

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

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

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

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

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

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

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

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

The Directors who are retiring and who will offer themselves for re-election at the forthcoming annual general meeting are named below:

Director	Date of appointment	Date of last election	Due for re-election (#)
Fung Chi Wai	10 August 2000	*	
Chua Keng Hiang	16 June 2000	28 April 2014	
Teo Kiang Kok	3 September 2002	29 April 2013	#
Linna Hui Min	26 March 2007	30 April 2012	#
Queeny Ho	29 May 2009	29 April 2013	

(* Mr. Fung Chi Wai is not subject to retirement by rotation while he is holding office as Managing Director.)

The NC is satisfied that the Directors retiring at the forthcoming annual general meeting are properly qualified for re-appointment by virtue of their skills, experience and their contribution of guidance and time to the Board's deliberations.

Mr. Teo Kiang Kok, who will submit himself for re-appointment at the forthcoming Annual General Meeting, does not have any relationship with the Group, its Directors, officers or shareholders with shareholdings of 10% or more in the voting shares of the Company.

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

Board performance
Principle 5

The Board has an established process to assess the performance and effectiveness of the Board as a whole. The appraisal process considered factors such as the size and composition of the Board, the expertise and experience of the Board, the Board's access to information, Board processes and accountability, risks management and internal controls, financial reporting and announcements and the Board's performance in relation to its principal functions. For the year ended 31 December 2014, the Directors were requested to complete appraisal forms to assess the overall effectiveness of the Board. The NC has discussed with the Board its assessment of the Board's performance and effectiveness.

The NC evaluated on a continual basis the performance of individual Directors based on performance criteria which included individual skills, industry experience and business knowledge, attendance record, contributions to strategy development and quality of participation at Board and Committee meetings.

Access to information
Principle 6

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

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

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

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

REMUNERATION MATTERS

Procedures for developing remuneration policies
Principle 7

The Remuneration Committee ("RC") comprises the following three non-executive Directors:

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

As mentioned earlier, Mr. Teo Kiang Kok and Mr. Chua Keng Hiang are independent Directors. The RC has access to expert advice from appropriate external advisors as and when it deems necessary. The RC's principal responsibilities, as set out in its written terms of reference, are as follows:

- Review and recommend to the Board a framework of remuneration for the Board of Directors and key executives;
- Consider, review and approve and/or vary the specific remuneration packages for each Executive Director;
- Consider whether Directors should be eligible for benefits under long-term incentive schemes including the Company's Share Option Scheme;
- Approve the granting of share options under the Company's Share Option Scheme in accordance with the rules of the Scheme;
- Review the Group's obligations in the event of termination of executive Directors' and key management personnel's contracts of service, to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous.

The Company did not engage any remuneration consultant in FY2014.

Level and mix of remuneration
Principle 8

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

The remuneration for the executive Directors comprises a basic salary component and a variable component (incentive bonus) that is based on the Group's profit before taxation after minority interests and excluding any non-recurring items for each financial year. The RC believes that this measure of determining the variable bonus reflects the financial health and performance of the Group's business and is also a key performance measure used by other companies in similar industry, which allows for general comparability of performance. For the year ended 31 December 2014, no incentive bonus was paid to the executive Directors and senior executives as the performance objective was not met.

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

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

Disclosure on Directors' remuneration
Principle 9

The remuneration of the Directors for the year ended 31 December 2014 was as follows:

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

As no bonus was paid to the Directors for FY2014, Mr. Fung Chi Wai's remuneration comprised 98% as fixed salary and 2% as CPF / MPF (Hong Kong) contribution and Ms Linna Hui Min's remuneration comprised 99% as fixed salary and 1% as MPF (Hong Kong) contribution.

The top five key management personnel (who are not Directors or the CEO) of the Group each earned below S$250,000 in FY2014, and the remuneration was in the form of fixed salary only.

For competitive reasons, the Company is not disclosing the remuneration of Directors and key management personnel (who are not Directors or the CEO) of the Group. Instead, the Company discloses the remuneration in bands of S$250,000. For the same reason, the Company is also not disclosing the identity and the aggregate remuneration of the Group's key management personnel (who are not Directors or the CEO).

For FY2014, no termination, retirement or post-employment benefits have been granted to the Directors, the CEO and key management personnel (who are not Directors or the CEO) of the Group.

Details of the Company's Share Option Scheme can be found in the Directors' Report under Share Options and in the Notes to the Financial Statements under Share Capital.

The Company and its subsidiary companies do not have any employees who are the immediate family members of any of the Directors or the CEO.

ACCOUNTABILITY AND AUDIT

Accountability
Principle 10

The Company has adopted quarterly reporting since FY2004, ahead of the rule requirement at that time. In presenting quarterly and annual results, analyses of the performance and prospect of the Group's two business segments are provided. The results, as well as any announcements, are reviewed and approved by the Board before their release.

Management provides the Board with relevant information on a timely basis to enable it to discharge its duties effectively.

Risk Management and Internal Controls
Principle 11

The Board acknowledges that it is responsible for the overall internal control and risk management systems. In designing these controls, the Directors consider the risks to which the business is exposed, the likelihood of the risks occurring, and the cost of implementing the controls. The Board oversees Management in the formulation, update and maintenance of an adequate and effective risk management framework. The AC reviews the adequacy and effectiveness of the risk management and internal control systems.

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

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

For FY2014, the Board has received written assurance from the CEO and CFO that:

- the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2014 give a true and fair view of the Group's operations and finances; and

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

The CEO and CFO have obtained similar assurance from the various business general managers in the Group.

Based on the risk management framework established and maintained by the Group, the work done by the CFO and the finance team of the Group's Hong Kong subsidiary as described in the section on Internal Audit of this report, the audit findings of our external auditors, as well as the assurance received from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the internal control and risk management systems put in place are adequate to address the key financial, operational, compliance and information technology risks affecting the Group's operations.

Audit Committee
Principle 12

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

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

- Review quarterly, half-yearly and annual financial statements to be released before submission to the Board for approval;

- Review significant financial reporting and judgmental issues to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance before submission to the Board for approval;

- Review interested person transactions;

- Review with the external auditors their audit plan, evaluation of the systems of internal controls, audit report and any other matters which the external auditors wish to discuss;

- Review the assistance given by management to external auditors;

- Review the independence and objectivity of the external auditors;

- Review the nature and extent of non-audit services performed by external auditors;

- Consider the appointment / re-appointment of external auditors and the audit fees;

- Review with management the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management; and

- Appoint internal auditors and review the scope and results of internal audit procedures.

The AC discusses with Management regularly on the progress of major initiatives and significant financial reporting issues.

The AC has power to investigate any matter within its terms of reference, having full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to discharge its functions properly.

In February 2015, the AC met with the external auditors, Ernst & Young LLP, without the presence of the Company's Management, to review the results for FY2014, and reviewed with the external auditors the audit observations arising from the audit of the financial statements for FY2014.

The AC met four times in FY2014. Details regarding the members' attendance at these meetings are shown in page 18 of this report. The Directors and the Company Secretary are invited to these meetings. During FY2014, the AC had 2 meetings with the external auditors, one of which without the presence of Management. The principal activities of the AC during FY2014 are summarized below:

<u>Financial reporting</u>

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

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

<u>External audit processes</u>

On behalf of the Board, the AC manages the relationship with the Group's external auditors. During FY2014, the AC carried out its annual assessment of the auditor's audit approach and the cost effectiveness of the audit process, and concluded that the auditors demonstrated appropriate qualifications and expertise and that the audit process was effective. The AC therefore recommended to the Board that Ernst & Young LLP be re-appointed as the external auditor. The Board accepted this recommendation and has proposed a resolution to shareholders for the re-appointment of Ernst & Young LLP.

The Group has engaged Ernst & Young LLP to audit its principal subsidiaries in China for the purpose of reporting the group accounts, although Ernst & Young LLP is not the statutory auditor for these entities. Ernst & Young LLP is also the auditor of the Group's associated company. The AC is of the opinion that the Group has complied with the listing rules in relation to its auditing firms.

Auditor independence

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors and reviewing the non-audit fees awarded to them. The audit fee payable to auditors of the Company for FY2014 is S$173,000. There is no non-audit fee payable to auditors of the Company for the year, and the AC is satisfied with the independence of the external auditors.

Internal audit

During FY2014, the AC reviewed and discussed with the Board and Management the size and complexity of the Group's operations, the need for an internal audit function within the Group and the outsourcing of the internal audit function to an external auditing firm. Please refer to the section on "Internal Audit – Principle 13" of this report for a more detailed discussion on this matter.

Interested person transactions ("IPT")

The AC reviewed the Group's IPT to ensure that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders, and the rules under Chapter 9 of the Singapore Exchange Listing Manual are complied with. On a quarterly basis, Management reports to the AC the IPTs for the quarter under review. There was no transaction conducted with interested party of more than S$100,000 (as set out in the SGX Listing Manual) in FY2014.

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

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

Internal audit
Principle 13

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

The current size of operations of the Group does not warrant the establishment of an in-house internal audit function. As the Group has substantial operations in China, the AC has instructed the CFO and the finance team at the Group's Hong Kong subsidiary to review certain critical areas at the Group's China subsidiaries and enhance the internal controls if necessary. The AC has considered and determined that the CFO and the finance team at the Group's Hong Kong subsidiary were independent and competent to carry out the review of the activities. The findings and recommendations arising from these reviews and testings were discussed with Management and presented to the AC and the Board.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder rights
Principle 14

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

To encourage shareholder participation, the Group holds its AGM at a central location in Singapore. Shareholders are informed of the rules, including voting procedures, that govern general meetings of shareholders through the notice of AGM.

The Company's Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in his place at general meetings. The Company will consider amending its Articles of Association to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

Communication with shareholders
Principle 15

The Group provides shareholders with an assessment of its performance, position and prospects on a quarterly basis via quarterly announcements of results and other ad hoc announcements. Information on the Group's major new initiatives is also disseminated via SGXNET, followed by news release (if necessary). The Company does not practise selective disclosure.

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

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

In respect of FY2014, the Directors have decided to remain prudent and do not recommend the payment of dividend. Conserving cash in these challenging times would also allow the Group to capture opportunities which may present themselves in FY2015.

Conduct of shareholder meetings
Principle 16

All shareholders of the Company receive the annual report and notice of the AGM. The notice of the AGM is also published in the Business Times and posted onto the SGXNET. The Company's Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in his place at general meetings. For the time being, the Group has decided not to allow for absentia voting at AGM due to concern over the authentication of shareholders' identity.

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

The AGM of the Company provides shareholders with the opportunity to air their views and ask Directors, chairpersons of each Board committees and Management questions regarding the Group. The external auditors are also invited to attend the AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company prepares minutes of general meetings that include substantial and relevant comments and queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request.

DEALINGS IN SECURITIES

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

Every quarter, the Group issues reminders to the Directors and employees, informing them of the dates of the release of quarterly and/or annual results and advising them not to deal in the Company's securities during the window periods. Directors of the Company are required to report to the Company Secretary whenever they deal in the Company's securities.

CORPORATE **GOVERNANCE**

The Directors' interests in shares of the Company are found on pages 30 and 31 of the Annual Report.

MATERIAL CONTRACTS

Except as disclosed in this report and in the Directors' Report pertaining to share options, there are no other material contracts entered into by the Company or any of its subsidiary companies involving the interests of the CEO or any Director or substantial shareholder.

FINANCIAL **CONTENTS**

DIRECTORS'
REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Jadason Enterprises Ltd (the "Company") and its subsidiary companies (collectively, the "Group") and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 December 2014.

Directors

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

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

In accordance with Article 89 of the Company's Articles of Association, Teo Kiang Kok and Linna Hui Min retire, and being eligible, offer themselves for re-election.

Arrangements to enable Directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in the shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of Director	At the beginning of the financial year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
The Company				
Jadason Enterprises Ltd				
(Ordinary shares)				
Queeny Ho	236,000,000	236,000,000	–	–
Fung Chi Wai	30,800,000	30,800,000	–	–
Chua Keng Hiang	8,500,000	8,500,000	–	–
Linna Hui Min	8,380,000	8,380,000	–	–

Directors' interests in shares and debentures (cont'd)

Name of Director	Direct interest At the beginning of the financial year	At the end of the financial year	Deemed interest At the beginning of the financial year	At the end of the financial year
<u>The Company</u>				
Jadason Enterprises Ltd				
(Options to subscribe for ordinary shares)				
Fung Chi Wai	3,000,000	3,000,000	–	–
Linna Hui Min	1,500,000	1,500,000	–	–
Chua Keng Hiang	1,000,000	1,000,000	–	–
Teo Kiang Kok	1,000,000	1,000,000	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

By virtue of Section 7 of the Singapore Companies Act, Queeny Ho is deemed to have interests in shares of the subsidiaries held by the Company.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Share options

The Company's employee share incentive plan, Jadason Share Option Scheme 2000 (the Scheme), was adopted in June 2000 for granting non-transferable options that were settled by physical delivery of the ordinary shares of the Company to eligible Directors and employees. Options were granted for a term of 10 years to purchase the Company's ordinary shares at not less than the market value of the shares at the date of grant.

The 10-year share option scheme expired in June 2010 and no options can be granted under the Scheme after June 2010. The expiration of the Scheme, however, does not affect the share options which have been granted and accepted. Such outstanding share options remain exercisable until they lapse.

The committee administering the Jadason Share Option Scheme comprises three Directors, Queeny Ho, Fung Chi Wai and Chua Keng Hiang.

Share options (cont'd)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Jadason Share Option Scheme as at 31 December 2014 are as follows:

Date of grant	Balance at 1.1.2014	Granted	Exercised	Cancelled	Balance at 31.12.2014	Exercise price	Exercise period
16.09.2009	17,000,000	–	–	(500,000)	16,500,000	$0.10	16.09.2010 to 15.09.2019
	17,000,000	–	–	(500,000)	16,500,000		

Details of share options to subscribe for ordinary shares of the Company granted to Directors of the Group are as follows:

Name	Options granted during financial year	Aggregate options granted since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options outstanding as at end of financial year
Directors				
Queeny Ho #	–	3,700,000	–	–
Fung Chi Wai	–	6,700,000	–	3,000,000
Chua Keng Hiang	–	2,000,000	1,000,000	1,000,000
Teo Kiang Kok	–	1,000,000	–	1,000,000
Linna Hui Min	–	4,300,000	500,000	1,500,000

Ms Queeny Ho is a substantial shareholder of the Company.

Since the commencement of the Jadason Share Option Scheme till the end of the financial year:

- no options have been granted to the controlling shareholders of the Company and their associates, other than those mentioned above;
- no participant has received 5% or more of the total options available under the plans;
- no options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- no options have been granted at a discount.

Audit Committee

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

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

- Reviews the annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;

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

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

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

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

- Reviews the nature and extent of non-audit services provided by the external auditors;

- Recommends to the Board of Directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;

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

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

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

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

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

DIRECTORS' **REPORT**

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Fung Chi Wai
Director

Linna Hui Min
Director

Singapore
31 March 2015

STATEMENT BY **DIRECTORS**

We, Fung Chi Wai and Linna Hui Min, being two of the Directors of Jadason Enterprises Ltd, do hereby state that, in the opinion of the Directors,

(i) the accompanying balance sheets, income statements, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, and changes in equity of the Group and of the Company and cash flows of the Group for the year then ended on that date; and

(ii) 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.

On behalf of the Board of Directors,

Fung Chi Wai
Director

Linna Hui Min
Director

Singapore
31 March 2015

INDEPENDENT
AUDITOR'S REPORT

For the financial year ended 31 December 2014

Independent Auditor's Report to the Members of Jadason Enterprises Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Jadason Enterprises Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 38 to 93, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the income statements, statements of comprehensive income and statements of changes in equity of the Group and the Company and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results and changes in equity of the Group and of the Company and cash flows of the Group for the year ended on that date.

Independent Auditor's Report to the Members of Jadason Enterprises 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 of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
31 March 2015

INCOME
STATEMENTS

For the financial year ended 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Revenue	4	80,837	90,289	13,751	17,845
Cost of sales		(73,385)	(79,759)	(12,028)	(15,825)
Gross profit		7,452	10,530	1,723	2,020
Other income	5	1,830	2,334	40	3,813
Selling and distribution expenses		(2,234)	(2,077)	(285)	(335)
Administrative expenses		(13,327)	(12,948)	(2,866)	(3,065)
Financial expenses	6	(712)	(916)	(123)	(124)
Other expenses	5	(1,740)	(2,271)	(2,180)	(3,956)
Loss before taxation	7	(8,731)	(5,348)	(3,691)	(1,647)
Income tax expense	8	(192)	(513)	(2)	(183)
Loss for the year		(8,923)	(5,861)	(3,693)	(1,830)
Attributable to:					
Equity holders of the Company		(8,923)	(5,861)	(3,693)	(1,830)
Basic loss per share (cents)	9	(1.24)	(0.81)		
Diluted loss per share (cents)	9	(1.24)	(0.81)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Loss for the year	(8,923)	(5,861)	(3,693)	(1,830)
Other comprehensive income/(loss):				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	1,361	6,385	(3)	2
Other comprehensive income/(loss) for the year, net of tax	1,361	6,385	(3)	2
Total comprehensive (loss)/income for the year	(7,562)	524	(3,696)	(1,828)
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(7,562)	524	(3,696)	(1,828)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE
SHEETS

As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current assets					
Property, plant and equipment	10	36,870	39,758	263	359
Land use rights	11	538	552	–	–
Intangible assets	12	–	–	–	–
Investments in subsidiaries	13	–	–	62,708	63,873
Investment in an associate	14	–	–	–	–
Other receivables	16	–	1,307	–	–
		37,408	41,617	62,971	64,232
Current assets					
Cash and cash equivalents	15	35,400	46,129	2,580	4,349
Trade and other receivables	16	44,891	54,865	5,802	13,489
Prepayments		213	162	36	30
Inventories	17	9,640	12,627	1,426	1,534
		90,144	113,783	9,844	19,402
Current liabilities					
Trade and other payables	18	18,261	33,268	9,484	8,615
Trust receipts	19	3,587	1,688	2,305	1,688
Finance leases	20	14	92	13	12
Interest-bearing loans and borrowings	21	23,172	26,243	4,769	9,727
Provision for taxation		81	415	–	–
		45,115	61,706	16,571	20,042
Net current assets/(liabilities)		45,029	52,077	(6,727)	(640)
Non-current liabilities					
Finance leases	20	35	49	34	47
Interest-bearing loans and borrowings	21	–	3,639	–	3,639
Provision for long service payment	22	635	591	–	–
Deferred taxation	23	524	610	16	16
		1,194	4,889	50	3,702
Net assets		81,243	88,805	56,194	59,890
Equity attributable to equity holders of the Company					
Share capital	24(a)	50,197	50,197	50,197	50,197
Treasury shares	24(b)	(307)	(307)	(307)	(307)
Reserves	25	31,353	38,915	6,304	10,000
Total equity		81,243	88,805	56,194	59,890

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY

For the financial year ended 31 December 2014

Group	Share capital	Treasury shares	Employee share option reserve	Foreign currency translation reserve	Reserve and enterprise expansion funds	Retained earnings	Total reserves	Total equity
	Attributable to equity holders of the Company							
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014								
Balance at 1 January 2014	50,197	(307)	1,280	(1,825)	6,005	33,455	38,915	88,805
Loss for the year	–	–	–	–	–	(8,923)	(8,923)	(8,923)
Other comprehensive income for the year	–	–	–	1,361	–	–	1,361	1,361
Total comprehensive income/(loss) for the year	–	–	–	1,361	–	(8,923)	(7,562)	(7,562)
Balance at 31 December 2014	50,197	(307)	1,280	(464)	6,005	24,532	31,353	81,243
2013								
Balance at 1 January 2013	50,197	(307)	1,280	(8,210)	5,818	43,115	42,003	91,893
Loss for the year	–	–	–	–	–	(5,861)	(5,861)	(5,861)
Other comprehensive income for the year	–	–	–	6,385	–	–	6,385	6,385
Total comprehensive income/(loss) for the year	–	–	–	6,385	–	(5,861)	524	524
Contributions by and distributions to owners:								
Dividends on ordinary shares (Note 32)	–	–	–	–	–	(3,612)	(3,612)	(3,612)
Transfer to reserve and enterprise expansion funds	–	–	–	–	187	(187)	–	–
Total contributions by and distributions to owners	–	–	–	–	187	(3,799)	(3,612)	(3,612)
Balance at 31 December 2013	50,197	(307)	1,280	(1,825)	6,005	33,455	38,915	88,805

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY

For the financial year ended 31 December 2014

Company	Attributable to equity holders of the Company						
	Share capital	Treasury shares	Employee share option reserve	Foreign currency translation reserve	Retained earnings	Total reserves	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014							
Balance at 1 January 2014	50,197	(307)	1,280	(77)	8,797	10,000	59,890
Loss for the year	–	–	–	–	(3,693)	(3,693)	(3,693)
Other comprehensive loss for the year	–	–	–	(3)	–	(3)	(3)
Total comprehensive loss for the year	–	–	–	(3)	(3,693)	(3,696)	(3,696)
Balance at 31 December 2014	50,197	(307)	1,280	(80)	5,104	6,304	56,194
2013							
Balance at 1 January 2013	50,197	(307)	1,280	(79)	14,239	15,440	65,330
Loss for the year	–	–	–	–	(1,830)	(1,830)	(1,830)
Other comprehensive income for the year	–	–	–	2	–	2	2
Total comprehensive income/(loss) for the year	–	–	–	2	(1,830)	(1,828)	(1,828)
Contributions by and distributions to owners:							
Dividends on ordinary shares (Note 32)	–	–	–	–	(3,612)	(3,612)	(3,612)
Total contributions by and distributions to owners	–	–	–	–	(3,612)	(3,612)	(3,612)
Balance at 31 December 2013	50,197	(307)	1,280	(77)	8,797	10,000	59,890

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT

For the financial year ended 31 December 2014

	2014 $'000	2013 $'000
Cash flows from operating activities:		
Loss before taxation	(8,731)	(5,348)
Adjustments for:		
Allowance for impairment loss on amounts due from associate	521	2,090
Depreciation of property, plant and equipment	7,212	8,112
Amortisation of land use rights	18	19
Interest expense	712	916
Interest income	(1,249)	(1,035)
Gain on disposal of property, plant and equipment	(5)	(87)
Provision for long service payment	61	–
Write-down in value of inventories	2,120	200
Operating cash flows before changes in working capital	659	4,867
Changes in working capital		
Trade and other receivables	11,281	(8,237)
Prepayments	(51)	91
Inventories	867	(1,141)
Balances with associate	(521)	(347)
Trade and other payables	(15,007)	9,388
Trust receipts	1,899	(3,745)
Provision for long service payment	(44)	–
Cash flows (used in)/generated from operations	(917)	876
Income tax paid	(612)	(276)
Interest received	1,249	1,035
Interest paid	(712)	(916)
Net cash flows (used in)/generated from operating activities	(992)	719
Cash flows from investing activities:		
Purchase of property, plant and equipment (Note A)	(4,112)	(1,422)
Proceeds from disposal of property, plant and equipment	117	170
Net cash flows used in investing activities	(3,995)	(1,252)
Cash flows from financing activities:		
Dividend paid to shareholders	–	(3,612)
Proceeds from interest-bearing loans and borrowings	6,303	8,161
Repayment of interest-bearing loans and borrowings	(13,013)	(9,177)
Repayment of finance leases	(92)	(119)
Net cash flows used in financing activities	(6,802)	(4,747)
Net decrease in cash and cash equivalents	(11,789)	(5,280)
Cash and cash equivalents at beginning of the financial year	46,129	47,925
Effects of exchange rate changes on cash and cash equivalents	1,060	3,484
Cash and cash equivalents at end of the financial year (Note 15)	35,400	46,129

Note A:

In prior year, the Group acquired property, plant and equipment with an aggregate cost of $1,487,000, which included assets financed under financing arrangement amounting to $65,000.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO
THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

1. Corporate information

Jadason Enterprises Ltd (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX – ST).

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

The principal activities of the Company are those of an investment holding company and distribution of machines and materials for the Printed Circuit Board (“PCB”) and semi-conductor industries.

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($’000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(e) Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
(f) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisition of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Improvements to FRSs (February 2014)	
(a) FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) FRS 19 *Employee Benefits*	1 January 2016
(d) FRS 34 *Interim Financial Reporting*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115 and FRS 109, the Directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 109 Financial Instruments

In December 2014, the Accounting Standards Council Singapore (ASC) issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces all previous versions of FRS 109. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of FRS 109 is permitted if the date of initial application is before 1 February 2015. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.7(a). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

2.5 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency (cont'd)

(a) Transactions and balances (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.18. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold buildings	-	2.84% to 5%
Leasehold improvements	-	2.84% to 10%
Furniture, fittings and office equipment	-	10% to 33.33%
Motor vehicles	-	16.67%
Plant and machinery	-	10% to 16.67%

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

2. Summary of significant accounting policies (cont'd)

2.6 Property, plant and equipment (cont'd)

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.7 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Licence fees

License fees include costs incurred in the purchase of licences for manufacturing and distributing licensed products. Licence fees are measured at cost less accumulated amortisation and any impairment loss. Licence fees are amortised on a straight-line basis over their useful lives ranging from 3 to 7 years.

(c) Development costs

Deferred development costs arising from development expenditure on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project of 5 years on a straight line basis.

2.8 Land use rights

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

2. Summary of significant accounting policies (cont'd)

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. Summary of significant accounting policies (cont'd)

2.11 Associates (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.12 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of the financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.16 Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits (cont'd)

(c) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees for awards granted after 22 November 2002 is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share options.

(d) Provision for long service payment

One of the Group's subsidiaries participated in the Mandatory Provident Fund Scheme ("MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The MPF scheme is a defined contribution retirement plan administered by an independent corporate trustee. Under the MPF scheme, the Group and its eligible employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD25,000 up to 31 May 2014 and HKD30,000 effective from 1 June 2014. Contributions to the plan vest immediately.

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Service and commission income are recognised when the services are rendered.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. Summary of significant accounting policies (cont'd)

2.23 Government grants and subsidies

Government grants and subsidies are recognised as a credit in profit or loss when all attached conditions have been complied with and recovered. Government grants and subsidies are presented in profit or loss under "Other income".

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised, at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. Summary of significant accounting policies (cont'd)

2.28 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(a) Useful lives of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over the plant and equipment's estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 6 to 10 years. These are common life expectancies applied in the industry. 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. The carrying amount of the Group's plant and equipment at the end of the reporting period is disclosed in Note 10 to the financial statements.

(b) Income taxes

The Group has exposure to income taxes in several jurisdictions. Estimation uncertainty is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities at the end of the reporting period was $81,000 (2013: $415,000) and $524,000 (2013: $610,000) respectively.

(c) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The carrying amount of the Group's non-financial assets as at the end of each reporting period is disclosed in Notes 10, 11, 12, 13 and 14 to the financial statements.

(d) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability 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, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16 to the financial statements.

4. Revenue

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Sale of goods	37,347	49,048	11,600	14,486
Service income	43,490	41,241	2,151	3,359
	80,837	90,289	13,751	17,845

5. Other income/(expenses)

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Other income comprise:				
Dividend income from subsidiaries	–	–	–	3,553
Gain on disposal of property, plant and equipment	5	87	–	22
Interest income from financial institutions	1,207	974	2	3
Interest income from related party	42	61	–	–
Income from scrap sales	378	719	–	–
Sundry income	198	493	38	235
	1,830	2,334	40	3,813
Other expenses comprise:				
Foreign exchange loss, net	(1,219)	(181)	(494)	(484)
Allowance for impairment loss on investment and amounts due from associate	(521)	(2,090)	(521)	(3,472)
Allowance for impairment loss on investment in a subsidiary	–	–	(1,165)	–
	(1,740)	(2,271)	(2,180)	(3,956)

6. Financial expenses

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Bank borrowings	708	909	121	123
Finance leases	4	7	2	1
	712	916	123	124

7. Loss before taxation

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Depreciation of property, plant and equipment	7,212	8,112	120	119
Amortisation of land use rights	18	19	–	–
Directors' fees	150	200	150	200
Directors' remuneration				
- Directors of the Company	719	702	256	257
Write-down in value of inventories	2,120	200	–	–
Write-off of inventories	23	141	23	141
Allowance for doubtful trade receivables	66	80	9	5
Staff costs (excluding Directors' remuneration)	15,870	15,597	1,732	1,698
Defined contribution plans included in staff costs (excluding Directors' remuneration)	1,332	1,125	128	137
Operating lease expense	3,036	3,009	215	197
Audit fees:				
- Auditors of the Company	173	173	83	83
- Other auditors	79	82	5	5
Non-audit fees:				
- Other auditors	10	10	–	–
Total audit and non-audit fees	262	265	88	88

8. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current income tax:				
Current tax	167	418	–	–
Under/(over) provision in respect of prior years	4	7	(1)	–
Withholding tax:				
Paid or payable on remittance of profits	18	83	–	178
Paid on services rendered to overseas customers	3	5	3	5
	192	513	2	183

8. Income tax expense (cont'd)

(b) Relationship between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Loss before taxation	(8,731)	(5,348)	(3,691)	(1,647)
Tax at the statutory rate of 17% (2013: 17%)	(1,484)	(909)	(627)	(280)
Tax effects of expenses not deductible for tax purposes	240	495	376	710
Tax effect of income not subject to tax	(19)	(220)	–	(604)
Deferred tax assets not recognised	1,698	1,275	258	179
Utilisation of deferred tax assets previously not recognised	(102)	(183)	–	–
Differences in tax rates of other countries	(166)	(40)	(7)	(5)
Under/(over) provision in respect of prior years	4	7	(1)	–
Withholding tax paid or payable on remittance of profits	18	83	–	178
Withholding tax paid on services rendered to overseas customers	3	5	3	5
Income tax expense recognised in profit or loss	192	513	2	183

The corporate income tax rate applicable to the Company was 17% (2013: 17%). The corporate income tax rates applicable to the Malaysia and Hongkong subsidiaries of the Group were 25% (2013: 25%) and 16.5% (2013: 16.5%) respectively.

During the financial year, one of the Group's subsidiaries in The People's Republic of China obtained High-Tech Technology Enterprise ("HTNE") certificate. The certificate is valid for three years and is effective from year 2013 until 2015. In accordance with the "Guokefahuo [2008] No. 172", the subsidiary is entitled to enjoy preferential tax rate for high-tech enterprise at 15%.

As at 31 December 2014, the Group has unutilised tax losses and unabsorbed capital allowances amounting to approximately $27,328,000 (2013: $33,664,000) which are available for set-off against future taxable profits for which no deferred tax is recognised due to uncertainty of its recoverability. As at 31 December 2014, the Company has unutilised tax losses and unabsorbed capital allowances amounting to approximately $6,322,000 (2013: $4,711,000). The use of these tax losses and capital allowances is subject to agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate.

9. Earnings per share

Basic earnings per share amounts are calculated by dividing loss for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing loss for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2014	**2013**
	$'000	$'000
Loss for the year attributable to equity holders of the Company used in computation of basic and diluted earnings per share	(8,923)	(5,861)
	No. of shares	**No. of shares**
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation	722,395	722,395
Dilutive effect of share options	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	722,395	722,395

Share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

10. Property, plant and equipment

Group	Leasehold building $'000	Leasehold improve-ments $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Cost:						
At 1 January 2013	1,692	9,104	4,095	1,640	97,551	114,082
Net exchange differences	109	758	121	69	6,967	8,024
Additions	–	21	78	334	1,054	1,487
Disposals	–	(50)	(821)	(234)	(728)	(1,833)
At 31 December 2013 and 1 January 2014	1,801	9,833	3,473	1,809	104,844	121,760
Net exchange differences	20	134	39	24	1,282	1,499
Additions	–	1	59	80	3,972	4,112
Disposals	–	(233)	(288)	(110)	(1,173)	(1,804)
Write-off	–	(21)	(459)	(43)	(372)	(895)
At 31 December 2014	1,821	9,714	2,824	1,760	108,553	124,672
Accumulated depreciation:						
At 1 January 2013	698	3,627	3,685	1,243	61,264	70,517
Net exchange differences	48	225	128	49	4,673	5,123
Charge for the year	98	549	142	154	7,169	8,112
Disposals	–	(39)	(810)	(211)	(690)	(1,750)
At 31 December 2013 and 1 January 2014	844	4,362	3,145	1,235	72,416	82,002
Net exchange differences	11	52	33	17	1,009	1,122
Charge for the year	99	539	135	170	6,269	7,212
Disposals	–	(225)	(256)	(111)	(1,100)	(1,692)
Write-off	–	(20)	(465)	(39)	(318)	(842)
At 31 December 2014	954	4,708	2,592	1,272	78,276	87,802
Net carrying amount:						
At 31 December 2013	957	5,471	328	574	32,428	39,758
At 31 December 2014	867	5,006	232	488	30,277	36,870

10. Property, plant and equipment (cont'd)

Company	Leasehold improve-ments	Furniture, fittings and office equipment	Motor vehicles	Plant and machinery	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 January 2013	159	619	524	984	2,286
Additions	–	21	126	13	160
Disposals	–	(8)	(170)	–	(178)
At 31 December 2013 and 1 January 2014	159	632	480	997	2,268
Additions	1	12	–	12	25
Disposals	–	(2)	–	–	(2)
Write-off	–	(5)	–	–	(5)
At 31 December 2014	160	637	480	1,009	2,286
Accumulated depreciation:					
At 1 January 2013	139	507	421	898	1,965
Charge for the year	4	33	45	37	119
Disposals	–	(6)	(169)	–	(175)
At 31 December 2013 and 1 January 2014	143	534	297	935	1,909
Charge for the year	3	31	54	32	120
Disposals	–	(1)	–	–	(1)
Write-off	–	(5)	–	–	(5)
At 31 December 2014	146	559	351	967	2,023
Net carrying amount:					
At 31 December 2013	16	98	183	62	359
At 31 December 2014	14	78	129	42	263

Assets under construction

The Group's plant and equipment included $1,287,000 (2013: $Nil) which relate to expenditure for equipment in the course of construction.

Assets held under finance leases

The carrying amounts of plant and machinery, motor vehicles and office equipment of the Group held under finance leases at the end of the reporting period were $Nil (2013: $343,000), $92,000 (2013: $113,000) and $3,000 (2013: $3,000) respectively.

The carrying amounts of motor vehicles of the Company held under finance leases at the end of the reporting period was $92,000 (2013: $113,000).

Leased assets are pledged as security for the related finance lease liabilities.

10. Property, plant and equipment (cont'd)

Leasehold building

Details of the leasehold building held by the Group as at 31 December 2014 and 2013 are set out below:

Company	Location	Description	Area	Tenure
Jadason Electronics (Suzhou) Co., Ltd	Units 42 and 46, Huoju Road, Suzhou New District, People's Republic of China	Leasehold factory and office buildings	Land 10,417 m^2	Lease term of 45.5 years from October 2004

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the useful life of plant and equipment, with all other variables held constant:

	Group	
	2014	**2013**
	$'000	$'000
Useful life – increased by 2 years	630	(696)
Useful life – decreased by 2 years	(950)	(1,085)

11. Land use rights

	Group	
	2014	**2013**
	$'000	$'000
Cost:		
At 1 January	717	673
Net exchange differences	7	44
At 31 December	724	717
Accumulated amortisation:		
At 1 January	165	137
Net exchange differences	3	9
Charge for the year	18	19
At 31 December	186	165
Net carrying amount	538	552
Amount to be amortised:		
- Not later than one year	21	21
- Later than one year but not later than five years	84	84
- Later than five years	433	447

The Group has land use rights over a plot of state-owned land in The People's Republic of China, where Jadason Electronics (Suzhou) Co., Ltd resides. The land use rights are transferable and have a remaining tenure of 35.5 years (2013: 36.5 years).

12. Intangible assets

Group	Goodwill $'000	Licence fees $'000	Development costs $'000	Total $'000
Cost:				
At 31 December 2013, 1 January 2014 and 31 December 2014	1,303	742	3,372	5,417
Accumulated amortisation and impairment:				
At 31 December 2013, 1 January 2014 and 31 December 2014	1,303	742	3,372	5,417
Net carrying amount:				
At 31 December 2013	–	–	–	–
At 31 December 2014	–	–	–	–

Goodwill arising from business combinations have been allocated to individual cash-generating units (CGU), which are reportable operating segments, namely “Equipment and Supplies” and “Manufacturing and Support Services”.

The Group has written down the goodwill arising from business combinations in relation to the “Equipment and Supplies” CGU due to the deferred production of certain printing equipment. The Group has also written down goodwill related to the “Manufacturing and Support Services” CGU due to the deferred expansion plan for the provision of testing services.

13. Investments in subsidiaries

	Company	
	2014 $'000	2013 $'000
Unquoted equity shares, at cost	63,873	63,873
Impairment loss on investment in a subsidiary	(1,165)	–
	62,708	63,873

13. Investments in subsidiaries (cont'd)

Details of subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	Proportion of ownership interest 2013 %
Held by the Company				
Jadason Enterprises (HK) Limited (1)	Hong Kong	Distribution of equipment and supplies and provision of support services to the PCB and semiconductor industries.	100	100
Jadason Engineering Sdn Bhd (2)	Malaysia	Provision of drilling and resharpening services to the PCB industry.	100	100
Jadason Enterprises (Thailand) Limited (3)	Thailand	Installation of machines and provision of support services to the PCB and semiconductor industries.	100	100
Jadason Electronics (Suzhou) Co., Ltd (4)	The People's Republic of China	Manufacturing, trading and provision of services to the PCB and semiconductor industries.	100	100
Jadason Scientific (Shanghai) Co., Ltd (5),(8)	The People's Republic of China	Trading and distribution of equipment, supplies and materials to the PCB industry.	100	100
Jadason Enterprises (Japan) Limited (6)	Japan	Provision of sales support and procurement services.	100	100
Jadason PCB Materials (Dongguan) Ltd (7),(8)	The People's Republic of China	Mass lamination of printed circuit boards.	100	100
Jadason Electronics (Dongguan) Ltd (7),(8)	The People's Republic of China	Provision of drilling services to the PCB and semiconductor industries.	100	100
Jadason Scientific (Dongguan) Ltd (7),(8)	The People's Republic of China	Assembly of laser photoplotters, exposure machines and other PCB equipment for the PCB industry.	100	100
Held by Jadason Enterprises (HK) Limited				
ibooks Limited (1)	Hong Kong	Provision of printing services.	100	100
Jack Printing Limited Company (7)	The People's Republic of China	Dormant. The company was de-registered during the year.	–	100
Quicktest Limited (1)	Hong Kong	Provision of in-circuit testing services for the PCBA industry. The company is dormant during the year.	100	100

13. Investments in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2014 %	2013 %
Held by Jadason Enterprises (HK) Limited (cont'd)				
Jadason Test Limited [(1)]	Hong Kong	Provision of machinery installation and maintenance services for PCB manufacturers. The company is dormant during the year.	100	100
Jadason Mechanics Limited [(1)]	Hong Kong	Manufacturing and trading of machineries.	100	100
Jadason Microelectronics (Dongguan) Ltd [(7),(8)]	The People's Republic of China	Provision of drilling services to the PCB and semiconductor industries.	100	100
Held by Jadason Mechanics Limited				
Jadason Electronics Equipment (Dongguan) Ltd [(7)]	The People's Republic of China	Production and distribution of wet process equipment.	100	100
Held by Jadason Test Limited				
Jadason Test (Suzhou) Limited [(4)]	The People's Republic of China	Provision of testing services for printed circuit boards.	100	100

(1) Audited by CK Yau & Partners CPA Limited.
(2) Audited by member firm of Ernst & Young Global in Malaysia.
(3) Audited by KT&R Business Consultant Company Limited.
(4) Audited by Suzhou Lixin Certified Public Accountants Co., Ltd.
(5) Audited by Shanghai East Asia Certified Public Accountants Co., Ltd.
(6) Not required to be audited by the law of country of incorporation.
(7) Audited by Dongguan Discran Certified Public Accountants.
(8) Audited by overseas Ernst & Young office in Shenzhen.

Impairment loss on investment in a subsidiary

During the financial year, an impairment loss of S$1,165,000 (2013: $Nil) was recognised to write-down the investment in Jadason Scientific (Dongguan) Ltd ("JSDG") as the production of certain equipment has been shelved and this affected the revenue, profitability and growth prospect of JSDG.

14. Investment in an associate

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Unquoted equity shares, at cost	200	200	200	200
Impairment loss on investment in an associate	–	–	(200)	(200)
Share of post-acquisition reserves	(200)	(200)	–	–
	–	–	–	–

14. Investment in an associate (cont'd)

Details of the associate are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2014	2013
			%	%
Held by the Company				
Infinite Graphics Pte Ltd [(1)]	Singapore	Manufactures large format photo masks.	50	50

(1) Audited by Ernst & Young LLP, Singapore.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2014	2013
	$'000	$'000
Assets and liabilities:		
Total assets	434	470
Total liabilities	4,047	3,533
Results:		
Revenue	924	1,138
Net loss for the year	(550)	(575)

The Company carried out a review of the investment in the associate and the recoverability of the amount owing by the associate (Note 16), and noted that the expansion of the associate into certain key markets was not progressing as planned. The review led to the recognition of impairment losses of $Nil (2013: $200,000) on the investment in the associate and $521,000 (2013: $3,272,000) on the amount owing by the associate of the Company.

The impairment loss recognised by the Group on the amount owing by the associate of the Company during the year was $521,000 (2013: $2,090,000).

15. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash at banks and on hand	12,151	15,635	2,580	4,349
Bank deposits	23,249	30,494	–	–
	35,400	46,129	2,580	4,349

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.001% to 1.15% (2013: 0.01% to 1.15%) per annum.

15. Cash and cash equivalents (cont'd)

Bank deposits with financial institutions earn interest at rates ranging from 2.00% to 4.40% (2013: 1.80% to 6.30%) per annum.

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore Dollar	90	31	85	31
United States Dollar	2,126	2,559	1,248	507
Japanese Yen	92	104	25	24
Euro Dollar	628	555	173	110
Hong Kong Dollar	1,756	884	31	13
Renminbi	30,144	41,317	866	3,469
Malaysian Ringgit	347	370	–	–
Others	217	309	152	195
	35,400	46,129	2,580	4,349

16. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables	27,236	43,690	2,881	8,351
Less: Allowance for doubtful trade receivables	(398)	(332)	(143)	(134)
	26,838	43,358	2,738	8,217
Bills receivables	14,929	8,062	–	–
Trade amount due from subsidiaries	–	–	11	18
Non-trade amount due from subsidiaries	–	–	2,970	5,164
Trade amount due from associate	–	–	84	86
Non-trade amount due from associate	2,049	1,803	3,709	3,186
Less: Allowance for impairment loss on amounts due from associate (Note 14)	(2,049)	(1,803)	(3,793)	(3,272)
Non-trade amount due from a related party	1,384	653	–	–
Deposits	584	2,099	49	44
Others	1,156	693	34	46
	44,891	54,865	5,802	13,489
Other receivables (non-current):				
Non-trade amount due from a related party	–	1,307	–	–
Total trade and other receivables (current and non-current)	44,891	56,172	5,802	13,489
Add: Cash and cash equivalents (Note 15)	35,400	46,129	2,580	4,349
Total loans and receivables	80,291	102,301	8,382	17,838

16. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Bills receivables

Bills receivables have an average maturity period of 90 (2013: 90) days from the end of the reporting period with effective interest rates of 5.60% to 6.90% (2013: 1.85% to 8.00%) per annum.

Amounts due from subsidiaries and associate

Amounts due from subsidiaries and associate are unsecured, interest-free and repayable on demand in cash.

Amount due from a related party

Amount due from a related party is denominated in Hong Kong dollars and relates to the outstanding amount owing by a former subsidiary ("Jadason Technology Limited"). The amount is scheduled to be repaid to the Group on an instalment basis over the period from February 2012 to February 2015. Interest is charged on the outstanding balance at 3% per annum. Subsequent to 31 December 2014, the Group is expected to receive the final instalment payment of $1,384,000 (HK$8,000,000) from Jadason Technology Limited.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore Dollar	51	665	179	652
United States Dollar	3,570	16,604	3,843	8,523
Japanese Yen	408	241	1,629	1,661
Euro Dollar	1,105	43	51	62
Hong Kong Dollar	1,659	2,245	2	2,428
Renminbi	37,416	35,911	–	–
Malaysian Ringgit	336	252	–	–
Others	346	211	98	163
	44,891	56,172	5,802	13,489

16. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to $18,584,000 (2013: $7,187,000) and $1,443,000 (2013: $2,205,000) respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Trade receivables past due:				
Lesser than 30 days	15,617	4,261	981	875
30 to 60 days	1,407	1,116	233	456
61 to 90 days	390	455	104	140
91 to 120 days	469	124	10	1
More than 120 days	701	1,231	115	733
	18,584	7,187	1,443	2,205

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
At 1 January	332	412	134	129
Charge for the year	66	80	9	5
Written-off	–	(160)	–	–
At 31 December	398	332	143	134

17. Inventories

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance sheet:				
Raw materials	2,833	2,691	–	–
Work-in-progress	84	48	–	–
Finished goods	6,723	9,888	1,426	1,534
Total inventories at lower of cost and net realisable value	9,640	12,627	1,426	1,534
Income statement:				
Inventories recognised as an expense in cost of sales	41,977	51,025	11,949	15,796
inclusive of the following charge:				
- Inventories written-off	23	141	23	141
- Inventories written-down	2,120	200	–	–

18. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables	14,460	28,790	4,359	7,662
Trade amount due to subsidiaries	–	–	373	201
Non-trade amount due to subsidiaries	–	–	4,209	183
Other payables	542	911	442	1
Accruals	3,259	3,567	101	568
Total trade and other payables	18,261	33,268	9,484	8,615
Add:				
Trust receipts (Note 19)	3,587	1,688	2,305	1,688
Finance leases (Note 20)	49	141	47	59
Interest-bearing loans and borrowings (Note 21)	23,172	29,882	4,769	13,366
Total financial liabilities at amortised cost	45,069	64,979	16,605	23,728

Trade payables

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Other payables

Other payables are unsecured, interest-free and normally settled on 30 to 90-day terms.

18. Trade and other payables (cont'd)

Amounts due to subsidiaries

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

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore Dollar	536	706	942	951
United States Dollar	4,711	16,628	4,241	7,412
Japanese Yen	429	210	97	44
Euro Dollar	112	63	447	62
Hong Kong Dollar	531	364	3,534	–
Renminbi	11,813	15,205	80	24
Others	129	92	143	122
	18,261	33,268	9,484	8,615

19. Trust receipts

Trust receipts have an average maturity period of 30 to 120 days with interest rates of 1.82% to 2.00% (2013: 1.80% to 1.81%) per annum.

Trust receipts are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
United States Dollar	1,775	1,688	1,775	1,688
Euro Dollar	1,812	–	530	–
	3,587	1,688	2,305	1,688

20. Finance leases

The Group and the Company have entered into finance leases for certain items of motor vehicles, office equipment and plant and machinery. There are no restrictions placed upon the Group and the Company by entering into these leases. These leases expire over the next 42 months. Renewals are at the option of the specific entity that holds the lease.

The finance lease liabilities for the Group bear interest at rates ranging from 3.7% to 8.0% (2013: 3.2% to 8.0%) per annum.

The finance lease liabilities for the Company bear interest at 3.7% (2013: 3.7%) per annum.

20. Finance leases (cont'd)

Future minimum lease payments under finance lease liabilities together with the present value of the net minimum lease payments are as follows:

	2014		2013	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	$'000	$'000	$'000	$'000
Group				
Within 1 year	15	14	97	92
After 1 year but within 5 years	38	35	52	49
Total minimum lease payments	53	49	149	141
Less: Amounts representing finance charges	(4)	–	(8)	–
Present value of minimum lease payments	49	49	141	141
Company				
Within 1 year	14	13	14	12
After 1 year but within 5 years	36	34	50	47
Total minimum lease payments	50	47	64	59
Less: Amounts representing finance charges	(3)	–	(5)	–
Present value of minimum lease payments	47	47	59	59

Finance leases of the Group and the Company are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Singapore Dollar	13	12	13	12
Hong Kong Dollar	1	80	–	–
	14	92	13	12
Non-current				
Singapore Dollar	34	47	34	47
Hong Kong Dollar	1	2	–	–
	35	49	34	47

21. Interest-bearing loans and borrowings

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Short term loans	20,328	18,203	1,925	1,883
Long term loans:				
- Due within 12 months	2,844	8,040	2,844	7,844
- Due after 12 months	–	3,639	–	3,639
	23,172	29,882	4,769	13,366

The short term bank loans are unsecured and bear interest at rates ranging from 2.41% to 2.51% per annum and 1.5% to 3.0% per annum over HIBOR (2013: 2.35% to 2.49% per annum and 1.5% to 3.0% per annum over HIBOR).

The long term loans are unsecured.

An amount of S$766,000 (2013: $Nil) is repayable over 6 quarterly instalments commencing May 2014 and interest is charged at 1.75% per annum over the Singapore Swap Offer rate.

An amount of S$1,704,000 (HK$10,000,000) (2013: S$6,530,000 (HK$40,000,000)) is repayable over 4 quarterly instalments commencing June 2014 and interest is charged at 1.75% per annum over 3-month cost of funds.

An amount of S$374,000 (2013: S$873,000) is repayable over 12 quarterly instalments commencing November 2012 and interest is charged at 1.75% per annum over the Singapore Swap Offer rate.

In prior year, an amount of S$4,080,000 (HK$25,000,000) was repayable over 4 quarterly instalments commencing July 2013 and interest was charged at 1.75% per annum over 3-month cost of funds. This amount was fully repaid in the current financial year.

In prior year, an amount of S$196,000 (HK$1,200,000) was repayable over 60 monthly instalments commencing July 2009 and interest was charged at 3.0% per annum over HIBOR. This amount was fully repaid in the current financial year.

The interest rates of the floating rates loans are repriced at intervals of 1 to 3 months.

Interest-bearing loans and borrowings of the Group and the Company are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Singapore Dollar	2,140	1,499	2,140	1,499
Hong Kong Dollar	20,107	23,861	1,704	7,345
United States Dollar	925	883	925	883
	23,172	26,243	4,769	9,727
Non-current				
Singapore Dollar	–	374	–	374
Hong Kong Dollar	–	3,265	–	3,265
	–	3,639	–	3,639

22. Provision for long service payment

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

	Group	
	2014	2013
	$'000	$'000
At beginning of year	591	571
Net exchange differences	27	20
Provision for the year	61	–
Payment during the year	(44)	–
At end of year	635	591

23. Deferred taxation

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At beginning of year	610	705	16	16
Origination and reversal of temporary differences	(86)	(95)	–	–
At end of year	524	610	16	16

The deferred taxation of the Group arises as a result of the excess of net book value over the tax written down value of property, plant and equipment amounting to $16,000 (2013: $16,000) and withholding tax payable upon repatriation of profits by overseas subsidiaries amounting to $508,000 (2013: $594,000). The deferred taxation of the Company arises as a result of the excess of net book value over the tax written down value of property, plant and equipment. As at 31 December 2014, there is no (2013: $Nil) deferred tax recognised in other comprehensive income.

24. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2014		2013	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid:				
At 1 January and 31 December	726,065	50,197	726,065	50,197

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

24. Share capital and treasury shares (cont'd)

(b) Treasury shares

	Group and Company			
	2014		2013	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 January and 31 December	(3,670)	(307)	(3,670)	(307)

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

(c) Share options

(i) The Company's employee share incentive plan, Jadason Share Option Scheme 2000, was adopted in June 2000 for granting non-transferable options to eligible Directors and employees. Options were granted for a term of 10 years to purchase the Company's ordinary shares at not less than the market value of the shares at the date of grant.

The 10-year share option scheme expired in June 2010 and no options can be granted under the Scheme after June 2010. The expiration of the Scheme, however, does not affect the share options which have been granted and accepted. Such outstanding share options remain exercisable until they lapse.

(ii) Under the Scheme, share options granted, exercised and cancelled during the financial year and outstanding as at 31 December 2014 were as follows:

2014

Date of grant	Balance at 1.1.2014	Granted	Exercised	Cancelled	Balance at 31.12.2014	Exercise price	Exercise period
16.9.2009	17,000,000[(1)]	–	–	(500,000)	16,500,000	$0.10	16 September 2010 to 15 September 2019
	17,000,000	–	–	(500,000)	16,500,000		

2013

Date of grant	Balance at 1.1.2013	Granted	Exercised	Cancelled	Balance at 31.12.2013	Exercise price	Exercise period
16.9.2009	1,000,000[(2)]	–	–	(1,000,000)	–	$0.10	16 September 2009 to 15 September 2019
16.9.2009	17,400,000[(1)]	–	–	(400,000)	17,000,000	$0.10	16 September 2010 to 15 September 2019
	18,400,000	–	–	(1,400,000)	17,000,000		

(1) These were granted to the Directors and employees of the Group of which 25% of the options are exercisable on or after 16 September 2010, the next 25% on or after 16 September 2011 and the remaining on or after 16 September 2012.

(2) These were granted to certain employees of the Group and are exercisable upon achieving sale of a specified quantity of an equipment over a 2-year period commencing from 16 September 2009.

24. Share capital and treasury shares (cont'd)

(c) *Share options (cont'd)*

The fair value of equity share options as at the date of grant is measured based on the Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used are as follows:

Date of grant of options	**16.9.2009**
Fair value at measurement date:	
Share price (S$)	0.095
Exercise price (S$)	0.100
Expected volatility (%)	64.00
Expected option life (years)	9.00
Expected dividends (%)	1.00
Risk-free interest rate (%)	2.35

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

25. Reserves

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Employee share option reserve	1,280	1,280	1,280	1,280
Foreign currency translation reserve	(464)	(1,825)	(80)	(77)
Reserve and enterprise expansion funds	6,005	6,005	–	–
Retained earnings	24,532	33,455	5,104	8,797
	31,353	38,915	6,304	10,000

(a) *Employee share option reserve*

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
At 1 January and 31 December	1,280	1,280	1,280	1,280

The employee share option reserve represents the equity settled share options granted to employees after 22 November 2002. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

25. Reserves (cont'd)

(b) Foreign currency translation reserve

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
At 1 January	(1,825)	(8,210)	(77)	(79)
Net effect of exchange differences	1,361	6,385	(3)	2
At 31 December	(464)	(1,825)	(80)	(77)

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

(c) Reserve and enterprise expansion funds

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
At 1 January	6,005	5,818	–	–
Transfer from retained earnings	–	187	–	–
At 31 December	6,005	6,005	–	–

Under the accounting principles and relevant financial regulations of The People's Republic of China, certain subsidiary companies are required to set aside a reserve fund and an enterprise expansion fund ("Reserve and Enterprise Expansion Funds") by way of appropriations from their profits. The appropriations to these funds are determined by the subsidiaries' Board of Directors and must be made before distribution of dividends. These funds are not distributable in the form of cash dividends.

26. Related party disclosures

An entity or individual is considered a related party of the Group and the Company for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group and the Company or vice versa; or ii) it is subject to common control or common significant influence.

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place on terms agreed between the parties during the financial year:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Sale of goods to associate	8	4	1	3
Interest income from Jadason Technology Limited	42	61	–	–

26. Related party disclosures (cont'd)

(b) Compensation of key management personnel

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Short-term employment benefits	707	690	250	250
Defined contribution plans	12	12	6	7
Total compensation paid to key management personnel	719	702	256	257
Comprise amounts paid to:				
Directors of the Group	719	702	256	257

27. Commitments and contingencies

(a) Operating lease commitments – as lessee

The Group and the Company lease certain property, plant and equipment under lease agreements that are non-cancellable within a year. The leases expire at various dates and contain provisions for rental adjustments. Lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debts and further leasing. Operating lease payments recognised in profit or loss of the Group and the Company during the year amounted to $3,036,000 and $215,000 (2013: $3,009,000 and $197,000) respectively.

Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Within 1 year	3,162	3,067	215	82
After 1 year but within 5 years	2,812	2,727	86	–
	5,974	5,794	301	82

(b) Contingent liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Guarantees provided in respect of credit facilities for:				
Subsidiaries				
- secured by plant and equipment	–	–	–	82
- unsecured	–	–	19,685	16,516
	–	–	19,685	16,598

The Company has committed to provide financial support for certain subsidiaries to enable them to operate as going concerns for at least 12 months from the financial year end.

28. Fair value of financial instruments

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

– Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Group				
Financial assets				
Other receivables (non-current)	–	–	1,307	1,386
Financial liabilities				
Finance leases (non-current)	35	33	49	44
Company				
Financial liabilities				
Finance leases (non-current)	34	31	47	42

The fair value of the non-current other receivables and finance leases are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the end of the reporting period.

No amount has been recognised in the income statements in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique for the financial years ended 31 December 2014 and 2013.

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

Cash and cash equivalents, current trade and other receivables, current trade and other payables, trust receipts, current finance leases and interest-bearing loans and borrowings with variable interest rates

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

29. Financial risk management objectives and policies

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

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. The Group performs ongoing credit evaluation of its customers' financial condition and generally does not require collateral for its trade accounts receivable. Customers are also assessed based on their historical payment records. Where necessary, customers may be requested to provide advance payments before goods are delivered.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets.
- A nominal amount of $19,685,000 (2013: $16,516,000) relating to guarantees provided by the Company to financial institutions on its subsidiaries' credit facilities.

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

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

	Group			
	2014		2013	
	$'000	% of total	$'000	% of total
By country:				
Singapore	1,610	6%	2,422	6%
The People's Republic of China including Hong Kong	23,886	89%	35,010	81%
Malaysia	727	3%	1,088	2%
Other countries	615	2%	4,838	11%
	26,838	100%	43,358	100%
By industry sector:				
Equipment and supplies	9,399	35%	20,392	47%
Manufacturing and support services	17,439	65%	22,966	53%
	26,838	100%	43,358	100%

At the end of the reporting period, 31% (2013: 17%) of the Group's trade receivables (current) were due from a major customer.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Short-term funding is obtained from bank loans and bank overdraft facilities.

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

The Group assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	One year or less $'000	One to five years $'000	Total $'000
2014			
Financial assets			
Trade and other receivables (Note 16)	44,891	–	44,891
Cash and cash equivalents (Note 15)	35,400	–	35,400
Total undiscounted financial assets	80,291	–	80,291
Financial liabilities			
Trade and other payables (Note 18)	18,261	–	18,261
Trust receipts (Note 19)	3,587	–	3,587
Finance leases (Note 20)	15	38	53
Interest-bearing loans and borrowings	23,867	–	23,867
Total undiscounted financial liabilities	45,730	38	45,768
Total net undiscounted financial assets/(liabilities)	34,561	(38)	34,523
2013			
Financial assets			
Trade and other receivables (Note 16)	54,885	1,346	56,231
Cash and cash equivalents (Note 15)	46,129	–	46,129
Total undiscounted financial assets	101,014	1,346	102,360
Financial liabilities			
Trade and other payables (Note 18)	33,268	–	33,268
Trust receipts (Note 19)	1,688	–	1,688
Finance leases (Note 20)	97	52	149
Interest-bearing loans and borrowings	27,030	3,748	30,778
Total undiscounted financial liabilities	62,083	3,800	65,883
Total net undiscounted financial assets/(liabilities)	38,931	(2,454)	36,477

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Company	One year or less $'000	One to five years $'000	Total $'000
2014			
Financial assets			
Trade and other receivables (Note 16)	5,802	–	5,802
Cash and cash equivalents (Note 15)	2,580	–	2,580
Total undiscounted financial assets	8,382	–	8,382
Financial liabilities			
Trade and other payables (Note 18)	9,484	–	9,484
Trust receipts (Note 19)	2,305	–	2,305
Finance leases (Note 20)	14	36	50
Interest-bearing loans and borrowings	4,912	–	4,912
Total undiscounted financial liabilities	16,715	36	16,751
Total net undiscounted financial liabilities	(8,333)	(36)	(8,369)
2013			
Financial assets			
Trade and other receivables (Note 16)	13,489	–	13,489
Cash and cash equivalents (Note 15)	4,349	–	4,349
Total undiscounted financial assets	17,838	–	17,838
Financial liabilities			
Trade and other payables (Note 18)	8,615	–	8,615
Trust receipts (Note 19)	1,688	–	1,688
Finance leases (Note 20)	14	50	64
Interest-bearing loans and borrowings	10,019	3,748	13,767
Total undiscounted financial liabilities	20,336	3,798	24,134
Total net undiscounted financial liabilities	(2,498)	(3,798)	(6,296)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earlier period in which the guarantee could be called.

Company	One year or less $'000	One to five years $'000	Total $'000
2014			
Financial guarantees	19,685	–	19,685
2013			
Financial guarantees	16,596	2	16,598

29. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from trust receipts, finance leases and loans and borrowings, and bills receivables.

The Group obtains additional financing through bank borrowings and leasing arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group also seeks to minimise its interest rate exposure through refinancing the existing debt instruments.

Surplus funds are placed with reputable banks.

Information relating to the Group's interest rate exposure is also disclosed in the respective notes to the financial statements.

Sensitivity analysis for interest rate risk

At the end of the reporting period, for the floating rate interest-bearing loans and borrowings, a change of 1 percent in interest rate with all other variables held constant would increase/(decrease) profit or loss by the amounts shown below.

	Profit or loss	
	1% increase	1% decrease
	$'000	$'000
Group		
2014		
Floating rate interest-bearing loans and borrowings	(187)	187
2013		
Floating rate interest-bearing loans and borrowings	(247)	247
Company		
2014		
Floating rate interest-bearing loans and borrowings	(40)	40
2013		
Floating rate interest-bearing loans and borrowings	(111)	111

(d) Foreign currency risk

The foreign exchange risk of the Group arises from subsidiary companies operating in foreign countries, which generate revenue and incur costs denominated in foreign currencies other than the respective functional currencies of these subsidiary companies. These subsidiary companies maintain their books and records in their respective measurement currencies. Fluctuations in the exchange rate between the measurement currencies and Singapore dollar will therefore have an impact on the Group. The foreign currencies in which these transactions are denominated are mainly US Dollars (USD), Hong Kong Dollars (HKD) and Renminbi (RMB). The Group does not hedge exposures arising from such translations.

These exposures are monitored on an on-going basis and are managed as far as possible by natural hedges of matching assets and liabilities. The Group does not enter into foreign exchange contracts for speculative purposes.

29. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD, HKD and RMB exchange rates (against SGD), with all other variables held constant:

	Group	
	2014	**2013**
	$'000	$'000
USD – strengthened 4%	(74)	(38)
USD – weakened 4%	74	38
RMB – strengthened 5%	39	172
RMB – weakened 5%	(39)	(172)
HKD – strengthened 4%	(208)	(327)
HKD – weakened 4%	208	327

30. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

As disclosed in Note 25, certain subsidiaries of the Group are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group's policy is to keep the gearing ratio below 40%. The Group includes within net debt, loans and borrowings, finance leases, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company less the abovementioned restricted statutory reserve funds.

30. Capital management (cont'd)

	Group	
	2014	2013
	$'000	$'000
Loans and borrowings (Note 21)	23,172	29,882
Finance leases (Note 20)	49	141
Less: Cash and cash equivalents (Note 15)	(35,400)	(46,129)
Net cash	(12,179)	(16,106)
Equity attributable to equity holders of the Company	81,243	88,805
Less: Reserve and enterprise expansion funds	(6,005)	(6,005)
Total capital	75,238	82,800
Capital and net cash	87,417	98,906
Gearing ratio	–	–

31. Segment information

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

- Equipment and supplies

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

- Manufacturing and support services

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

- Others

  Includes associates, corporate office and consolidation adjustments which are not directly attributable to a particular business segment above.

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

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

31. Segment information (cont'd)

2014	Equipment and supplies $'000	Manufacturing and support services $'000	Others $'000	Total $'000
Revenue				
- External sales	37,347	43,490	–	80,837
Total	37,347	43,490	–	80,837
Results				
EBITDA*	(3,664)	2,147	–	(1,517)
Interest income	139	1,110	–	1,249
Depreciation	(215)	(6,997)	–	(7,212)
Amortisation	–	(18)	–	(18)
Operating loss	(3,740)	(3,758)	–	(7,498)
Interest expense	(391)	(321)	–	(712)
Allowance for impairment loss on amounts due from associate	–	–	(521)	(521)
Loss before taxation	(4,131)	(4,079)	(521)	(8,731)
Income tax expense	(171)	(21)	–	(192)
Loss for the year	(4,302)	(4,100)	(521)	(8,923)
Assets/liabilities				
Segment assets	20,329	107,223	–	127,552
Segment liabilities	14,680	31,629	–	46,309
Other segment information				
Expenditure for non-current assets	83	4,029	–	4,112
Other non-cash items:				
Allowance for doubtful trade receivables	9	57	–	66
Allowance for impairment loss on amounts due from associate	–	–	521	521

* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

31. Segment information (cont'd)

2013	Equipment and supplies $'000	Manufacturing and support services $'000	Others $'000	Total $'000
Revenue				
- External sales	49,048	41,241	–	90,289
Total	49,048	41,241	–	90,289
Results				
EBITDA*	(1,260)	6,014	–	4,754
Interest income	138	897	–	1,035
Depreciation	(300)	(7,812)	–	(8,112)
Amortisation	–	(19)	–	(19)
Operating loss	(1,422)	(920)	–	(2,342)
Interest expense	(443)	(473)	–	(916)
Allowance for impairment loss on amounts due from associate	–	–	(2,090)	(2,090)
Loss before taxation	(1,865)	(1,393)	(2,090)	(5,348)
Income tax expense	(155)	(358)	–	(513)
Loss for the year	(2,020)	(1,751)	(2,090)	(5,861)
Assets/liabilities				
Segment assets	38,190	117,210	–	155,400
Segment liabilities	25,417	41,178	–	66,595
Other segment information				
Expenditure for non-current assets	425	1,062	–	1,487
Other non-cash items:				
Allowance for doubtful trade receivables	80	–	–	80
Allowance for impairment loss on amounts due from associate	–	–	2,090	2,090

31. Segment information (cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Singapore	6,412	9,871	263	359
The People's Republic of China including Hong Kong	66,328	70,752	36,956	41,000
Others	8,097	9,666	189	258
	80,837	90,289	37,408	41,617

Non-current assets information presented above consist of property, plant and equipment, land use rights, intangible assets and other receivables as presented in the consolidated balance sheet.

Revenue from one major customer amount to $16,635,000 (2013: $12,746,000), arising from sales by the manufacturing and support services segment.

32. Dividends

	Group and Company	
	2014	**2013**
	$'000	$'000
Declared and paid during the year:		
Dividends on ordinary shares:		
- $Nil (2013: Final one-tier exempt dividend of 0.5 cents per share for 2012)	–	3,612
	–	3,612

33. Authorisation of financial statements

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 31 March 2015.

STATISTICS OF **SHAREHOLDINGS**

As at 18 March 2015

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	500	13.98	499,000	0.07
1,001 - 10,000	1,172	32.78	7,104,900	0.98
10,001 - 1,000,000	1,855	51.87	172,170,400	23.83
1,000,001 AND ABOVE	49	1.37	542,620,700	75.12
TOTAL	**3,576**	**100.00**	**722,395,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HO QUEENY	211,000,000	29.21
2	RAFFLES NOMINEES (PTE) LIMITED	40,046,000	5.54
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	38,392,000	5.31
4	LIAW HIN HAO	35,512,200	4.92
5	FUNG CHI WAI	30,800,000	4.26
6	DBS NOMINEES (PRIVATE) LIMITED	19,593,000	2.71
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	14,214,000	1.97
8	OCBC SECURITIES PRIVATE LIMITED	12,362,500	1.71
9	CITIBANK NOMINEES SINGAPORE PTE LTD	11,918,000	1.65
10	LIEW SEUK ENG	11,024,000	1.53
11	HUANG JINRUI CLEMENT	11,000,000	1.52
12	HUI MIN LINNA	8,380,000	1.16
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,606,000	1.05
14	PHILLIP SECURITIES PTE LTD	6,236,000	0.86
15	LAI CHEE FOCK	5,700,000	0.79
16	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	5,334,111	0.74
17	PUNG WEE SENG	4,550,000	0.63
18	TAY SEOW WAH @ TAY SIEW WAH	4,012,000	0.56
19	HSBC (SINGAPORE) NOMINEES PTE LTD	4,000,000	0.55
20	UNION TOOL CO.	4,000,000	0.55
	TOTAL	**485,679,811**	**67.22**

STATISTICS OF **SHAREHOLDINGS**

As at 18 March 2015

SUBSTANTIAL SHAREHOLDERS

NAME	DIRECT INTEREST	IN THE NAME OF RAFFLES NOMINEES (PTE) LIMITED	TOTAL INTEREST	%
QUEENY HO	211,000,000	25,000,000	236,000,000	32.67

PUBLIC SHAREHOLDINGS

Based on information available to the Company as at 18 March 2015, approximately 60.73% of the issued ordinary shares of the Company was held by the public.

ORDINARY SHARES HELD IN TREASURY ("TREASURY SHARES")

Voting rights: None
Sole shareholder of 3,670,000 Treasury Shares: Jadason Enterprises Ltd
Percentage of this holding against total number of issued shares excluding treasury shares: 0.51%

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Jadason Enterprises Ltd ("the Company") will be held at Room 330, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 30 April 2015 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2014 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Teo Kiang Kok as Director of the Company retiring pursuant to Article 89 of the Articles of Association of the Company.

   Mr Teo will, upon his re-election as Director of the Company, remain as the Chairman of the Nominating and Remuneration Committees, and a member of the Audit Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. **(Resolution 2)**

3. To re-elect Ms Linna Hui Min as Director of the Company retiring pursuant to Article 89 of the Articles of Association of the Company. **(Resolution 3)**

4. To re-appoint Ernst & Young LLP as the 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 properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. To approve the payment of Directors' fees of S$150,000 for the year ended 31 December 2014 (previous year: S$200,000). **(Resolution 5)**

7. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

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

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

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

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

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

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

    (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 6)**

8. **Authority to issue shares under the Jadason Share Option Scheme 2000**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Jadason Share Option Scheme 2000 (“the Scheme”), provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 7)**

9. **Renewal of Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Attachment to the Notice of Annual General Meeting to Shareholders dated 15 April 2015 ("Attachment"), in accordance with the "Terms of the Share Buyback Mandate" set out in the Attachment and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Tan Kok Yong
Secretary
Singapore, 15 April 2015

Explanatory Notes:

(i) The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

(ii) The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares in the Company pursuant to the exercise of options granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iii) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in the Attachment. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2014 are set out in greater detail in the Attachment.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3 Kaki Bukit Crescent #03-01 Singapore 416237 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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

JADASON ENTERPRISES LTD

Company Registration No. 199003898K
(Incorporated in Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____________________

of ____________________

being a member/members of Jadason Enterprises 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 the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Room 330, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Thursday, 30 April 2015 at 3.00 p.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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Note: 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.

No.	Resolutions relating to:	No. of Votes For	No. of Votes Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2	Re-election of Mr Teo Kiang Kok as a Director		
3	Re-election of Ms Linna Hui Min as a Director		
4	Re-appointment of Ernst & Young LLP as Auditor		
5	Approval of Directors' fees amounting to S$150,000		
6	Authority to allot and issue new shares		
7	Authority to allot and issue shares under the Jadason Share Option Scheme 2000		
8	Renewal of Share Buyback Mandate		

Dated this ____________ day of ____________ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
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 130A of the Companies Act, Chapter 50 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 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 appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. 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.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 3 Kaki Bukit Crescent #03-01, Singapore 416237 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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 15 April 2015.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Jadason Enterprises Ltd

JADASON ENTERPRISES LTD
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Singapore 416237
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Fax: (65) 6383 1390