Jadason Enterprises Ltd

ANNUAL REPORT 2017

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

Dear Shareholders

Uncertainty and volatility weighed down on the global economy at the beginning of 2017. The year, however, closed on a high note as major economies around the world expanded steadily and recorded strong growth. The Group, which operates mainly in China, reported an increase in profit after taxation of 54% to S$2.8 million for 2017.

GROUP'S PERFORMANCE

Equipment and Supplies business revenue increased from S$22.6 million in 2016 to S$23.6 million in 2017 due to stronger demand for materials and supplies from printed circuit board ("PCB") manufacturers. This business segment reported an operating profit of S$0.4 million for 2017, compared with an operating loss of S$0.2 million for the previous year.

Revenue of the Manufacturing and Support Services business for 2017 increased by 14% to S$39.5 million compared with 2016. During the year under review, this business segment saw higher demand from customers for its manufacturing services, but also experienced higher cost and turnover of workers. As a result, the operating profit for this business segment remained at the same level as the previous year at S$2.7 million.

In 2017, the Group worked towards reducing its bank borrowings. At 31 December 2017, bank loans of the Group stood at S$1.0 million, compared with S$7.6 million at 31 December 2016. Net cash, defined by cash and cash equivalents less bank loans and leasing obligations, was S$5.6 million at the end of 2017. For the year ended 31 December 2017, the Board has decided to remain prudent and is not recommending any dividend payment.

CHAIRMAN'S STATEMENT

At 31 December 2017, the net asset value per share of the Group was 7.2 cents.

A key focus of the Group in 2017 was to exit the Singapore Exchange Securities Trading Limited ("SGX-ST") watch-list (financial criteria) in accordance with Rule 1314 of the SGX-ST Listing Manual. The Company was removed from the watch-list (financial criteria) with effect from 15 August 2017. However, the Company remains included on the watch-list due to minimum trading price ("MTP") criteria, and will endeavor to meet the exit requirements of Rule 1314(2) within 36 months from 5 June 2017.

THE YEAR AHEAD

Barring unforeseen circumstances, the outlook for the growth of the electronics industry in China is positive. Our customers have indicated that they see encouraging prospects in 2018, driven by the continued growth in demand for consumer electronics goods, mobile devices, and the developments in technology in mobile telecommunication networks, automotives and servers.

Notwithstanding the uptick in economic activities, our PCB manufacturing customers may remain cautious in their capital expenditure programmes, after weathering the slow growth in the past few years. This may pose some challenges to our Equipment and Supplies business. Although we have been approached by long-term customers to increase the production capacity at our plants in China which are engaged in the provision of manufacturing and support services, the shortage of workers, especially skilled labour, may affect the growth potential of this business segment.

Cost control and productivity enhancement measures implemented in recent years have benefited the Group, and we will continue to work on these areas. Whilst we remain prudent and disciplined in managing our businesses, we will invest to enhance our manufacturing services capabilities and ensure that we are able to meet the requirements of our customers. We will also explore new businesses related to PCB for growth.

ACKNOWLEDGEMENT AND APPRECIATION

I wish to express my gratitude to our staff, management and our fellow Directors for their commitment and sacrifices during the recent difficult times. On behalf of our Directors, I would also like to thank our bankers, business associates and shareholders for their continued support.

QUEENY HO
Non-Executive Chairman
March 2018

FINANCIAL HIGHLIGHTS

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

	2017	2016	2015	2014	2013
Turnover	63,079	57,149	63,097	80,837	90,289
Profit/(Loss) before taxation	2,871	1,876	(31,947)	(8,731)	(5,348)
Profit/(Loss) after taxation	2,824	1,828	(32,101)	(8,923)	(5,861)
Earnings/(Loss) per share (¢)	0.39	0.25	(4.44)	(1.24)	(0.81)

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

	2017	2016	2015	2014	2013
Property, plant & equipment	18,172	19,479	19,492	36,870	39,758
Land use rights	464	490	531	538	552
Other receivables	-	-	-	-	1,307
Current assets	52,670	58,201	68,899	90,144	113,783
	71,306	**78,170**	**88,922**	**127,552**	**155,400**
Current liabilities	19,319	26,683	34,737	45,115	61,706
Non-current liabilities	114	533	2,824	1,194	4,889
	19,433	**27,216**	**37,561**	**46,309**	**66,595**
Shareholders' equity	51,873	50,954	51,361	81,243	88,805
	71,306	**78,170**	**88,922**	**127,552**	**155,400**

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

Faced with rising cost and shortage of manpower, the Group continues to position its 'Manufacturing and Support Services' operations and 'Equipment and Supplies' business for long-term growth. The Group will also explore new businesses or opportunities for growth, based on its existing competencies.

The Group is committed to be a competent provider of PCB drilling services. Over the years, we have consistently demonstrated our technical competence in completing high-end PCB drilling jobs and have developed a high level of trust with many of our customers. During the year, the Group invested in upgrading its existing equipment to enhance its performance and customer support capability. This upgrading project will continue in the coming year.

Our PCB mass lamination operation complements the PCB drilling services, by offering a 'one-stop' shop to meet our customers' needs. We remain committed to maintaining stringent quality controls, and aim to move up the value chain. During the year, this operation continued to invest in equipment which expanded its capacity and ability to better support its customers' requirement. The operation will continue to review its manufacturing processes and drive yield improvements.

The Group expects the Equipment and Supplies business to face another challenging year, as its PCB manufacturing customers are unlikely to aggressively expand their production facilities despite the rising demand for PCBs. This business provides opportunities for the Group to better understand its customers' needs and requirements, and remains important to us in the coming years. To remain relevant and stay competitive, the Group has, and will continue to broaden its product range. The Group will also develop and manufacture certain PCB equipment through technology collaboration with business partners.

OPERATIONS AND FINANCIAL REVIEW

Having witnessed the financial hardship experienced by other companies when credit lines are tightened in uncertain economic environment, the Group worked on reducing its debt levels during the year. The Group's bank loans were reduced from S$7.6 million as at 31 December 2016 to S$1.0 million as at 31 December 2017. The Group will strive to maintain a strong balance sheet and a healthy level of bank and cash balance.

The Company had been placed on the watch-list (financial criteria) pursuant to Rule 1311 of the Listing Manual with effect from 4 March 2015. As announced in August 2017, the Company has been removed from this watch-list.

As disclosed on 4 June 2017, in accordance with the revised minimum trading price ("MTP") rules of the Stock Exchange Limited (the "Exchange"), the Company has been placed on the MTP watch-list with effect from 5 June 2017. The MTP criteria requires the Company to have a volume weighted average price of not less than S$0.20 over the last 6 months and an average daily market capitalisation of not less than S$40 million over the last 6 months. The Company is required to take active steps to meet the MTP requirements within 36 months from 5 June 2017. The Company will endeavour to meet the MTP criteria as soon as practicable, and will make an announcement as and when there is any further development.

TURNOVER AND OPERATING RESULTS BY BUSINESS ACTIVITIES AND FINANCIAL PERFORMANCE

Revenue for FY2017 was S$63.1 million, an increase of 10% compared with FY2016 revenue of S$57.1 million. Both business segments of the Group saw higher business activities during the year under review, and the Group posted a profit from operations of S$3.1 million for FY2017, compared with S$2.6 million for FY2016.

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

Business Segments:	Revenue		Profit/(Loss) from Operations	
	FY2017 S$'000	FY2016 S$'000	FY2017 S$'000	FY2016 S$'000
Equipment and Supplies	23,602	22,608	370	(173)
Manufacturing and Support Services	39,477	34,541	2,734	2,726
Total	**63,079**	**57,149**	**3,104**	**2,553**

OPERATIONS AND FINANCIAL REVIEW

'Equipment and Supplies' Segment

Revenue of the Equipment and Supplies business for FY2017 increased by S$1.0 million, or 4%, compared with FY2016 due to stronger demand for materials and supplies from PCB manufacturers. The business segment posted an operating profit of S$0.4 million for the year under review, compared with an operating loss of S$0.2 million for the previous year.

'Manufacturing and Support Services' Segment

Revenue of the Manufacturing and Support Services business for FY2017 increased by 14% to S$39.5 million compared with FY2016. Despite experiencing higher demand from customers during the year under review, the business segment reported the same operating profit of S$2.7 million compared with FY2016, due mainly to higher cost and turnover of workers.

Gross Margin

The Group's gross profit and margin decreased in FY2017 due mainly to higher cost as mentioned in the preceding paragraph and a write-back of allowance for inventory obsolescence of S$0.5 million in FY2016.

Included in the cost of sales for FY2016 was a write-back of allowance for inventory obsolescence of S$0.5 million as certain inventory items for which allowance for inventory obsolescence was made in prior year were utilised.

Other Income / (Expenses)

The increase in other income in FY2017 was due mainly to a foreign exchange gain of S$1.1 million compared with a foreign exchange loss of S$0.9 million incurred last year. During the year under review, the Group benefited from a weaker Hong Kong dollar, as it has certain creditor balances denominated in that currency.

In prior year, an impairment loss of S$0.3 million was recognized by the Group on the amount owing by the associate, Infinite Graphics Pte Ltd ("IGPL"). During the year, IGPL ceased to be an associate and became a wholly owned subsidiary of the Company and Group. The acquisition has no material impact on the Group's results for the year ended 31 December 2017.

OPERATIONS AND FINANCIAL REVIEW

Selling and Distribution Expenses

The increase in selling and distribution expenses was related to the increase in business activities during the year under review.

Income Tax Expense

The effective tax rate was low due mainly to the utilization of prior years' tax losses by certain entities in the Group.

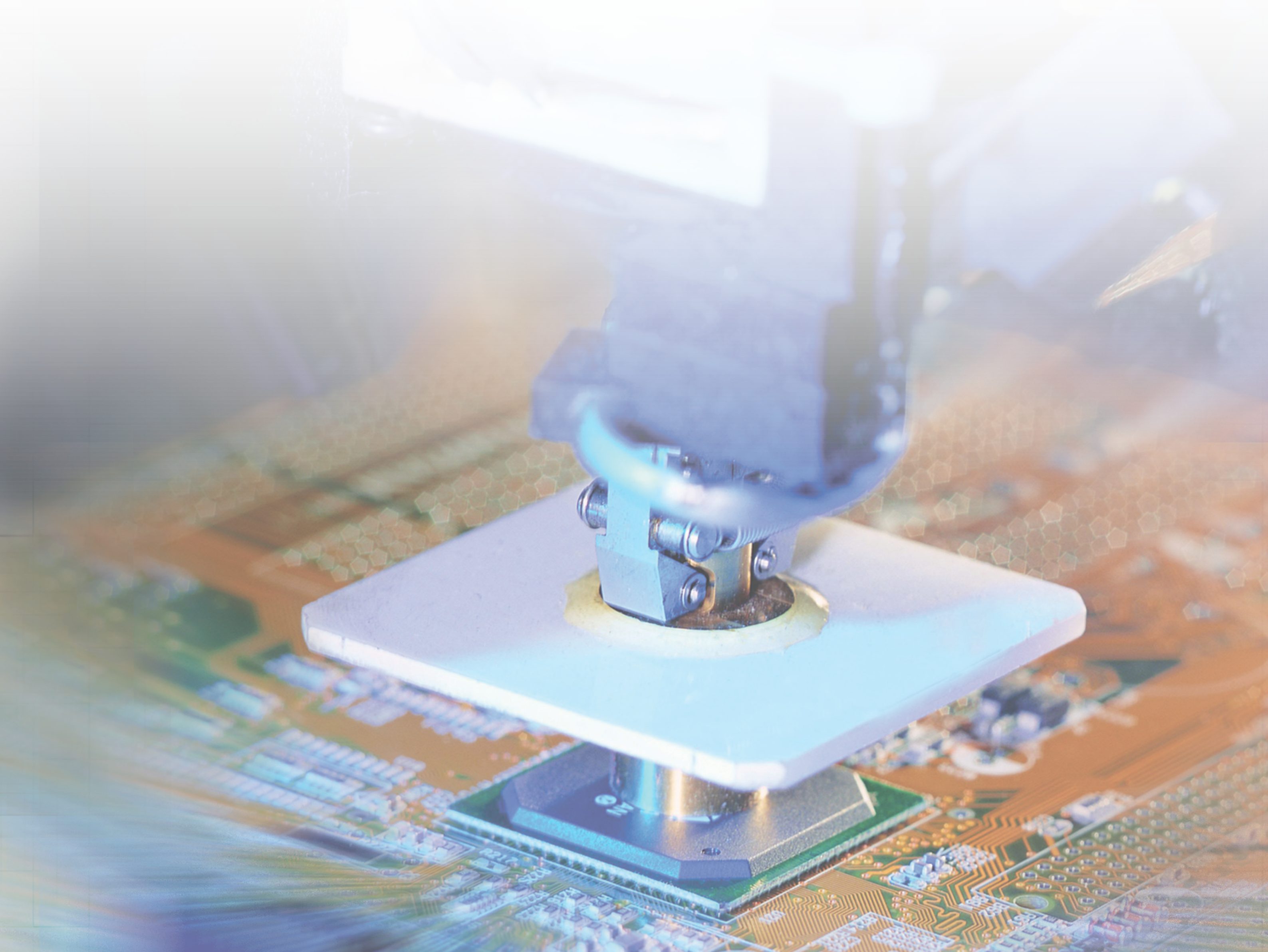
Selected Balance Sheet Items

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

The increases in inventories and bills receivables of the Group were related to the higher business activities at the Group's Manufacturing and Support Services business during the year under review.

Trade and other payables of the Group decreased due mainly to payments made during the year under review.

The decrease in provision for long service payment was due mainly to a write-back of provision of S$0.4 million as some employees at one of the Group's subsidiaries in Hong Kong resigned during the year under review.



Indebtedness / Cash and Cash Equivalents

The Group was net cash positive at S$5.6 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 2017 S$'000	31 Dec 2016 S$'000
Due within 1 year:		
Finance leases	8	15
Bank loans	1,000	7,624
	1,008	**7,639**
Due after 1 year:		
Finance leases	4	7
	4	**7**
Total indebtedness	**1,012**	**7,646**
Cash and cash equivalents	**6,631**	**18,721**
Shareholders' equity	**51,873**	**50,954**

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

During FY2017, the Group made repayments of S$8.2 million to banks and other financial institutions with regard to the above indebtedness and obtained bank loans / finance leases financing totaling S$1.9 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. China has become the world's largest manufacturing center for electronic products along with rapid development of its information communications technology.

Increasing household affluence in China has led to growing demand for electronic products, in turn boosting the demand for PCBs. The future of PCB market in China looks promising, underpinned by the demand for electronic products, the development of next generation mobile communication technologies, and growing automation in industries such as automotive.

OPERATIONS AND FINANCIAL REVIEW

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 again high in FY2017, despite the various schemes implemented to encourage workers to work for longer periods. This negatively affected the growth and expansion at these plants. The Group will look for alternative sources of labour supply, and review its incentive schemes to retain workers at its factories. Over the past few years, the Group has also progressively invested in automation equipment and processes to reduce manpower 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 FY2017, the Directors have decided to remain prudent and do not recommend the payment of dividend.

GEOGRAPHICAL PRESENCE

BOARD OF DIRECTORS

QUEENY HO
Non-Executive Chairman

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

FUNG CHI WAI
Chief Executive Officer

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

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

CHUA KENG HIANG
Non-Executive Director

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

BOARD OF DIRECTORS

TEO KIANG KOK
Non-Executive Director

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

PUNG WEE SENG

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

TAN KOK YONG

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

GROUP STRUCTURE

Jadason Enterprises Ltd

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

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

Chua Keng Hiang
(Chairman)
Teo Kiang Kok
Queeny Ho

Nominating Committee

Teo Kiang Kok
(Chairman)
Chua Keng Hiang
Queeny Ho

Remuneration Committee

Teo Kiang Kok
(Chairman)
Chua Keng Hiang
Queeny Ho

Company Secretary

Tan Kok Yong

Registered Office

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Fax: 6383 1390

Share Registrar

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9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619
Tel: 6381 6888
Fax: 6381 6899

Principal Bankers

DBS Bank Ltd
United Overseas Bank Limited

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Tel: 6535 7777
Partner-in-charge: Ho Shyan Yan
(Since FY2016)

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 2012 (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	√			√			

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 constitution provides for telephonic and videoconference meetings. Timely communication among members of the Board can also be achieved through electronic means. The attendance of the Directors at meetings of the Board and Board committees during the financial year is as follows:

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	1	1
No. of meetings attended:				
Queeny Ho	3	3	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

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 Chief Executive Officer updates the Board at each meeting on the business and strategic developments of the Group. As part of the Company's continuing education for Directors, the Company Secretary circulates to the Board articles, reports and press releases relevant to the Group's business to keep Directors updated on current industry trends and issues. News releases issued by Singapore Exchange Limited and the Accounting and Corporate Regulatory Authority which are relevant to the Directors are also circulated to the Board.

During the year, the Board was also briefed by the Company's Administration and Human Resources Manager on the overall requirements of sustainability reporting.

New Board members are briefed by the CEO and/or other senior management on the Group's business activities, strategic directions, business and governance practices, and their duties and responsibilities as Directors. No new Director was appointed during the year under review. On 12 May 2017, the non-executive Directors visited the Group's factories in Dongguan and were briefed by the Chief Executive Officer and various factory general managers on the ongoing projects of the Group.

Board composition and balance
Principle 2

The Board 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 ended 31 December 2017. Taking into account the Chairman is non-executive, the Chairman and CEO are unrelated and that the Company has appointed a lead independent Director, the Board is of the view that its current size is adequate to provide a diversity of views and facilitate effective decision making. Each Board member is cognizant of his/her role to demonstrate objectivity in their deliberations in the interest of the Company and of the Group. The Board will review the need for additional independent Directors from time to time depending on the evolvement of the Group's business. Details of the Directors' qualifications and other appointments are set out on pages 12 and 13 of the annual report. There have been no changes in the directorships and chairmanships held by the Directors over the preceding three years in other listed companies and other principal commitments except that Mr. Teo Kiang Kok was appointed as a director of IPC Corporation Ltd on 12 July 2017.

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, legal, 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.

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

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

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 constitution, one-third of the Directors retire from office at the Company's AGM. The Company's constitution also provides that a newly appointed Director must submit himself/herself for re-election at the AGM following his/her appointment.

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

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

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.

There is no alternate Director on the Board.

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

Director	Date of appointment	Date of last election	Due for re-election (√)
Fung Chi Wai	1 June 2000	*	
Chua Keng Hiang	16 June 2000	29 April 2016	√
Teo Kiang Kok	3 September 2002	24 April 2017	
Linna Min Hui	26 March 2007	24 April 2017	
Queeny Ho	29 May 2009	29 April 2016	√

(* 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 AGM 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. Chua Keng Hiang, who will submit himself for re-appointment at the forthcoming AGM, 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 2017, 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 constitution of the Company provides that the appointment and removal of the Company Secretary is subject to the approval of the Board.

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

REMUNERATION MATTERS

Procedures for developing remuneration policies
Principle 7

The RC comprises the following three non-executive Directors:

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

As mentioned earlier, Mr. Teo Kiang Kok and Mr. Chua Keng Hiang are independent Directors. 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 FY2017.

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 2017, 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 AGM.

Disclosure on Directors' remuneration
Principle 9

The remuneration of the Directors for the year ended 31 December 2017 was as follows:

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

As no bonus was paid to the Directors for FY2017, Mr. Fung Chi Wai's remuneration comprised 95% as fixed salary, 2% as CPF / MPF (Hong Kong) contribution and 3% as benefits in kind, and Ms. Linna Hui Min's remuneration comprised 98% as fixed salary and 2% as MPF (Hong Kong) contribution.

The key management personnel (who are not Directors or the CEO) of the Group each earned below S$250,000 in FY2017, and the remuneration was in the form of fixed salary only.

The Company is not disclosing the remuneration of Directors and key management personnel (who are not Directors or the CEO) of the Group as it believes that such disclosure is disadvantageous to the retention of personnel and business interests of the Group. Instead, the Company discloses the remuneration in bands of S$250,000. For the same reason, the Company is also not disclosing the names and the aggregate remuneration of the Group's key management personnel (who are not Directors or the CEO) except for those as disclosed on page 14.

For FY2017, 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' Statement under Share Options and in the Notes to the Financial Statements under Employee Benefits.

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. In presenting quarterly and annual results, analyses of the performance and prospect of the Group's business segments are provided. The results, as well as any announcements, are reviewed and approved by the Board before their releases. The Board provides a negative assurance statement to the shareholders in its quarterly financial results announcements, confirming that to the best of its knowledge, nothing has come to its attention that may render the results false or misleading in any material aspects.

The Company also confirms that it has received undertakings from all its Directors and executive officers that they each shall, in the exercise of their powers and duties as Directors and officers, comply to the best of their abilities with the provisions of the Singapore Exchange Securities Trading Limited's listing rules, the Securities and Futures Act, the Code on Takeovers & Mergers, and the Companies Act and will also procure the Company to do so.

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

For FY2017, 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 2017 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 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, 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 2018, the AC met with the external auditors, Ernst & Young LLP, without the presence of the Company's Management, to review the results for FY2017, and reviewed with the external auditors the audit observations arising from the audit of the financial statements for FY2017.

The AC met four times in FY2017. Details regarding the members' attendance at these meetings are shown in page 18 of this report. The Directors and the Company Secretary were invited to these meetings. During FY2017, the AC had 4 meetings with the external auditors, and one private meeting without the presence of Management. The principal activities of the AC during FY2017 are summarized below:

Financial reporting

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 results report presented by the external auditors.

The AC also reviewed the annual financial statements, and discussed with Management, the CFO and the external auditors the significant policies, 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.

External audit processes

On behalf of the Board, the AC manages the relationship with the Group's external auditors. During FY2017, 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 Hua Ming LLP Shenzhen Branch ("EYSZ") to audit its principal subsidiaries in China for the purpose of reporting the group accounts, although EYSZ is not the statutory auditor for these entities. The AC is of the opinion that the Group has complied with Rules 712 and 715 of the Singapore Exchange Securities Trading Limited's Listing Manual in relation to its auditing firms.

Auditor independence

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors and reviewing the non-audit fees awarded to them. The audit fee payable to auditors of the Company for FY2017 is S$166,000. 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 FY2017, 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 Securities Trading Limited's Listing Manual are complied with. On a quarterly basis, Management reports to the AC the IPTs for the quarter under review. The Group does not have a general mandate from shareholders for interested party transactions pursuant to Rule 920 of the Singapore Exchange Securities Trading Limited's Listing Manual, and has not entered into any transaction with interested party of more than S$100,000 (as set out in the Singapore Exchange Securities Trading Limited's Listing Manual) in FY2017.

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.

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

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 the adequacy of 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 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 was 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. The rules, including voting procedures, that govern general meetings of shareholders, are explained by a representative from the independent scrutineer firm appointed at the general meeting.

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

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.

To enhance our engagement with the investment community, the Company participated in the SGX StockFacts Research Programme in 2017. When necessary and appropriate, the CEO meets analysts and fund managers who would like to have a better understanding of the business and operations of the Group.

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 FY2017, the Board has decided to remain prudent and does not recommend the payment of dividend.

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 constitution allows 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, conducted in the presence of independent scrutineers. The results showing the number of votes cast for and against each resolution and the respective percentages are announced immediately at the AGM and through SGXNET.

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 auditor's 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 Listing Manual of the Singapore Exchange Securities Trading Limited. It has issued a policy to its Directors and officers setting out the guidance on dealings in the securities of the Company. Directors and employees of the Group are not allowed to deal in the Company's shares during the period commencing 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 within two business days.

The Directors' interests in shares of the Company are found on pages 31 and 32 of the annual report.

SUSTAINABILITY REPORTING

The operating segments of the Group are described on pages 5 and 89 of the annual report. The Group does not operate in industries which are sensitive to environmental and social issues.

The Company notes that listed companies are given up to 12 months from the financial year ended 31 December 2017 to issue their first sustainability report, and is taking steps to comply with the requirement.

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' STATEMENT

The Directors are pleased to present their statement 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 2017.

Opinion of the Directors

In the opinion of the Directors,

(a) 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 financial position of the Group and of the Company as at 31 December 2017 and the financial performance of the business, and changes in equity of the Group and of the Company and cash flows of the Group for the financial year then ended on that date; and

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

Directors

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

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

In accordance with Article 89 of the Company's Articles of Association, Queeny Ho and Chua Keng Hiang 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
<u>The Company</u>				
Jadason Enterprises Ltd				
(Ordinary shares)				
Queeny Ho	236,000,000	236,000,000	–	–
Fung Chi Wai	30,800,000	32,700,000	–	–
Chua Keng Hiang	8,500,000	8,500,000	–	–
Linna Hui Min	8,380,000	8,380,000	–	–
(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 2018.

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 statement, 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.

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 (continued)

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Jadason Share Option Scheme as at 31 December 2017 are as follows:

Date of grant	Balance at 1.1.2017	Granted	Exercised	Cancelled	Balance at 31.12.2017	Exercise price	Exercise period
16.09.2009	14,800,000	–	–	–	14,800,000	$0.10	16.09.2010 to 15.09.2019

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 expired/ 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	(3,700,000)	–
Fung Chi Wai	–	6,700,000	(3,700,000)	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	(2,800,000)	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:

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

Audit Committee (continued)

- Reviewed effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management;
- Met 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;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;
- Recommended to the Board of Directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope, results and quality of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual.

There are no non-audit services provided by the external auditors to the Group. 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 except for Ms Queeny Ho who was absent at one of the meetings. 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.

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
23 March 2018

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jadason Enterprises Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2017, the income statements, statement of comprehensive income and the 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet, income statement, statement of comprehensive income and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Allowance for doubtful trade receivables

The trade receivables balances as at year end are significant to the Group as they amounted to $27,066,000 representing 38% of the total consolidated assets as at 31 December 2017. During the year, write-back of allowance for doubtful trade receivables recognised in the profit and loss amounted to $73,000.

The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The assessment of impairment of trade receivables requires significant management judgement in assessing the trade debtors' ability to pay, which in turn impacts the recoverability of the Group's receivables. Management considered the age of the outstanding balances, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of customers in estimating the allowance for doubtful debts. As such, we determined this to be a key audit matter.

Allowance for doubtful trade receivables (continued)

Our audit procedures included, but not limited to, the following procedures. We evaluated the Group's processes and controls relating to the monitoring of trade receivables and reviewed aging of receivables to identify collection risks. We requested trade receivable confirmations, reviewed management's reconciliation of confirmation replies where applicable, and obtained evidence of receipts from selected trade debtors subsequent to financial year end. We assessed management's assumptions used in assessing the trade receivables impairment amount through review of specific debtors' payment history and management's assessment of credit risk specific to the trade debtors. We also assessed the adequacy of the Group's disclosures of trade receivables and the related risks such as credit risk and liquidity risk in Notes 15 and 29 to the financial statements.

Allowance for obsolete inventories

As at 31 December 2017, the Group's total inventories amounted to $6,630,000, representing 13% of the total current assets of the consolidated balance sheet. During the current financial year, the Group wrote back allowance for obsolete inventories of $61,000 and write-off of inventories of $7,000. The Group is exposed to risk of obsolete inventory. Significant judgement is required in the estimation of allowance for obsolete inventories. Such estimation is subject to factors such as future market demand, pricing competition and technological advances. As such, we determined this to be a key audit matter.

As part of our audit, we attended and observed management's inventory counts at selected inventory locations. We reviewed management's process to identify obsolete inventories. We evaluated management's analyses and assessments of the net realisable values of obsolete inventories and their expected demand. We tested the accuracy of ageing of inventories. We also assessed the adequacy of the disclosures related to inventories in Note 14 to the financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ho Shyan Yan.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

23 March 2018

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Revenue	4	63,079	57,149	9,227	10,456
Cost of sales		(51,093)	(44,211)	(7,622)	(9,154)
Gross profit		11,986	12,938	1,605	1,302
Other income	5	2,745	1,701	2,317	2,521
Selling and distribution expenses		(1,982)	(1,662)	(195)	(195)
Administrative expenses		(9,645)	(9,478)	(2,486)	(2,402)
Finance costs	6	(233)	(376)	(84)	(100)
Other expenses	5	–	(1,247)	(100)	(3,498)
Profit/(loss) before taxation	7	2,871	1,876	1,057	(2,372)
Income tax expense	8	(47)	(48)	(1)	(99)
Profit/(loss) for the year		2,824	1,828	1,056	(2,471)
Attributable to:					
Owners of the Company		2,824	1,828	1,056	(2,471)
Basic earnings per share (cents)	9	0.39	0.25		
Diluted earnings per share (cents)	9	0.39	0.25		

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 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Profit/(loss) for the year	2,824	1,828	1,056	(2,471)
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(1,905)	(2,235)	–	(4)
Other comprehensive income for the financial year, net of tax	(1,905)	(2,235)	–	(4)
Total comprehensive income for the financial year	919	(407)	1,056	(2,475)
Total comprehensive income attributable to:				
Owners of the Company	919	(407)	1,056	(2,475)

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

BALANCE SHEETS

AS AT 31 DECEMBER 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current assets					
Property, plant and equipment	10	18,172	19,479	141	198
Land use rights	11	464	490	–	–
Investments in subsidiaries	12	–	–	56,046	62,708
Investment in an associate	13	–	–	–	–
		18,636	19,969	56,187	62,906
Current assets					
Inventories	14	6,630	5,086	357	325
Trade and other receivables	15	38,919	34,138	2,180	2,347
Prepayments		490	256	41	37
Cash and cash equivalents	16	6,631	18,721	1,466	2,916
		52,670	58,201	4,044	5,625
Total assets		71,306	78,170	60,231	68,531
Current liabilities					
Trade and other payables	17	16,109	17,328	5,264	14,892
Trust receipts	18	2,193	1,715	2,001	1,715
Finance leases	19	8	15	7	14
Interest-bearing loans and borrowings	20	1,000	7,624	1,000	1,000
Provision for taxation		9	1	–	–
		19,319	26,683	8,272	17,621
Net current assets/(liabilities)		33,351	31,518	(4,228)	(11,996)
Non-current liabilities					
Finance leases	19	4	7	–	7
Provision for long service payment	21	94	510	–	–
Deferred taxation	22	16	16	16	16
		114	533	16	23
Total liabilities		19,433	27,216	8,288	17,644
Net assets		51,873	50,954	51,943	50,887
Equity attributable to owners of the Company					
Share capital	23(a)	50,197	50,197	50,197	50,197
Treasury shares	23(b)	(307)	(307)	(307)	(307)
Reserves	25	1,983	1,064	2,053	997
Total equity		51,873	50,954	51,943	50,887

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

Group	Share capital $'000	Treasury shares $'000	Employee share option reserve $'000	Foreign currency translation reserve $'000	Reserve and enterprise expansion funds $'000	Accumulated losses $'000	Total reserves $'000	Total equity $'000
	Attributable to owners of the Company							
2017								
Balance at 1 January 2017	50,197	(307)	1,280	(480)	5,711	(5,447)	1,064	50,954
Profit for the financial year	–	–	–	–	–	2,824	2,824	2,824
Other comprehensive income								
Foreign currency translation	–	–	–	(1,905)	–	–	(1,905)	(1,905)
Total comprehensive income for the financial year	–	–	–	(1,905)	–	2,824	919	919
Balance at 31 December 2017	50,197	(307)	1,280	(2,385)	5,711	(2,623)	1,983	51,873
2016								
Balance at 1 January 2016	50,197	(307)	1,280	1,755	6,063	(7,627)	1,471	51,361
Profit for the financial year	–	–	–	–	–	1,828	1,828	1,828
Other comprehensive income								
Foreign currency translation	–	–	–	(2,235)	–	–	(2,235)	(2,235)
Total comprehensive income for the financial year	–	–	–	(2,235)	–	1,828	(407)	(407)
Distributions to owners								
Transfer from reserve and enterprise expansion funds	–	–	–	–	(352)	352	–	–
Balance at 31 December 2016	50,197	(307)	1,280	(480)	5,711	(5,447)	1,064	50,954

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 2017

	Attributable to owners of the Company						
Company	**Share capital**	**Treasury shares**	**Employee share option reserve**	**Foreign currency translation reserve**	**(Accumulated losses)/ retained earnings**	**Total reserves**	**Total equity**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017							
Balance at 1 January 2017	50,197	(307)	1,280	(82)	(201)	997	50,887
Profit for the financial year	–	–	–	–	1,056	1,056	1,056
Total comprehensive income for the financial year	–	–	–	–	1,056	1,056	1,056
Balance at 31 December 2017	50,197	(307)	1,280	(82)	855	2,053	51,943
2016							
Balance at 1 January 2016	50,197	(307)	1,280	(78)	2,270	3,472	53,362
Loss for the financial year	–	–	–	–	(2,471)	(2,471)	(2,471)
Other comprehensive income							
Foreign currency translation	–	–	–	(4)	–	(4)	(4)
Total comprehensive income for the financial year	–	–	–	(4)	(2,471)	(2,475)	(2,475)
Balance at 31 December 2016	50,197	(307)	1,280	(82)	(201)	997	50,887

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 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities:			
Profit before taxation		2,871	1,876
Adjustments for:			
Allowance for impairment loss on amounts due from an associate	15	–	301
Allowance for doubtful trade debts	15	–	3
Depreciation of property, plant and equipment	10	1,724	1,394
Amortisation of land use rights	11	18	18
Interest expense	6	233	376
Interest income	5	(146)	(285)
(Gain)/loss on disposal of property, plant and equipment	5	(50)	3
Write-back of allowance for doubtful trade debts	5	(73)	(53)
Write-off of property, plant and equipment	10	23	9
Write-back in value of inventories	14	(61)	(473)
Write-back of provision for long service payment	21	(375)	–
Write-off of inventories	14	7	171
Gain on acquisition of a subsidiary	12	(82)	–
Unrealised exchange gain		(1,185)	–
Operating cash flows before changes in working capital		2,904	3,340
Changes in working capital			
Trade and other receivables		(4,976)	(2,529)
Prepayments		(234)	(80)
Inventories		(1,490)	(259)
Trade and other payables		(1,219)	1,167
Trust receipts		478	(482)
Provision for long service payment		(10)	11
Cash flows (used in)/generated from operations		(4,547)	1,168
Interest received		146	285
Interest paid		(233)	(376)
Income tax paid		(39)	(214)
Income tax refunded		–	71
Net cash flows (used in)/generated from operating activities		(4,673)	934
Cash flows from investing activities:			
Net cash inflow on acquisition of a subsidiary	12	82	–
Purchase of property, plant and equipment	10	(1,044)	(2,324)
Proceeds from disposal of property, plant and equipment		215	5
Amounts due from an associate	15	–	(301)
Net cash flows used in investing activities		(747)	(2,620)
Cash flows from financing activities:			
Proceeds from interest-bearing loans and borrowings		1,882	3,732
Repayment of interest-bearing loans and borrowings		(8,202)	(14,594)
Repayment of finance leases		(15)	(13)
Net cash flows used in financing activities		(6,335)	(10,875)
Net decrease in cash and cash equivalents		(11,755)	(12,561)
Cash and cash equivalents at beginning of the financial year		18,721	32,568
Effects of exchange rate changes on cash and cash equivalents		(335)	(1,286)
Cash and cash equivalents at end of the financial year	16	6,631	18,721

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

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 12 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.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the impact on adoption of the SFRS(I) 15 and SFRS(I) 9, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 15 and SFRS(I) 9 will be similar to the impact on adoption of FRS 115 and FRS 109 as disclosed in Note 2.3.

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 2017, including the Amendments to FRS 7 Disclosure Initiative. 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 (continued)

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (December 2016)	
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Improvements to FRSs (March 2018)	
- Amendments to FRS 103 *Business Combinations*	1 January 2019
- Amendments to FRS 111 *Joint Arrangements*	1 January 2019
- Amendments to FRS 12 *Income Taxes*	1 January 2019
- Amendments to FRS 23 *Borrowing Costs*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 January 2018. Upon adoption of SFRS(I) on 1 January 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

Except for SFRS(I) 15, SFRS(I) 9 and SFRS(I) 16, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 15, SFRS(I) 9 and SFRS(I) 16 are described below.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018.

The Group is in the business of manufacturing, trading and distribution of equipment and supplies, mass lamination of printed circuit boards, provision of drilling and support services to the PCB and semiconductor industries. The Group generally does not provide customers with right of return, trade discounts and volume rebates. Variable consideration and constraints under FRS 115 are not applicable to the Group. These are also no service-type warranties offered to customers. Hence the Group has preliminarily assessed that there will be no significant impact upon the adoption of FRS 115.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2018.

(a) Classification and measurement

The Group's trade debtors arise from its business activities and the principal is deemed to be the amount resulting from a transaction in the scope of FRS 115. The Group assessed that the trade receivables do not include a significant financing component and involve only a single cash flow – payment of the amount resulting from a transaction in the scope of FRS 115. Therefore the cash flows resulting from the receivables meet the solely payments of principal and interest despite the interest component being zero. The Group does not factor its receivables and intends to hold the receivables to collect the contractual cash flows. Consequently these will be classified as measured at amortised cost, when it applies FRS 109 and with no significant impact on adoption.

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 109 Financial Instruments (continued)

(b) Impairment

FRS 109 requires the Group and the Company to record expected credit losses on all of its trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group intends to apply the simplified approach and record lifetime expected credit losses on all trade receivables. The trade receivables do not contain a significant financing component. The Group uses a provision matrix as a practical expedient for determining expected credit loss on trade receivables based on historical observed default rates and adjusted for forward looking estimates. Trade receivables are grouped by business segments which have similar loss patterns. Upon the application of the expected credit loss model, the Group expects that due to the unsecured nature of its loans and receivables, the loss allowance would increase by an immaterial amount.

The Group is currently finalising the testing of its expected credit loss model and the amount of the final transition adjustments may be different upon finalisation.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustments to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

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.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

(a) Basis of consolidation (continued)

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.

(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.

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. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (continued)

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.

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.

(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 average exchange rates for the year, which approximates the exchange rates at the dates 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.

2. Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

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

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

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

The residual 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 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.

2.8 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 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. Summary of significant accounting policies (continued)

2.9 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.

2.10 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 had 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.

2.11 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 (continued)

2.11 Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

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.

2.12 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.

2.13 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.

2.14 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 (continued)

2.14 Financial liabilities (continued)

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.

2.15 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.

2.16 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.

2.17 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 company in the Group makes 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 (continued)

2.17 Employee benefits (continued)

(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 HKD30,000. Contributions to the plan vest immediately.

2.18 Leases

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.

2.19 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.

2. Summary of significant accounting policies (continued)

2.19 Revenue recognition (continued)

(b) Rendering of services

Service 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.

2.20 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.

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

2. Summary of significant accounting policies (continued)

2.20 Taxes (continued)

(b) Deferred tax (continued)

– 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.

(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.

2.21 Government grants and subsidies

Government grants and subsidies are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants and subsidies are presented in profit or loss under "Other income".

2.22 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. Summary of significant accounting policies (continued)

2.23 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.

2.24 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.

2.25 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.

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. 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. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities 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.

(a) Impairment of trade and other 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 trade and other receivables at the end of the reporting period is disclosed in Note 15 to the financial statements. If the present value of estimated cash flow decrease by 5% from management's estimates, the Group's allowance for impairment will increase by $17,000 (2016: increase by $28,000).

(b) Allowance for obsolete inventories

The Group periodically assesses the allowance for inventory obsolescence. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete or fall in value is recognised as an impairment against the inventory balance. To determine whether there is objective evidence of impairment, the Group considers factors such as future market demand, pricing competition and technological advances. Any possible changes in these estimates could result in revision to the valuation of inventory. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 14 to the financial statements. If the present value of estimated cash flow decrease by 5% from management's estimates, the Group's allowance for impairment will increase by $313,000 (2016: increase by $333,000).

(c) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery 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 machinery at the end of the reporting period as well as sensitivity analysis on the useful lives of the Group's plant and machinery are disclosed in Note 10 to the financial statements.

(d) 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 $9,000 (2016: $1,000) and $16,000 (2016: $16,000) respectively.

3. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

(e) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses. The unrecognised tax losses at 31 December 2017 was $39,685,000 (2016: $36,399,000).

4. Revenue

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Sale of goods	23,602	22,608	7,463	9,104
Service income	39,477	34,541	1,764	1,352
	63,079	57,149	9,227	10,456

5. Other income/(expenses)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Other income comprise:				
Foreign exchange gain, net	1,137	–	720	–
Dividend income from subsidiaries	–	–	1,500	2,397
Gain on disposal of property, plant and equipment	50	–	–	–
Interest income from financial institutions	146	285	1	1
Write-back of provision for long service payment	375	–	–	–
Income from scrap sales	674	1,078	–	–
Write-back of allowance for doubtful trade debts	73	53	–	3
Credit from government schemes	40	96	20	54
Write-back of trade payables	–	62	–	62
Gain on acquisition of a subsidiary	82	–	–	–
Sundry income	168	127	76	4
	2,745	1,701	2,317	2,521

5. Other income/(expenses) (continued)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Other expenses comprise:				
Foreign exchange loss, net	–	(943)	–	(116)
Allowance for impairment loss on amounts due from an associate	–	(301)	–	(301)
Allowance for impairment loss on amount due from a subsidiary	–	–	(100)	(3,081)
Loss on disposal of property, plant and equipment	–	(3)	–	–
	–	(1,247)	(100)	(3,498)

6. Finance costs

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Bank borrowings	233	375	84	99
Finance leases	–	1	–	1
	233	376	84	100

7. Profit/(loss) before taxation

The following items have been included in arriving at profit/(loss) before taxation:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Depreciation of property, plant and equipment	1,724	1,394	76	88
Amortisation of land use rights	18	18	–	–
Directors' fees	150	150	150	150
Write-back in value of inventories	(61)	(473)	(61)	(26)
Write-off of inventories	7	171	7	171
Write-back of allowance for doubtful trade receivables	(73)	(53)	–	(5)
Allowance for doubtful trade receivables	–	3	–	3
Operating lease expense	3,029	2,650	208	208
Audit fees:				
- Auditors of the Company	83	83	83	83
- Affiliates of auditors of the Company	83	83	–	–
- Other auditors	71	73	5	5
Non-audit fees:				
- Other auditors	6	8	–	–
Total audit and non-audit fees	243	247	88	88

8. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2017 and 2016 are:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Current income tax:				
Current tax	31	68	–	–
Under/(over) provision in respect of prior years	15	(111)	–	–
Withholding tax:				
Paid or payable on remittance of profits	–	98	–	98
Origination and reversal of temporary differences	–	(8)	–	–
Paid on services rendered to overseas customers	1	1	1	1
	47	48	1	99

(b) Relationship between tax expense and accounting profit/(loss)

A reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December 2017 and 2016 are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Profit/(loss) before taxation	2,871	1,876	1,057	(2,372)
Tax at the statutory rate of 17% (2016: 17%)	488	319	180	(403)
Tax effects of expenses not deductible for tax purposes	34	199	41	603
Tax effect of income not subject to tax	(101)	(172)	(371)	(413)
Deferred tax assets not recognised	408	406	153	217
Utilisation of deferred tax assets previously not recognised	(900)	(994)	–	–
Differences in tax rates of other countries	102	310	(3)	(4)
Under/(over) provision in respect of prior years	15	(111)	–	–
Withholding tax paid or payable on remittance of profits	–	90	–	98
Withholding tax paid on services rendered to overseas customers	1	1	1	1
Income tax expense recognised in profit or loss	47	48	1	99

The corporate income tax rate applicable to the Company was 17% (2016: 17%). The corporate income tax rates applicable to The People's Republic of China, Malaysia and Hongkong subsidiaries of the Group were 25% (2016: 25%), 24% (2016: 24%) and 16.5% (2016: 16.5%) respectively.

8. Income tax expense (continued)

(b) Relationship between tax expense and accounting profit/(loss) (continued)

As at 31 December 2017, the Group has unutilised tax losses and unabsorbed capital allowances amounting to approximately $39,685,000 (2016: $36,399,000) 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 2017, the Company has unutilised tax losses and unabsorbed capital allowances amounting to approximately $10,376,000 (2016: $9,452,000). 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. The Group's unutilised tax losses and unabsorbed capital allowances have no expiry date.

9. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year that is attributable to owners 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 profit for the year that is attributable to owners 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 profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December:

	Group	
	2017	**2016**
	$'000	$'000
Profit for the year attributable to owners of the Company used in computation of basic and diluted earnings per share	2,824	1,828
	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	Leasehold improve-ments	Furniture, fittings and office equipment	Motor vehicles	Plant and machinery	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 January 2016	1,870	10,910	2,909	1,839	103,229	120,757
Net exchange differences	(82)	(560)	(35)	(32)	(5,071)	(5,780)
Additions	–	64	51	41	2,168	2,324
Disposals	–	(1)	(30)	(62)	(3)	(96)
Write-off	–	(1)	(13)	–	(43)	(57)
At 31 December 2016 and 1 January 2017	1,788	10,412	2,882	1,786	100,280	117,148
Net exchange differences	(24)	(181)	(72)	(47)	(1,470)	(1,794)
Additions	–	204	41	38	766	1,049
Acquisition of a subsidiary	–	–	8	–	37	45
Disposals	–	–	(32)	(93)	(1,570)	(1,695)
Write-off	–	(14)	(28)	–	(30)	(72)
At 31 December 2017	1,764	10,421	2,799	1,684	98,013	114,681
Accumulated depreciation and impairment loss:						
At 1 January 2016	1,092	6,386	2,680	1,432	89,675	101,265
Net exchange differences	(48)	(267)	(46)	(29)	(4,464)	(4,854)
Charge for the year	121	462	118	101	592	1,394
Disposals	–	(1)	(29)	(55)	(3)	(88)
Write-off	–	(1)	(13)	–	(34)	(48)
At 31 December 2016 and 1 January 2017	1,165	6,579	2,710	1,449	85,766	97,669
Net exchange differences	(15)	(85)	(72)	(37)	(1,126)	(1,335)
Charge for the year	119	458	115	92	940	1,724
Acquisition of a subsidiary	–	–	5	–	25	30
Disposals	–	–	(28)	(88)	(1,414)	(1,530)
Write-off	–	(9)	(28)	–	(12)	(49)
At 31 December 2017	1,269	6,943	2,702	1,416	84,179	96,509
Net carrying amount:						
At 31 December 2016	623	3,833	172	337	14,514	19,479
At 31 December 2017	495	3,478	97	268	13,834	18,172

10. Property, plant and equipment (continued)

Company	Leasehold improvements	Furniture, fittings and office equipment	Motor vehicles	Plant and machinery	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 January 2016	160	694	540	1,009	2,403
Additions	–	9	–	–	9
Disposals	–	(14)	–	–	(14)
Write-off	–	(8)	–	–	(8)
At 31 December 2016 and 1 January 2017	160	681	540	1,009	2,390
Additions	–	17	–	3	20
Disposals	–	(1)	–	(19)	(20)
Write-off	–	(8)	–	–	(8)
At 31 December 2017	160	689	540	993	2,382
Accumulated depreciation:					
At 1 January 2016	149	587	406	983	2,125
Charge for the year	3	34	36	15	88
Disposals	–	(13)	–	–	(13)
Write-off	–	(8)	–	–	(8)
At 31 December 2016 and 1 January 2017	152	600	442	998	2,192
Charge for the year	3	33	31	9	76
Disposals	–	(1)	–	(18)	(19)
Write-off	–	(8)	–	–	(8)
At 31 December 2017	155	624	473	989	2,241
Net carrying amount:					
At 31 December 2016	8	81	98	11	198
At 31 December 2017	5	65	67	4	141

Assets held in trust

The carrying amount of motor vehicles of the Group and Company held in trust by certain employees at the end of the reporting period was $67,000 (2016: $98,000).

Assets held under finance leases

During the financial year, the Group acquired office equipment at an aggregate cost of $5,000 by means of finance leases.

The carrying amounts of motor vehicles and office equipment of the Group held under finance leases at the end of the reporting period were $30,000 (2016: $50,000) and $6,000 (2016: $2,000) respectively.

The carrying amounts of motor vehicles of the Company held under finance leases at the end of the reporting period was $30,000 (2016: $50,000).

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

10. Property, plant and equipment (continued)

Leasehold building

Details of the leasehold building held by the Group as at 31 December 2017 and 2016 are set out below:

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

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

	Group	
	2017	**2016**
	$'000	$'000
Useful life - increased by 2 years	(111)	(1,038)
Useful life - decreased by 2 years	184	367

11. Land use rights

	Group	
	2017	**2016**
	$'000	$'000
Cost:		
At 1 January	708	740
Net exchange differences	(10)	(32)
At 31 December	698	708
Accumulated amortisation:		
At 1 January	218	209
Net exchange differences	(2)	(9)
Charge for the year	18	18
At 31 December	234	218
Net carrying amount	464	490
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	359	385

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 32.5 years (2016: 33.5 years).

12. Investments in subsidiaries

	Company 2017 $'000	Company 2016 $'000
Unquoted equity shares, at cost at 1 January	63,873	63,873
Capital reduction	(6,662)	–
Impairment loss on investment in a subsidiary	(1,165)	(1,165)
Unquoted equity shares, at cost at 31 December	56,046	62,708

Details of subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	Proportion of ownership interest 2016 %
Held by the Company				
Jadason Enterprises (HK) Limited [1]	Hong Kong	Distribution of equipment and supplies and provision of support services to the PCB and semiconductor industries.	100	100
Jadason Engineering Sdn Bhd [2]	Malaysia	Provision of drilling and resharpening services and distribution of supplies to the PCB industry.	100	100
Jadason Enterprises (Thailand) Limited [3]	Thailand	Installation of machines and provision of support services to the PCB and semiconductor industries.	100	100
Jadason Electronics (Suzhou) Co., Ltd [4],[8]	The People's Republic of China	Manufacturing, trading and provision of services to the PCB and semiconductor industries.	100	100
Jadason Scientific (Shanghai) Co., Ltd [5],[8]	The People's Republic of China	Trading and distribution of equipment, supplies and materials to the PCB industry.	100	100
Jadason Enterprises (Japan) Limited [6]	Japan	Provision of sales support and procurement services.	100	100
Jadason PCB Materials (Dongguan) Ltd [7],[8]	The People's Republic of China	Mass lamination of printed circuit boards.	100	100
Jadason Electronics (Dongguan) Ltd [7],[8]	The People's Republic of China	Provision of drilling services to the PCB and semiconductor industries.	100	100
Jadason Scientific (Dongguan) Ltd [7],[8]	The People's Republic of China	Assembly of laser photoplotters, exposure machines and other PCB equipment for the PCB industry.	100	100
Infinite Graphics Pte Ltd [9]	Singapore	Trading of large format photo masks.	100	50

12. Investments in subsidiaries (continued)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	2016 %
Held by Jadason Enterprises (HK) Limited				
Jadason Test Limited [(1)]	Hong Kong	Provision of machinery installation and maintenance services for PCB manufacturers. The company is dormant.	100	100
CymbolicTech Company Limited [(1)]	Hong Kong	Manufacturing and trading of machinery. The company is dormant.	100	100
Jadason Microelectronics (Dongguan) Ltd [(7),(8)]	The People's Republic of China	Provision of drilling services to the PCB and semiconductor industries.	100	100
Held by CymbolicTech Company Limited				
Jadason Electronics Equipment (Dongguan) Ltd	The People's Republic of China	Production and distribution of wet process equipment. The company is dormant and has applied for de-registration.	100	100
Held by Jadason Test Limited				
Jadason Test (Suzhou) Limited [(4)]	The People's Republic of China	Provision of testing services for printed circuit boards. The company is dormant during the year.	100	100

(1) Audited by C K Yau & Partners CPA Limited.
(2) Audited by member firm of Ernst & Young Global Limited in Malaysia.
(3) Audited by KT&R Associate Partnership.
(4) Audited by Suzhou Lixin Certified Public Accountants Co., Ltd.
(5) Audited by Nexia TS (Shanghai) Co., Ltd. for statutory audit.
(6) Not required to be audited by the law of country of incorporation.
(7) Audited by Dongguan Peanal Certified Public Accountants for statutory audit.
(8) Audited by member firm of Ernst & Young Hua Ming LLP in Shenzhen for reporting to Group.
(9) Audited by Ernst & Young LLP, Singapore.

(a) Acquisition of a subsidiary

During the year, the Company acquired an additional 50% equity interest in its 50% owned associate, Infinite Graphics Pte Ltd (Note 13). Upon the acquisition, Infinite Graphics Pte Ltd became a wholly-owned subsidiary of the Company.

The Group recognised a gain of $82,000 as a result of measuring at fair value its associate before the business combination. The gain is included in the "other income" line item in the Group's profit or loss for the year ended 31 December 2017.

12. Investments in subsidiaries (continued)

(a) *Acquisition of a subsidiary (continued)*

The fair values of the identifiable assets and liabilities of Infinite Graphics Pte Ltd as at the date of acquisition are as follows:

	Fair value recognised on acquisition $'000
Plant and equipment	15
Inventories	6
Trade and other receivables	80
Cash and cash equivalents	111
Trade and other payables	(4,651)
Total identifiable net liabilities at fair value	(4,439)
Amount previously accounted for as an associate (Note 15)	4,521
Gain on purchase arising on acquisition	82
Effect of the acquisition of Infinite Graphics Pte Ltd on cash flow	
Purchase consideration	29
Less: Cash and cash equivalents acquired	(111)
Net cash inflow on acquisition	(82)

(b) *Capital reduction of a subsidiary*

During the year, the Company reduced its investment in Jadason Electronics (Suzhou) Co., Ltd by $6,662,000 by way of capital reduction at the wholly-owned subsidiary. The Company received cash from Jadason Electronics (Suzhou) Co., Ltd.

(c) *Significant restrictions*

The nature and extent of significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries are:

Cash and cash equivalents of $3,955,000 held in The People's Republic of China are subject to local exchange control regulations. These regulations place restriction on the amount of currency being repatriated other than through dividends and trade related settlements.

13. Investment in an associate

	Group		**Company**	
	2017 $'000	**2016** $'000	**2017** $'000	**2016** $'000
Unquoted equity shares, at cost	–	200	–	200
Impairment loss on investment in an associate	–	–	–	(200)
Share of post-acquisition reserves	–	(200)	–	–
	–	–	–	–

13. Investment in an associate (continued)

Details of the associate were as follows:

Name	Country of incorporation	Principal activity	Proportion of ownership interest 2017 %	2016 %
Held by the Company				
Infinite Graphics Pte Ltd[(1)]	Singapore	Trading of large format photo masks.	–	50

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

During the year, Infinite Graphics Pte Ltd ceased to be an associate and became a wholly-owned subsidiary of the Company and Group (Note 12).

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

	Group 2017 $'000	2016 $'000
Assets and liabilities:		
Total assets	–	238
Total liabilities	–	4,661
Results:		
Revenue	–	682
Loss after tax representing total comprehensive income for the year	–	(451)

14. Inventories

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Balance sheet:				
Raw materials	668	1,130	–	–
Work-in-progress	217	340	–	–
Finished goods	5,745	3,616	357	325
Total inventories at lower of cost and net realisable value	6,630	5,086	357	325
Income statement:				
Inventories recognised as an expense in cost of sales inclusive of the the following charge:	34,345	27,157	7,589	9,132
- Inventories written-off	7	171	7	171
- Inventories written-back	(61)	(473)	(61)	(26)

The reversal of write-down of inventories was made as the related inventories were either utilised or sold above their carrying amounts.

15. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade and other receivables (current):				
Trade receivables	27,421	27,438	1,691	2,059
Less: Allowance for doubtful trade receivables	(355)	(567)	–	(139)
	27,066	26,871	1,691	1,920
Bills receivables	11,239	6,168	–	–
Trade amount due from subsidiaries	–	–	81	7
Non-trade amount due from subsidiaries	–	–	8,043	3,445
Less: Allowance for impairment loss on amount due from subsidiaries	–	–	(7,702)	(3,081)
Trade amount due from an associate	–	–	–	92
Non-trade amount due from an associate	–	2,777	–	4,429
Less: Allowance for impairment loss on amounts due from an associate	–	(2,777)	–	(4,521)
Non-trade amount due from a related party	906	906	–	–
Less: Allowance for impairment loss on amount due from a related party	(906)	(906)	–	–
Deposits	95	237	47	46
Others	519	862	20	10
Total trade and other receivables (current)	38,919	34,138	2,180	2,347
Add: Cash and cash equivalents (Note 16)	6,631	18,721	1,466	2,916
Total loans and receivables	45,550	52,859	3,646	5,263

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 (2016: 90) days from the end of the reporting period with effective interest rates of 4.80% to 6.50% (2016: 4.00% to 5.00%) per annum.

15. Trade and other receivables (continued)

Amounts due from subsidiaries and associate

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

During the financial year, the Company reviewed the recoverability of the amount owing by a subsidiary and noted that the cessation of production of certain equipment had affected the revenue, profitability and prospect of the subsidiary. The review led to the recognition of an impairment loss of $100,000 (2016: $3,081,000) on the amount owing by the subsidiary to the Company.

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

	Company	
	2017	**2016**
	$'000	$'000
At 1 January	3,081	–
Amount due from a former associate, which had been impaired in previous year and became a subsidiary in current year (Note 12a)	4,521	–
Charge for the year	100	3,081
At 31 December	7,702	3,081

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 Jadason Technology Limited ("JTL"), a former subsidiary. 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. From 2012 to 2014, the Group had received the first three instalments, totaling $1,951,000 (HK$12,000,000), from JTL in accordance with the repayment schedule. However, in respect of the final instalment of $1,384,000 (HK$8,000,000) due in 2015, the Group has not received balance of $906,000 (HK$4,000,000 plus interest). An allowance for doubtful debt of $906,000 has been made in respect of the outstanding amount in prior years.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Singapore Dollar	274	74	329	143
United States Dollar	1,986	2,509	1,612	1,894
Japanese Yen	289	134	181	235
Euro Dollar	190	70	40	18
Hong Kong Dollar	176	227	–	2
Renminbi	35,604	30,612	–	–
Malaysian Ringgit	187	272	–	–
Others	213	240	18	55
	38,919	34,138	2,180	2,347

15. Trade and other receivables (continued)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to $5,580,000 (2016: $5,402,000) and $1,175,000 (2016: $990,000) 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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables past due but not impaired:				
Less than 30 days	2,272	2,513	659	646
30 to 60 days	1,103	1,369	391	255
61 to 90 days	534	702	117	59
91 to 120 days	1,122	587	1	6
More than 120 days	549	231	7	24
	5,580	5,402	1,175	990

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 movements of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
At 1 January	567	617	139	141
Charge for the year	–	3	–	3
Recovery for the year	(73)	(53)	–	(5)
Write-off for the year	(139)	–	(139)	–
At 31 December	355	567	–	139

16. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash at banks and on hand	6,631	16,743	1,466	2,916
Bank deposits	–	1,978	–	–
	6,631	18,721	1,466	2,916

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.001% to 1.00% (2016: 0.001% to 1.00%) per annum.

In prior year, bank deposits with financial institutions earned interest at 2.25% per annum.

16. Cash and cash equivalents (continued)

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore Dollar	108	383	54	378
United States Dollar	1,503	2,574	1,199	2,391
Japanese Yen	142	52	76	9
Euro Dollar	213	55	48	9
Hong Kong Dollar	115	959	2	2
Renminbi	4,033	14,311	71	72
Malaysian Ringgit	269	233	–	–
Others	248	154	16	55
	6,631	18,721	1,466	2,916

17. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables	12,247	12,997	1,438	2,930
Trade amount due to subsidiaries	–	–	398	370
Non-trade amount due to subsidiaries	–	–	2,944	11,183
Other payables	1,478	1,433	73	1
Accruals	2,384	2,898	411	408
Total trade and other payables	16,109	17,328	5,264	14,892
Add:				
Trust receipts (Note 18)	2,193	1,715	2,001	1,715
Finance leases (Note 19)	12	22	7	21
Interest-bearing loans and borrowings (Note 20)	1,000	7,624	1,000	1,000
Total financial liabilities at amortised cost	19,314	26,689	8,272	17,628

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.

Amounts due to subsidiaries

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

17. Trade and other payables (continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Singapore Dollar	536	473	718	5,297
United States Dollar	1,677	3,403	3,172	4,694
Japanese Yen	507	130	13	11
Euro Dollar	200	32	11	10
Hong Kong Dollar	152	268	1,143	4,671
Renminbi	12,934	12,922	53	54
Others	103	100	154	155
	16,109	17,328	5,264	14,892

18. Trust receipts

Trust receipts have a maturity period of 120 days (2016: 120 days) with interest rates of 2.00% to 4.05% (2016: 2.25% to 3.43%) per annum.

Trust receipts are denominated in the following currencies:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
United States Dollar	2,001	1,567	2,001	1,567
Swiss Franc	–	148	–	148
Euro Dollar	192	–	–	–
	2,193	1,715	2,001	1,715

19. Finance leases

The Group and the Company have entered into finance leases for certain items of motor vehicles and office equipment. There are no restrictions placed upon the Group and the Company by entering into these leases. These leases expire over the next 44 months. Renewals are at the option of the specific entity that holds the lease.

The finance lease liabilities for the Group bear interest at 3.7% (2016: 3.7% to 8.0%) per annum.

The finance lease liabilities for the Company bear interest at 3.7% (2016: 3.7%) per annum.

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

	2017		2016	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	$'000	$'000	$'000	$'000
Group				
Within 1 year	8	8	15	15
After 1 year but within 5 years	4	4	8	7
Total minimum lease payments	12	12	23	22
Less: Amounts representing finance charges	–	–	(1)	–
Present value of minimum lease payments	12	12	22	22
Company				
Within 1 year	7	7	14	14
After 1 year but within 5 years	–	–	8	7
Total minimum lease payments	7	7	22	21
Less: Amounts representing finance charges	–	–	(1)	–
Present value of minimum lease payments	7	7	21	21

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Singapore Dollar	7	14	7	14
Hong Kong Dollar	1	1	–	–
	8	15	7	14
Non-current				
Singapore Dollar	–	7	–	7
Hong Kong Dollar	4	–	–	–
	4	7	–	7

20. Interest-bearing loans and borrowings

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Short term loans	1,000	7,624	1,000	1,000

The Singapore short term bank loan is unsecured and bears interest at 3.75% per annum (2016: 3.40% per annum).

The Hong Kong short term bank loans were unsecured and bore interest at rates ranging from 2.17% to 2.97% per annum (1.50% to 2.25% per annum over HIBOR).

The interest rates of the floating rates loans were 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	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Current				
Singapore Dollar	1,000	1,000	1,000	1,000
Hong Kong Dollar	–	6,624	–	–
	1,000	7,624	1,000	1,000

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes			
	2016	**Cash flows**	**Acquisition**	**Foreign exchange movement**	**Other**	**2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Loans						
-current	7,624	(6,320)	–	(304)	–	1,000
Obligations under finance leases						
-current	15	(15)	5	–	3	8
-non-current	7	–	–	–	(3)	4
	7,646	(6,335)	5	(304)	–	1,012

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time.

21. 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	
	2017	**2016**
	$'000	$'000
At beginning of year	510	499
Net exchange differences	(31)	12
Payment during the year	(10)	(1)
Write-back during the year	(375)	–
At end of year	94	510

Write back of provision during the year was made upon resignations of employees resulting in provision no longer required.

22. Deferred taxation

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
At beginning of year	16	24	16	16
Origination and reversal of temporary differences	–	(8)	–	–
At end of year	16	16	16	16

The deferred taxation of the Group and 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 2017 and 31 December 2016, there is no deferred tax recognised in other comprehensive income.

23. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2017		**2016**	
	No. of shares		**No. of shares**	
	'000	$'000	'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.

23. Share capital and treasury shares (continued)

(b) Treasury shares

	Group and Company			
	2017		2016	
	No. of shares		No. of shares	
	’000	$’000	’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.

24. Employee benefits

	Group		Company	
	2017	2016	2017	2016
	$’000	$’000	$’000	$’000
Employee benefits expenses (including Directors):				
Salaries and bonuses	12,753	12,623	1,484	1,462
Defined contributions	1,353	1,321	129	124
	14,106	13,944	1,613	1,586

Share options

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.

Under the Scheme, share options granted, exercised and cancelled during the financial year and outstanding as at 31 December 2017 were as follows:

2017

Date of grant	Balance at 1.1.2017	Granted	Exercised	Cancelled	Balance at 31.12.2017	Exercise price	Exercise period
16.09.2009	14,800,000[(1)]	–	–	–	14,800,000	$0.10	16 September 2010 to 15 September 2019
	14,800,000	–	–	–	14,800,000		

24. Employee benefits (continued)

Share options (continued)

2016

Date of grant	Balance at 1.1.2016	Granted	Exercised	Cancelled	Balance at 31.12.2016	Exercise price	Exercise period
16.09.2009	15,300,000[(1)]	–	–	(500,000)	14,800,000	$0.10	16 September 2010 to 15 September 2019
	15,300,000	–	–	(500,000)	14,800,000		

(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.

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 ($)	0.095
Exercise price ($)	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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Employee share option reserve	1,280	1,280	1,280	1,280
Foreign currency translation reserve	(2,385)	(480)	(82)	(82)
Reserve and enterprise expansion funds	5,711	5,711	–	–
(Accumulated losses)/retained earnings	(2,623)	(5,447)	855	(201)
	1,983	1,064	2,053	997

25. Reserves (continued)

(a) Employee share option reserve

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'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.

(b) Foreign currency translation reserve

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
At 1 January	(480)	1,755	(82)	(78)
Net effect of exchange differences	(1,905)	(2,235)	–	(4)
At 31 December	(2,385)	(480)	(82)	(82)

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

(c) Reserve and enterprise expansion funds

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
At 1 January	5,711	6,063	–	–
Transfer to retained earnings	–	(352)	–	–
At 31 December	5,711	5,711	–	–

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

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	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Purchase of goods from subsidiaries	–	–	83	81
Sales of goods to subsidiaries	–	–	199	19
Dividend income	–	–	1,500	2,397
Rental income from an associate	–	9	–	9
Rental income from a subsidiary	–	–	36	–

(b) Compensation of key management personnel

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Short-term employment benefits	1,102	1,087	596	596
Defined contribution plans	40	41	33	35
	1,142	1,128	629	631
Comprise amounts paid to:				
Directors of the Group	772	756	259	259
Other key management personnel	370	372	370	372
	1,142	1,128	629	631

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 $3,029,000 and $208,000 (2016: $2,650,000 and $208,000) respectively.

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Within 1 year	1,767	2,453	87	207
After 1 year but within 5 years	1,614	2,231	–	86
	3,381	4,684	87	293

(b) *Contingent liabilities*

	Company	
	2017	**2016**
	$'000	$'000
Guarantees provided in respect of credit facilities for:		
Subsidiaries - unsecured	192	6,624

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 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:

	2017		2016	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$'000	$'000	$'000	$'000
Group				
Financial liabilities				
Finance leases (non-current)	4	4	7	6
Company				
Financial liabilities				
Finance leases (non-current)	–	–	7	6

The fair value of the non-current finance leases are estimated by discounting expected future cash flows at market incremental lending rate for similar types of 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 2017 and 2016.

(b) 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.

29. Financial risk management objectives and policies (continued)

(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 $192,000 (2016: $6,624,000) relating to guarantees provided by the Company to financial institutions on its subsidiaries' credit facilities.

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			
	2017		2016	
	$'000	% of total	$'000	% of total
By country:				
Singapore	1,058	4%	1,194	4%
The People's Republic of China including Hong Kong	25,269	93%	24,579	92%
Malaysia	478	2%	561	2%
Other countries	261	1%	537	2%
	27,066	100%	26,871	100%
By industry sector:				
Equipment and supplies	6,269	23%	5,662	21%
Manufacturing and support services	20,797	77%	21,209	79%
	27,066	100%	26,871	100%

At the end of the reporting period, 49% (2016: 52%) of the Group's trade receivables (current) were due from two major customers (2016: two).

29. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

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 15 (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 borrowing maturing within 12 months can be rolled over with existing lenders.

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**	**One to five years**	**Total**
	$'000	$'000	$'000
2017			
Financial assets			
Trade and other receivables (Note 15)	38,919	–	38,919
Cash and cash equivalents (Note 16)	6,631	–	6,631
Total undiscounted financial assets	45,550	–	45,550
Financial liabilities			
Trade and other payables (Note 17)	16,109	–	16,109
Trust receipts (Note 18)	2,193	–	2,193
Finance leases (Note 19)	8	4	12
Interest-bearing loans and borrowings	1,040	–	1,040
Total undiscounted financial liabilities	19,350	4	19,354
Total net undiscounted financial assets/(liabilities)	26,200	(4)	26,196

29. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

Group	One year or less $'000	One to five years $'000	Total $'000
2016			
Financial assets			
Trade and other receivables (Note 15)	34,138	–	34,138
Cash and cash equivalents (Note 16)	18,721	–	18,721
Total undiscounted financial assets	52,859	–	52,859
Financial liabilities			
Trade and other payables (Note 17)	17,328	–	17,328
Trust receipts (Note 18)	1,715	–	1,715
Finance leases (Note 19)	15	8	23
Interest-bearing loans and borrowings	7,853	–	7,853
Total undiscounted financial liabilities	26,911	8	26,919
Total net undiscounted financial assets/(liabilities)	25,948	(8)	25,940

Company	One year or less $'000	One to five years $'000	Total $'000
2017			
Financial assets			
Trade and other receivables (Note 15)	2,180	–	2,180
Cash and cash equivalents (Note 16)	1,466	–	1,466
Total undiscounted financial assets	3,646	–	3,646
Financial liabilities			
Trade and other payables (Note 17)	5,264	–	5,264
Trust receipts (Note 18)	2,001	–	2,001
Finance leases (Note 19)	7	–	7
Interest-bearing loans and borrowings	1,040	–	1,040
Total undiscounted financial liabilities	8,312	–	8,312
Total net undiscounted financial liabilities	(4,666)	–	(4,666)
2016			
Financial assets			
Trade and other receivables (Note 15)	2,347	–	2,347
Cash and cash equivalents (Note 16)	2,916	–	2,916
Total undiscounted financial assets	5,263	–	5,263
Financial liabilities			
Trade and other payables (Note 17)	14,892	–	14,892
Trust receipts (Note 18)	1,715	–	1,715
Finance leases (Note 19)	14	8	22
Interest-bearing loans and borrowings	1,030	–	1,030
Total undiscounted financial liabilities	17,651	8	17,659
Total net undiscounted financial liabilities	(12,388)	(8)	(12,396)

29. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

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	One to five years	Total
	$'000	$'000	$'000
2017			
Financial guarantees	192	–	192
2016			
Financial guarantees	6,624	–	6,624

(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, 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.

<u>Sensitivity analysis for interest rate risk</u>

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 net of tax by the amounts shown below.

Group	Profit or loss	
	1% increase	1% decrease
	$'000	$'000
2017		
Floating rate interest-bearing loans and borrowings	(8)	8
2016		
Floating rate interest-bearing loans and borrowings	(61)	61

29. Financial risk management objectives and policies (continued)

(c) Interest rate risk (continued)

Sensitivity analysis for interest rate risk (continued)

Company	Profit or loss 1% increase $'000	Profit or loss 1% decrease $'000
2017		
Floating rate interest-bearing loans and borrowings	(8)	8
2016		
Floating rate interest-bearing loans and borrowings	(8)	8

(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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(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 2017 $'000	Group 2016 $'000
USD - strengthened 4%	(91)	(79)
USD - weakened 4%	91	79
HKD - strengthened 4%	(46)	(187)
HKD - weakened 4%	46	187
RMB - strengthened 5%	1	1
RMB - weakened 5%	(1)	(1)

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 2017 and 31 December 2016.

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 2017 and 31 December 2016.

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

	Group	
	2017	**2016**
	$'000	$'000
Loans and borrowings (Note 20)	1,000	7,624
Finance leases (Note 19)	12	22
Less: Cash and cash equivalents (Note 16)	(6,631)	(18,721)
Net cash	(5,619)	(11,075)
Equity attributable to owners of the Company	51,873	50,954
Less: Reserve and enterprise expansion funds	(5,711)	(5,711)
Total capital	46,162	45,243
Capital and net cash	51,781	56,318
Gearing ratio	N.M	N.M

N.M – Not meaningful as the Group's cash and cash equivalents exceeded its total borrowings.

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.

31. Segment information (continued)

– 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.

2017	**Equipment and supplies**	**Manu-facturing and support services**	**Others**	**Total**
	$'000	$'000	$'000	$'000
Revenue				
- External sales	23,602	39,477	–	63,079
Total	23,602	39,477	–	63,079
Results				
EBITDA*	433	4,267	–	4,700
Interest income	9	137	–	146
Depreciation	(72)	(1,652)	–	(1,724)
Amortisation	–	(18)	–	(18)
Operating profit	370	2,734	–	3,104
Interest expense	(85)	(148)	–	(233)
Profit before taxation	285	2,586	–	2,871
Income tax expense	(1)	(46)	–	(47)
Profit for the year	284	2,540	–	2,824
Assets/liabilities				
Segment assets	9,376	61,930	–	71,306
Segment liabilities	8,627	10,806	–	19,433
Other segment information				
Purchase of property, plant and equipment	64	985	–	1,049
Other non-cash items:				
Write-back in value of inventories	(4)	(57)	–	(61)
Write off of inventories	–	7	–	7

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

31. Segment information (continued)

2016	Equipment and supplies	Manu-facturing and support services	Others	Total
	$'000	$'000	$'000	$'000
Revenue				
- External sales	22,608	34,541	–	57,149
Total	22,608	34,541	–	57,149
Results				
EBITDA*	(50)	3,730	–	3,680
Interest income	24	261	–	285
Depreciation	(147)	(1,247)	–	(1,394)
Amortisation	–	(18)	–	(18)
Operating (loss)/profit	(173)	2,726	–	2,553
Interest expense	(178)	(198)	–	(376)
Allowance for impairment loss on amounts due from associate	–	–	(301)	(301)
(Loss)/profit before taxation	(351)	2,528	(301)	1,876
Income tax (expense)/credit	(130)	82	–	(48)
(Loss)/profit for the year	(481)	2,610	(301)	1,828
Assets/liabilities				
Segment assets	12,104	66,066	–	78,170
Segment liabilities	10,508	16,708	–	27,216
Other segment information				
Purchase of property, plant and equipment	145	2,179	–	2,324
Other non-cash items:				
Write-back in value of inventories	(473)	–	–	(473)
Write off of inventories	63	108	–	171
Allowance for impairment loss on amounts due from associate	–	–	301	301

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

31. Segment information (continued)

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	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Singapore	5,961	4,924	147	198
The People's Republic of China including Hong Kong	53,999	46,427	18,044	19,424
Others	3,119	5,798	445	347
	63,079	57,149	18,636	19,969

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

Revenue from two major customers (2016: 2) amount to $25,332,000 (2016: $22,295,000), arising from sales by the manufacturing and support services segment.

32. Events occurring after the reporting period

On 1 March 2018, a minor fire broke out in a room of the factory premises of its wholly-owned subsidiary, Jadason PCB Materials (Dongguan) Ltd ("JPCB"). The fire did not affect the main production area of JPCB. JPCB will make an insurance claim after receiving the quotations from equipment suppliers and renovation contractor. Management believes there will be no significant impact on the results of the Group.

33. Authorisation of financial statements

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 23 March 2018.

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2018

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	506	13.64	494,900	0.07
1,001 – 10,000	1,094	29.48	6,624,300	0.92
10,001 – 1,000,000	2,070	55.78	222,497,489	30.80
1,000,001 and above	41	1.10	492,778,311	68.21
Total	**3,711**	**100.00**	**722,395,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	Number of Shares	%
1.	HO QUEENY	211,000,000	29.21
2.	LIAW HIN HAO	47,800,000	6.62
3.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	36,669,900	5.08
4.	FUNG CHI WAI	32,700,000	4.53
5.	CITIBANK NOMINEES SINGAPORE PTE LTD	29,553,190	4.09
6.	RAFFLES NOMINEES (PTE.) LIMITED	14,070,410	1.95
7.	DBS NOMINEES (PRIVATE) LIMITED	12,845,600	1.78
8.	YEO SENG BUCK	12,000,000	1.66
9.	MAYBANK KIM ENG SECURITIES PTE LTD	11,022,900	1.53
10.	HUI MIN LINNA	8,380,000	1.16
11.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	6,430,700	0.89
12.	PHILLIP SECURITIES PTE LTD	6,349,500	0.88
13.	OCBC SECURITIES PRIVATE LIMITED	5,972,511	0.83
14.	UOB KAY HIAN PRIVATE LIMITED	4,992,000	0.69
15.	CHUA KENG YANG	4,004,500	0.55
16.	UNION TOOL CO.	4,000,000	0.55
17.	HSBC (SINGAPORE) NOMINEES PTE LTD	3,500,000	0.48
18.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,966,100	0.41
19.	SIONG BENG SENG	2,600,000	0.36
20.	LIEW SEUK ENG	2,537,700	0.35
	TOTAL	**459,395,011**	**63.60**

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2018

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Deemed Interest	Total Interest	%
Queeny Ho	211,000,000	25,000,000*	236,000,000	32.67
Liaw Hin Hao	48,300,000#	–	48,300,000	6.69

* In the name of nominees.

Including 500,000 shares bought on 13 March 2018 which has not been credited to the CDP securities account as at 14 March 2018.

PUBLIC SHAREHOLDINGS

Based on information available to the Company as at 14 March 2018, approximately 53.78% of the issued ordinary shares of the Company was held by the public.

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Jadason Enterprises Ltd (the "Company") will be held at Room Pisces & Aquarius, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Thursday, 26 April 2018 at 3:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Ms Queeny Ho as Director of the Company retiring pursuant to Article 89 of the Constitution of the Company.

   Ms Queeny Ho will, upon her re-election as Director of the Company, remain as the Non-Executive Chairman of the Board of Directors, a member of the Audit Committee, the Nominating Committee and the Remuneration Committee and will be considered non-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 Mr Chua Keng Hiang as Director of the Company retiring pursuant to Article 89 of the Constitution of the Company.

   Mr Chua Keng Hiang will, upon his re-election as Director of the Company, remain as the Lead Independent Director, the Chairman of the Audit Committee, a member of the Nominating Committee and the Remuneration 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 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 financial year ended 31 December 2017 (previous year: S$150,000). **(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 and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares 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 and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 Constitution 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 and subsidiary holdings) 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 and subsidiary holdings) 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 11 April 2018 ("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, 11 April 2018

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 and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of 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 and subsidiary holdings) 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 and subsidiary holdings) 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 2017 are set out in greater detail in the Attachment.

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) 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. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

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

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* A Relevant Intermediary is:

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

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

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

JADASON ENTERPRISES LTD

Company Registration No. 199003898K
(Incorporated in Singapore)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

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

of ____

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			

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 Pisces & Aquarius, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, on Thursday, 26 April 2018 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, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	No. of votes 'For'*	No. of votes 'Against'*
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017		
2	Re-election of Ms Queeny Ho as a Director		
3	Re-election of Mr Chua Keng Hiang as a Director		
4	Re-appointment of Ernst & Young as Auditor		
5	Approval of Directors' fees amounting to S$150,000		
6	Authority to issue shares		
7	Authority to issue shares under the Jadason Share Option Scheme 2000		
8	Renewal of Share Buyback Mandate		

**If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ________________ 2018

Total number of Shares 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 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the 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. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. 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 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed 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.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

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

Personal Data Privacy:

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

General:

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

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* A Relevant Intermediary is:

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

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

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

Jadason Enterprises Ltd

Registration No. 199003898K

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